

# GEC'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

## Mission Statement

GEC Advisors LLC ("GEC" or the "Firm") is committed to investing in innovative companies that enable the Energy Transition.

By developing technologies at our companies to help their customers decarbonize and achieve efficiencies, together, we are implementing sustainable solutions to last for generations. GEC works closely with its portfolio companies to introduce ESG best practices in order to increase our positive impact in our communities and on the planet.



Environmental, Social and Governance (ESG) criteria is defined as a set of standards for a company's operations.



### ENVIRONMENT

Assessing how a firm's activity overlaps with overall environmental considerations



### SOCIAL

Managing relationships with a variety of stakeholders (employees, suppliers, customers)



### GOVERNANCE

Monitoring factors such as company leadership, executive pay, internal controls, and shareholder rights

## Our ESG Approach

The GEC ESG Policy (the "Policy" or "ESG Policy") provides a framework for how we integrate ESG considerations throughout all facets of our business. We apply responsible investing principles as we pursue, evaluate, and implement investments, and we extend this practice beyond our business operations to include engaging with the communities in which we do business. In this way, GEC actively advances positive ESG impacts at the fund level and at the investment level.

GEC is a signatory to the Principles for Responsible Investing, or PRI, and we regard our commitment with the same respect as any business relationship. We consciously promulgate this mindset within our firm and our portfolio companies, adding to our skills as we participate in the knowledge movement associated with ESG investing. Together as a Firm we evaluate ESG opportunities and risks when reviewing investment opportunities, during due diligence, while monitoring existing investments, and when serving on the boards of our portfolio companies. The Firm believes that an effective ESG program will help the Firm and its portfolio companies better manage risk, improve efficiency, cut costs, reduce environmental impacts, and build more valuable, competitive, and sustainable entities.



GEC targets companies that have potential to make a real, meaningful and positive ESG impact. We evaluate ESG risks and opportunities during due diligence, focusing particularly on the prospective investment's operations and its impact on its customers' ESG goals.

We work with our portfolio companies to implement ESG best practices, and we monitor and assess progress on ESG goals throughout our ownership. We benchmark our ESG impacts – whether positive or negative – to gain a view on our current state, the progress we've made, and the goals we seek to achieve.

## Our ESG Policy

GEC lives by the six principles that comprise the Principles for Responsible Investment. Listed below are the stated principles in bold type, each accompanied by the Firm's further commitments as italicized in support of the Principles. Finally, provided for context is a sampling of the methodologies we aim to employ in upholding our commitment to these Principles.

### **1. We will incorporate ESG issues into investment analysis and decision-making processes.**

We will consider environmental, public health, safety, and social issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.

GEC identifies ESG opportunities and risks beginning with the early stages of learning about a potential investment. Example factors include climate change, energy and water conservation, supply chain, waste management, and diversity.

### **2. We will be active owners and incorporate ESG issues into our ownership policies and practices.**

We will seek to grow and improve the companies in which the Firm invests for long-term sustainability and to benefit multiple stakeholders, including on environmental, social and governance issues. To that end, the Firm will work through appropriate governance structures (e.g., board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.

GEC lives by our ESG policy and maintains a consistent dialogue with each of our portfolio companies. Each portfolio company has its own ESG mission statement and policy, reflecting the core values present within GEC's ESG Framework.

### **3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.**

We will remain committed to compliance with applicable national, state, and local labor laws in the countries in which the Firm invests; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, will respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.



We will maintain strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act, similar laws in other countries, and the OECD Anti-Bribery Convention.

We will seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest, and to implement compensation and other policies that align the interests of owners and management.

We will respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize child or forced labor or maintain discriminatory policies.

During due diligence, GEC collects information to assess the current stage of the ESG lifecycle in which the potential investment is situated. The Due Diligence Questionnaire identifies ESG risks and opportunities and provides a platform for further discussion in our interviews with the target's responsible parties. During ownership and through the entirety of our active investment period, we instill ESG principles within our portfolio companies, and seek their feedback as we remain open to their contributions up to the Firm level.

**4. We will promote acceptance and implementation of the Principles within the investment industry.**

We will seek to be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.

GEC communicates our support of the Principles and our core ESG values while participating in external activities, whether that comes across in conversation in business meetings, conferences, networking events, or presentations.

**5. We will work together to enhance our effectiveness in implementing the Principles.**

We will encourage the Firm's portfolio companies to advance these same principles in a way which is consistent with their fiduciary duties, and we will encourage two-way communication pathways by inviting portfolio companies to provide their policy input and feedback up to the Firm.

GEC established an ESG committee to maintain momentum, enforce accountability and encourage mutually collaborative feedback as we execute on our ESG policy, focusing on upholding our core values and the Principles throughout the company's activities.

**6. We will each report on our activities and progress towards implementing the Principles.**

We will provide timely information to the Firm's limited partners on the matters addressed herein, and work to foster transparency about their activities.

GEC's ESG framework specifies the subcategories and metrics most relevant to our Firm and its investments. The Firm and each portfolio company will submit annual reports by responding to the Framework's data requests and questionnaires. These are to be delivered electronically to the party responsible for ESG monitoring at each portfolio company. Upon completion, the Firm will have the data necessary to complete its reporting cycle to its membership organizations and to its investors.

## Our Framework

GEC is continuing to improve our ESG Reporting Framework ("the Framework") to build and utilize KPI datasets for each investment. The Framework currently consists of a scoring model, results of which will help the Firm understand where we are positioned in our own ESG life cycle. The Framework is intended to generate a score indicative of overall progress. It is further comprised of sub-category scores demonstrating where we are performing well while highlighting areas of focus for improvement. Importantly, our methodology identifies the opportunities and risks most relevant to our businesses. Our ESG scoring model accomplishes the following goals:

- Demonstrates consistent areas of examination
- Measures change from year to year
- Readily allows modification to accommodate newly added ESG topics
- Provides a custom fit to the reporting company regarding material ESG factors
- Generates a quantitative comparison of the companies within our portfolio

The reporting categories incorporated within the framework are listed here:

## GEC Reporting Framework Categories

<b>ENVIRONMENTAL</b>	<b>SOCIAL</b>	<b>GOVERNANCE</b>
Climate Risk	Community Investment Strategy	Audit
Emissions	Health & Safety	Board Independence
Energy Reduction Strategy	Human Capital Management	Diversity
Environmental Policy	Supply Chain	Entrenchment
Environmental Track REcord		ESG Governance
Green Transport Policy		Legal & Ethical Standards
Resource Efficiency		Overboarding
Sustainable Procurement		Remuneration
Waste Management Strategy		Risk Management
Water Reduction Strategy		Shareholder Rights

The Framework is to be deployed via the commercial online software platform Novisto. Managing the process through this platform will ensure that the Firm and its portfolio companies have access to the latest ESG resources, with the goal of facilitating policy compliance by mitigating friction points typically found in manual ESG reporting processes.

## Ongoing Procedures

The Firm's ESG Committee reviews and considers any information obtained during due diligence related to target investments that impact several defined factors, including, but not limited to environmental, public health, safety, and social issues.

The Firm also places a representative on the board of its portfolio companies to convey the Firm's ESG policy, which holds the ultimate responsibility for the relevant portfolio company. The representative reviews the internal governance of the portfolio company to make a measurable, good faith effort to ensure the portfolio company complies with applicable environmental laws. This involves assessing the relevant portfolio company's past activities and anticipating the impact of future activities, including an analysis of the portfolio company's relationships with various stakeholders, such as the portfolio company's workforce, customers and suppliers.