



**BRAEMAR**  
**ENERGY VENTURES**

## **Environmental, Social, and Governance Policy**

Effective Date: December 2019

At Braemar Energy Ventures (BEV), we believe in the value of responsible investing. We are an energy technology investor focused primarily on venture- and expansion-stage companies with superior technologies and business processes, experienced management, and the potential for substantial capital appreciation. We think that environmental, social, and governance (ESG) factors are materially relevant to our investments, and as such, we use ESG to guide the way in which we evaluate investment opportunities and act as owners of our portfolio companies. We are a signatory to the Principles for Responsible Investing, and we align with their six Principles in the approach we take to managing ESG across our business.

We aim to deliver superior risk-adjusted returns to our investors, which we believe our approach to responsible investment enhances. We therefore consider ESG issues throughout the investment and divestment process: in our review of investment opportunities, during due diligence, in the course of monitoring our portfolio company investments, in our exit preparations, and in our interactions with senior management generally. Our representatives typically serve on the boards of our portfolio companies, enhancing our ability to influence their approach to ESG and to monitor their performance, and we look to report performance as relevant to our stakeholders. Our ESG program helps us and our portfolio companies to measure, manage and mitigate risks, promote sustainability, improve operating efficiency, reduce environmental impacts, and build more valuable businesses.

### **ESG Exclusions**

We do not believe that it is in our own interests, or those of our investors, to make investments in companies principally engaged in the manufacture, distribution or sale of arms, ammunition, or tobacco products, nor in companies that generate significant revenues from gambling or pornography. In addition, where we identify any serious ESG issues during our due diligence process we will generally decline to invest, unless we believe that the issues have been or are capable of being remedied, and there is a plan in place to remedy the issues within a reasonable period of time.

### **Investment Analysis and Decision-Making**

During due diligence, we assess ESG issues to identify both material risks and opportunities. This process can include key issues we expect all investments to assess for relevance (such as those related to anti-bribery and corruption risks, anti-money laundering procedures, environmental and health and safety issues, forced and child labor, and other labor and human rights issues) as well

as other issues specific to certain sectors and business models. As venture investors, we are heavily focused on what transformative growth in our assets will mean for ESG risk management over time. Given that ESG risks and opportunities can look very different across periods of investment and divestment, it is through this lens that we train our investment teams on these issues and guide our outside advisors that may be employed to evaluate them. Our Investment Committee materials include a section on ESG risks and opportunities and our ESG due diligence informs the actions we take while working with acquired companies.

### **Asset Ownership**

As is typical in venture investing, we are an active owner of our portfolio companies, and, through the participation of BEV representatives on company boards, we encourage best practices in ESG and corporate governance more broadly. We promote effective portfolio company boards whose role explicitly includes monitoring and managing relevant ESG risks and opportunities, including oversight of appropriate policies. At a minimum, the board is expected to consider anti-bribery and corruption risks, anti-money laundering procedures, environmental and health and safety issues, forced and child labor, and other relevant labor and human rights issues. We recognize that these issues present themselves in different ways across our portfolio companies and in various stages of growth, but believe that a portfolio-wide approach can be coupled with company-specific initiatives for maximum impact. As such, we will assist the boards of each company to assess and address additional ESG issues beyond these, as relevant for each company.

### **Reporting and Disclosure**

We expect our portfolio companies to regularly evaluate progress on and refine their ESG objectives, as well as report on material ESG issues periodically, both at the board level and to BEV. To facilitate this, we work with our portfolio companies to identify the key ESG metrics to track and the most efficient method for tracking. We will, in turn, make regular reports on ESG activities and strategies, results and progress, to our advisory committees and other stakeholders.

### **Accountability and Transparency**

BEV aims to create accountability within our organization and provide transparency to our clients regarding our approach to ESG. While day to day implementation of our ESG program is led by our Head of ESG, accountability for the implementation and success of the ESG program is shared by each of our investment partners.

### **Update and Revision**

This policy is effective from December 15, 2019 and we will seek to apply it to our activities from that date. It represents a statement of intent and is not intended to create legally enforceable obligations.