



## Sustainable Investment Policy

### Overview

Kimmeridge Energy Management Company, LLC (“Kimmeridge”) believes access to energy is essential for economic growth and societal well-being. To that end, we support advancing the energy transition in various ways, including efforts to develop reliable energy at a lower cost. We believe that responsible production of oil and natural gas will be important in transitioning to a lower carbon economy.

Kimmeridge maintains that sustainability factors are important considerations that inform how we source, invest, and steward businesses. Kimmeridge has embedded these factors into each phase of our investment process and across the investment lifecycle.

This policy outlines Kimmeridge’s approach to incorporating sustainability into our investment process. It also describes the sustainability practices that Kimmeridge seeks to implement across our business and operations.

### Our Approach to Sustainable Investment

Founded in 2012, Kimmeridge is an alternative asset manager focused on the energy sector distinguished by proprietary research, data analysis, and technical expertise.

We are committed to integrating sustainability factors throughout our firm’s operations and investment analysis to enhance due diligence, risk management, and value creation. By systematically considering core sustainability matters in our investment process, we believe that we strengthen our ability to deliver strong risk-adjusted returns. Our sustainability program, led by Kimmeridge’s Sustainable Investment Team, supports our commitment to operating with integrity and generating sustainable long-term performance.

### Focus Areas

Kimmeridge publishes internal research papers and articles and uses its broad platform to advance several key focus areas that we believe can improve the sustainability and durability of the energy sector. Most notably, Kimmeridge has been a pioneering advocate for the energy industry to embrace a new business model underpinned by:

*Environmental Stewardship.* Kimmeridge believes that leading energy companies should chart a path towards net zero emissions in their direct operations by 2030.

*Responsible Utilization of Capital.* This is characterized by lower capital intensity, moderated growth, expanding margins, generating returns above the cost of capital, and returning increasing amounts of capital to shareholders.

*Alignment and Accountability.* Kimmeridge advocates for good governance practices, encouraging boards and management teams to adopt compensation policies aligned with

shareholder interests, such as appointing outside directors, refreshing and de-staggering boards, pursuing consolidation, delivering absolute performance, and enhancing transparency.

## Integration of Sustainable Investment

### *Investments*

Integrating sustainability insights and data into our investment process and focusing on sustainability throughout the investment lifecycle can help manage and mitigate risks and improve capital allocation decisions, and drive value. Sustainability considerations vary by investment and may include, but are not limited to, the following:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Reducing greenhouse gas emissions and emissions intensity</li> <li>• Water management</li> <li>• Biodiversity and reclamation</li> <li>• Fluids management and spills; waste management (including packaging and technology)</li> <li>• Climate risks and opportunities</li> <li>• Clean technology and renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce diversity, equity, and inclusion</li> <li>• Workforce health and safety</li> <li>• Workforce training and development</li> <li>• Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Governance and ethics</li> <li>• Regulatory compliance</li> <li>• Risk management</li> <li>• Conflicts of interest</li> <li>• Procurement practices</li> </ul>

The members of Kimmeridge’s investment teams are responsible for sourcing and researching investment ideas, conducting financial modeling and analysis, and considering and monitoring investment risk profiles relating to such investments. Each private investment vehicle managed or sponsored by Kimmeridge maintains an Investment Committee comprised of senior investment professionals. The Investment Committee is responsible for oversight of each fund’s investment program and maintains investment discretion over all portfolio decisions. The Investment Committee must provide its approval of any investment prior to allocating fund or investor capital. The investment team will prepare a detailed memorandum in support of each project or investment that is the subject of analysis. These “IC Memos” will contain key factors surrounding an investment including but not limited to a detailed presentation of the investment thesis, financial modeling and projections, potential return profiles, risk factors, and scenario modeling, along with macroeconomic factors, advantages and disadvantages, geographical information, sector-specific technical information and analysis, ownership composition, valuation estimates, return profile, performance information and sustainability considerations.

Each IC Memo will typically include a section analyzing sustainability factors relating to a particular investment or project, representing the investment team’s views on how such considerations impact the investment. The substance of these factors will differ depending on the nature of the

particular investment or project. For example, when reviewing an asset acquisition or corporate transaction with respect to an oil and gas operator, the investment team would consider several environmental factors impacting the company's assets and operations. This would typically include, when available, a review of GHG emissions from oil and gas production and operations, efforts to reduce such emissions and the ability to implement reduction on a go forward basis, the composition of the oil and gas produced by the company or assets and related CO2 impact, planned measures for reducing such emissions such as through operational improvements, and/or acquiring carbon offsets or credits to mitigate the emissions generated from the company or its operations.

### *Direct Operations*

Kimmeridge is committed to advancing responsible development where we operate. We believe this will create value for our stakeholders by helping to mitigate risks, reduce costs, increase efficiency of operations, and minimize our environmental footprint. Our framework includes five pillars:

- Upholding good governance practices
- Prioritizing health and safety
- Protecting land, water, and air through responsible development
- Cultivating a strong culture and investing in the workforce
- Supporting projects that contribute to the long-term well-being of the surrounding communities

### **Engagement**

We regularly engage with our limited partners, stakeholders, and industry on sustainability matters. We present on ESG topics and data at Kimmeridge's annual investor meetings.

Kimmeridge looks to advance sustainability matters in its investment activities and will typically use its platform and ownership positions to advocate for improvements in these areas. Kimmeridge Energy Engagement Partners (KEEP) invests in the public equity markets and employs an investment approach aimed at driving continued improvement in sustainability performance among its portfolio companies. Whether through Kimmeridge's engagement with industry participants through its KEEP investment strategy or in its leadership roles on company boards, Kimmeridge encourages embedding sustainability, strong governance, and stakeholder accountability into business strategies and decision-making.

### **Investments**

At Kimmeridge, we are committed to investing in the energy transition and reducing the environmental impact of our oil and gas assets. Through our Kimmeridge Carbon Solutions strategy, we actively seek and invest in innovative technologies within the energy transition sector and in projects that help us abate emissions. By allocating capital to these solutions, we aim not only to mitigate the carbon footprint of our existing portfolio but also to contribute to the broader decarbonization of the energy sector.

## **Reporting**

Kimmeridge is committed to reporting to clients and investors on our sustainability performance, including appropriate sustainability data for our oil and gas assets. Once operations commence and data is available, clients and investors will typically receive such reports on a regular basis. We also present on sustainability topics and data at our annual investor meetings.

## **Scope**

This policy is intended to provide a framework for integrating sustainability considerations across the lifecycle of the firm's investments. Kimmeridge's influence and control of companies, assets and projects we invest in varies significantly. Where we maintain control of a company, we expect to integrate sustainability into business operations and monitor sustainability performance. Kimmeridge will endeavor to incorporate the applicable elements of this policy across the firm's investments where we have limited ability to control sustainability integration (i.e., as a minority shareholder). This policy was informed by the United Nations Principles for Responsible Investment and a range of key sustainability frameworks and reporting guidance.

## **An Evolving Process**

We believe that integrating sustainability matters throughout our business and is critical to our success as a firm. Our Sustainable Investment Policy will be reviewed at least annually as our approach evolves in light of stakeholder feedback, advancements in our sustainability initiatives, and as we adjust to the sustainability reporting landscape. In addition, our compliance team will review disclosure and data provided in marketing materials, including a review of performance metrics used.