

## SUSTAINABILITY-RELATED DISCLOSURES – NIC ISQ IV K/S

This statement of disclosure for the financial product NIC ISQ IV K/S (the “**Partnership**”), managed by Advanage Investment Partners A/S (the “**Manager**”), has been prepared in accordance with Article 10 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”).

The Partnership is a fund-of-funds, investing in ISQ Global Infrastructure Fund IV SCSp (the “**Main Fund**”) and any co-investment vehicles (each a “**Co-Investment Vehicle**”) established by I Squared, each with I Squared Capital Advisors (US) LLC as its manager (the “**Portfolio Fund Manager**”) and any Alternative Investment Vehicles, Feeder or Parallel Funds (each as defined in the Master Fund LPAs) established in accordance with the Master Fund LPAs (collectively the “**Master Funds**”) with the principal objective of creating capital growth for the benefit of the Limited Partners.

This statement may be subject to changes or revisions, especially following the disclosure of any further legislation, guidance, or recommendations concerning the SFDR (including any delegated acts thereto) by the Danish or EU legislators and/or supervisory authorities.

### A) SUMMARY

The Main Fund is a closed-ended fund that (and thus accordingly the Partnership indirectly) promotes environmental or social characteristics but does not have as its objective sustainable investments.

The Main Fund will promote environmental and social characteristics by taking an active approach to long-term sustainability by integrating environmental, social and governance (ESG) criteria across the investment cycle with the aim of bolstering business model resilience and encouraging improved ESG processes (together referred to as the “**E/S Characteristics**”).

The Main Fund aims to build a globally diversified portfolio of infrastructure assets that the Main Fund believes will exhibit low correlation, a high margin of downside protection and attractive risk-adjusted returns. The Main Fund will seek to make investments principally in power & utilities; transportation & logistics; midstream, downstream & LNG; digital infrastructure; environmental infrastructure and social infrastructure assets in North America, Europe and selected growth economies, in particular, in Asia-Pacific and Latin America. The Portfolio Fund Manager’s multi-regional and multi-sectoral investment strategy is underpinned by a commitment to value creation and downside risk mitigation.

The Main Fund’s investment strategy considers relevant governance factors, including (without limitation) management structure, employee relations, remuneration of staff, and tax compliance in all investments of the Main Fund. The Main Fund will assess investee companies’ (i.e. portfolio fund companies) good governance practices during pre-investment diligence and ownership period, as further described below.

It is intended that the Main Fund will invest at least 80% of its assets in investments that qualify as aligned with the E/S Characteristics promoted by the Main Fund, on the basis that such assets are subject to ESG integration and improvement of ESG processes (#1 Aligned with E/S characteristics).

The sustainability indicators that are used to measure the attainment of the E/S Characteristics promoted by the Main Fund (as defined above) are as follows for each portfolio fund company investment:

#### *Post-investment*

- % of portfolio fund companies with an ESG Policy in place
- % of portfolio fund companies with a Health & Safety Policy in place
- % of portfolio fund companies for which at least annual ESG KPIs are being tracked
- % of majority-controlled portfolio fund companies with ESG matters considered at least annually by the board
- % of portfolio fund companies measuring scope 1 and 2 GHG emissions
- % of portfolio fund companies that assess the resilience of their installations to extreme weather conditions at least annually

Additionally, after making an investment, the E/S Characteristics are monitored by the Main Fund through the continued engagement and monitoring of ESG practices during the investment holding period via interaction with the portfolio fund companies. Given the investment strategy of the Main Fund, which includes ongoing engagement with portfolio fund companies to improve their performance against the post-investment sustainability indicators during the period of ownership, it is possible that improvements in the sustainability indicators may not be attained until the end of the life of the relevant investment.

The Portfolio Fund Manager collects data to measure the attainment of the E/S Characteristics promoted by the Main Fund through its due diligence process, including engagement with the portfolio fund companies, due diligence questionnaires and third-party searches and tools (as appropriate), which is analysed and aggregated to form the basis of the assessment in relation to whether the investment is consistent with the E/S Characteristics.

At the pre-investment stage, key ESG risks and opportunities are assessed by the Main Fund's Investment Team and supported by the ISQ Group's ESG specialist, typically in conjunction with external specialist advisors where appropriate. ESG diligence findings are included in the Main Fund's Investment Committee memorandum and factored into the investment decision.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Main Fund.

## **B) NO SUSTAINABLE INVESTMENT OBJECTIVE**

This Main Fund (and thus indirectly the Partnership) promotes environmental or social characteristics but does not have as its objective sustainable investments. The Main Fund is classified by the Portfolio Fund Manager as an Article 8 product for purposes of the SFDR, and accordingly the Manager has also classified the Partnership as an Article 8 product for purposes of the SFDR.

## **C) ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT**

The Main Fund (and thus indirectly the Partnership) seeks to invest in equity and equity related investments in infrastructure and infrastructure related investments located or operating primarily across North America, Europe and selected growth economies, in particular, in Asia Pacific and Latin America to build a globally diversified portfolio of infrastructure assets that the Main Fund believes will exhibit low correlation, a high margin of downside protection and attractive risk-adjusted returns. The Main Fund will seek to make investments principally in digital infrastructure, transportation and logistics, power and utilities, midstream, downstream and LNG, environmental infrastructure and social infrastructure assets.

The Main Fund will promote environmental and social characteristics by taking an active approach to long-term sustainability by integrating environmental, social and governance (ESG) criteria across the investment cycle with the aim of bolstering business model resilience and encouraging improved ESG processes (together referred to as the **"E/S Characteristics"**).

## **D) INVESTMENT STRATEGY**

The Main Fund aims to build a globally diversified portfolio of infrastructure assets that the Main Fund believes will exhibit low correlation, a high margin of downside protection and attractive risk-adjusted returns. The Main Fund will seek to make investments principally in power & utilities; transportation & logistics; midstream, downstream & LNG; digital infrastructure; environmental infrastructure and social infrastructure assets in North America, Europe and selected growth economies, in particular, in Asia-Pacific and Latin America. The Main Fund will invest in both mid-market and opportunistic assets, including through the creation of specialized platform companies.

Based on its experience and its assessment of the investment opportunity globally, the Portfolio Fund Manager believes that each of its target regions is facing fundamentally different infrastructure investment challenges and offers varied opportunities, which will influence the investment strategy, as further described in Section 7: "Investment Opportunity" in the Memorandum.

The Main Fund will apply the ISQ Group's Risk Model to assess the Main Fund's risk-return analysis for each potential investment; establish the relative value comparison of investments across sectors and regions; and monitor the risk profile of the portfolio assets during the investment cycle. The ISQ Group believes that blending value creation with downside protection is key to achieving attractive risk-adjusted returns, characterized by a bias towards the upside. The Risk Model is one of most critical differentiators of the Portfolio Fund Manager's investment strategy. This strategy not only focuses on enhancing operational value but also emphasizes the importance of mitigating risk through active regulatory and policy monitoring and proactive management. By doing so, the Portfolio Fund Manager strives to not only safeguard but also maximize investor returns.

In summary, the Portfolio Fund Manager's multi-regional and multi-sectoral investment strategy is underpinned by a commitment to value creation and downside risk mitigation. By implementing this approach, the Main Fund will seek to effectively navigate the global investment landscape, unlocking opportunities for its stakeholders.

#### *Good governance*

The Main Fund's investment strategy considers relevant governance factors, including (without limitation) management structure, employee relations, remuneration of staff, and tax compliance in all investments of the Main Fund. The Main Fund will assess investee companies' (portfolio fund companies) good governance practices during the investment process in the following ways:

- 1) During pre-investment diligence, the Portfolio Fund Manager will customarily assess good governance practices of the investee companies generally through site visits, management discussions, third-party expert assessments, and due diligence of compliance with local laws and regulations, including employment, labour, tax, or other ethical or financial compliance. These assessments generally look at the following issues, among others: non-discrimination policies, human rights policies, staff review, management structure, remuneration of staff and employee turnover, compliance oversight and approval, decision-making control and external risk management, pay structures, fair labour practices, ethical codes of conduct, bribery and anti-corruption, and tax transparency.
- 2) Formal ESG assessments for each investment will be presented to the Investment Committee of the Main Fund and include the outcomes of ESG diligence and assessments referenced above. Post-investment ESG action plans and asset management controls will also be included to address any gaps identified during diligence.
- 3) During ownership: (i) ongoing engagement, including training where appropriate, with investee companies to communicate expectations on good governance and to ensure adequate compliance in line with the Main Fund's standards; (ii) board representation is customarily maintained by the Main Fund; and (iii) the Main Fund will customarily take a day-to-day integrative approach to investee management, including sharing expectations with incoming investments to ensure governance practices can be continuously monitored across the Main Fund.

#### **E) PROPORTION OF INVESTMENTS**

It is intended that the Main Fund will invest at least 80% of its assets in investments that qualify as aligned with the E/S Characteristics promoted by the Main Fund, on the basis that such assets are subject to ESG integration and improvement of ESG processes (#1 Aligned with E/S characteristics). The Main Fund may invest up to 20% of its assets in investments that do not qualify as aligned with the E/S Characteristics promoted by the Main Fund (#2 Other).

As the Main Fund is a closed-ended investment vehicle with a fixed lifespan, and which will seek to invest opportunistically in illiquid assets, the Main Fund considers that it is appropriate to measure the minimum proportion of investments aligned with the E/S Characteristics (#1 Aligned with E/S characteristics) once the Main Fund is fully invested, and allowing for ramp-up and ramp-down periods as applicable during the life of Main Fund. Consequently, there may be periods during the lifecycle of the Main Fund (i.e., during the ramp-up or ramp-down period) where the proportion of the Main Fund's portfolio invested in assets classified as "#1 Aligned with E/S characteristics" is less than 80%. In such cases the Main Fund's assets which are not invested, and which are not part of the "#2 Other" category may be held in cash.

All investments, including those in #2 Other, will be subject to the good governance assessment as detailed in the section above. Such assets are not expected to contribute to the Main Fund's E/S characteristics.

#### **F) MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS**

Annually, the Portfolio Fund Manager will assess the status of the E/S Characteristics that the Main Fund promotes by tracking and reporting on the indicators discussed in (g) *Methodologies* below. Additionally, after making an investment, the E/S Characteristics are monitored through the continued engagement and monitoring of ESG practices during the investment holding period via interaction with the portfolio fund companies. The Main Fund's Investment, Asset Management, and Value Creation Teams, including the Portfolio Fund Manager's ESG specialist, monitor the sustainability indicator(s) through the post-closing management phase of the Main Fund's investment process. Where any concerns or issues are identified in relation to the performance of an investment with regards to the E/S

Characteristics promoted by the Main Fund and whether the investment continues to meet the E/S Characteristics, the Main Fund's Investment, Asset Management, and Value Creation Teams including the Portfolio Fund Manager's ESG specialist intend to engage with such companies to review any such concerns and may also review such concerns with the Investment Committee where deemed appropriate.

## **G) METHODOLOGIES**

The sustainability indicators that are used to measure the attainment of the E/S Characteristics promoted by the Main Fund are as follows for each portfolio fund company investment:

### **Post-investment**

- % of portfolio fund companies with an ESG Policy in place
- % of portfolio fund companies with a Health & Safety Policy in place
- % of portfolio fund companies for which at least annual ESG KPIs are being tracked
- % of majority-controlled portfolio fund companies with ESG matters considered at least annually by the board
- % of portfolio fund companies measuring scope 1 and 2 GHG emissions
- % of portfolio fund companies that assess the resilience of their installations to extreme weather conditions at least annually

Given the investment strategy of the Main Fund, which includes ongoing engagement with portfolio fund companies to improve their performance against the post-investment sustainability indicators during the period of ownership, it is possible that improvements in the sustainability indicators may not be attained until the end of the life of the relevant investment.

## **H) DATA SOURCES AND PROCESSING**

The Portfolio Fund Manager collects data to measure the attainment of the E/S Characteristics promoted by the Main Fund through its due diligence process, including engagement with the portfolio fund companies, due diligence questionnaires and third-party searches and tools (as appropriate), which is analysed and aggregated to form the basis of the assessment in relation to whether the investment is consistent with the E/S Characteristics. As part of this process, the Portfolio Fund Manager analyses the data received in order to try to ensure data quality and will follow up with the management team of the relevant portfolio fund company where significant discrepancies or data gaps are identified.

Data is expected to be collected from portfolio fund companies and is not expected to be estimated. However, certain particular metrics may be estimated where actual data is not available.

## **I) LIMITATIONS TO METHODOLOGIES AND DATA**

The Portfolio Fund Manager uses ESG data acquired through its own internal data collection process, and (if available) external due diligence and third-party sources. As a result, data availability and accuracy is subject to various sources. Information and data obtained through third parties may be incomplete, inaccurate, or unavailable. While this could have an impact on the assessment of a portfolio fund company's sustainability practice and / or related sustainability risks and opportunities, such limitation is not considered by the Main Fund to materially limit the pre-investment and ongoing monitoring or attainment of the Main Fund's promoted E/S Characteristics as the information is usually "sensed checked" internally in the ISQ Group against other available sources.

## **J) DUE DILIGENCE**

All investments in the Main Fund allocated to "#1 Aligned with E/S characteristics" are subject to the Portfolio Fund Manager's ESG integration and management approach.

### **Pre-investment stage:**

The Main Fund's Investment Team reviews each potential investment and determines that such potential investment exhibits infrastructure characteristics in accordance with the investment strategy for the Main Fund.

At the pre-investment stage, key ESG risks and opportunities are assessed by the Main Fund's Investment Team and supported by the ISQ Group's ESG specialist, typically in conjunction with external specialist advisors where appropriate. ESG diligence findings are included in the Main Fund's Investment Committee memorandum and factored into the investment decision. Strong governance rights are generally secured to enable the Main Fund to conduct active management of ESG matters in majority investments and the Main Fund seeks to engage and seeks board seats where available for minority investments.

The formal due diligence process of the Main Fund culminates in the preparation of an investment memorandum which contains information regarding the financial analysis and risk summary in respect of the investment. The Main Fund's Investment Team is also required during the due diligence phase to provide a sustainability risk assessment to be included in final Investment Committee ("ICOMM") papers for approval prior to making a proposed investment. The ICOMM checklist for ESG diligence matters includes the assessment of key ESG risks and opportunities. The Portfolio Fund Manager's assessment includes an evaluation of material ESG considerations using, where relevant, market frameworks and third-party data as available.

## **K) ENGAGEMENT POLICIES**

At the post investment stage, the the Portfolio Fund Manager's team works closely with the portfolio fund company management teams to:

- build capacity in portfolio fund companies;
- ensure appropriate practices, procedures, and resourcing are in place;
- establish ESG KPIs and develop plans to drive continuous improvement; and
- track, monitor, and report KPIs at least on an annual basis.

## **I) DESIGNATED REFERENCE BENCHMARK**

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Main Fund.

Version history	Date	Comment
Version 1	June 2025	