



Purpose

We invest in, build and manage essential infrastructure across Europe. Consistent with our fiduciary duties to our investors, we believe integrating ESG has the potential to generate stronger long-term risk adjusted performance in addition to positive value to our planet.

In an evolving world, we believe the management of material ESG factors plays an important role in the investment process assisting the creation and protection of value. Additionally, governments and regulators are becoming more stringent on disclosure requirements and accountability.

As such, Infracapital seeks to integrate ESG across all stages of the investment lifecycle. The policy document outlines our approach to ESG, compliance with ESG-related regulation and governance and oversight.

We are excited by the role that we can play in creating a more sustainable and inclusive world through our investment activity.

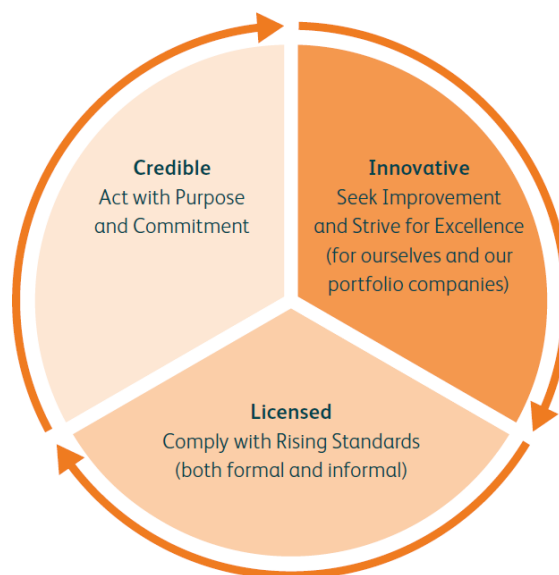
Scope

The policy applies to Infracapital's direct operations in addition to Infracapital's portfolio companies.



Our ESG Pillars

Our ESG Vision can be summarised across three key pillars:



We see our journey as non-finite and constantly evolving. We are committed to challenge ourselves to continually evolve and **innovate** both in identifying the new infrastructure to address 21st century challenges and in our approach to motivating our portfolio companies to practice more sustainable models. We strive for excellence and at a minimum, continual improvement.

Our '**licence to operate**' requires we comply with not only the regulatory standards expected of us but the standards and expectations of responsible owners of society and our wider stakeholders. Our ESG Management System formalises and systemises our ESG governance ensuring we adhere to these standards.

By delivering on this vision, and acting with purpose and commitment, we will remain **credible**.

Our ESG Management System

Infracapital has a dedicated ESG Management System ("ESMS") which sets out the exact ESG procedures across the business.

As a long-term investor providing essential infrastructure services to society, we are alive to the numerous stakeholders we impact including investors, captive consumers, communities, employees and government regulators. As such, we have a distinct responsibility and opportunity to make economic growth more sustainable and inclusive.

We recognise that Environmental, Social and Governance ("ESG") factors can be value enhancing levers in their own right, in terms of risk mitigation, resilience planning and value creation. Investment returns are intimately connected with ESG and, as such, Infracapital targets investments with the scope for stable, sustainable performance with the view to building businesses committed to sustainability.

We are committed to the full integration of ESG factors throughout our investment process and promote appropriate ESG practices across our investee companies. We commit to being transparent in our ESG approach and performance by reporting on ESG matters in our monthly updates to investors in addition to a dedicated annual ESG report. A copy of our report is available on request.

Our ESG approach is incorporated across the full lifecycle of our Funds and is several-fold:

Investment strategy

- In addition to delivering an attractive long-term investment to our investors, infrastructure investments have the potential to deliver environmental, social and economic good to society. Infracapital's investment strategies consider the changing needs of society and pursue opportunities that aim to provide solutions to 21st century challenges from decarbonisation to building sustainable cities & communities. Infracapital's strategies also include negative screening for factors that do not meet Infracapital's ESG commitments.

Investment appraisal

- Infracapital ensures that our investment process takes a responsible approach to investing by reviewing potential investments for material ESG opportunities and risks. Infracapital has an established Aspects and Impact Register which directs the material risks and opportunities that should be considered when conducting diligence on an investment. Additionally, Infracapital conducts a *sustainable investment test* including a review of fourteen mandatory and five optional principal adverse impact indicators (PAIs) for in-scope assets under Infracapital's commitment to the Sustainable Finance Disclosure Regulation (SFDR). ESG forms a mandatory section in all investment screening papers.
- Where appropriate, external advisers will be engaged with regards to material ESG 'aspects' diligence for each investment.
- All managing director members of Infracapital's Responsible Investment Committee sit on the Investment Committee to ensure that sustainability related matters are incorporated in the investment decision making process.

Active asset management

- We seek controlling or significant minority stakes in our investee companies so that we can deliver an active asset management approach. This supports our ability to manage ESG issues and risks effectively and improve ESG standards across our investee companies to ultimately enhance value.
- We require ESG to be a standing board agenda item to ensure appropriate integration of material ESG factors into business as usual and senior oversight.

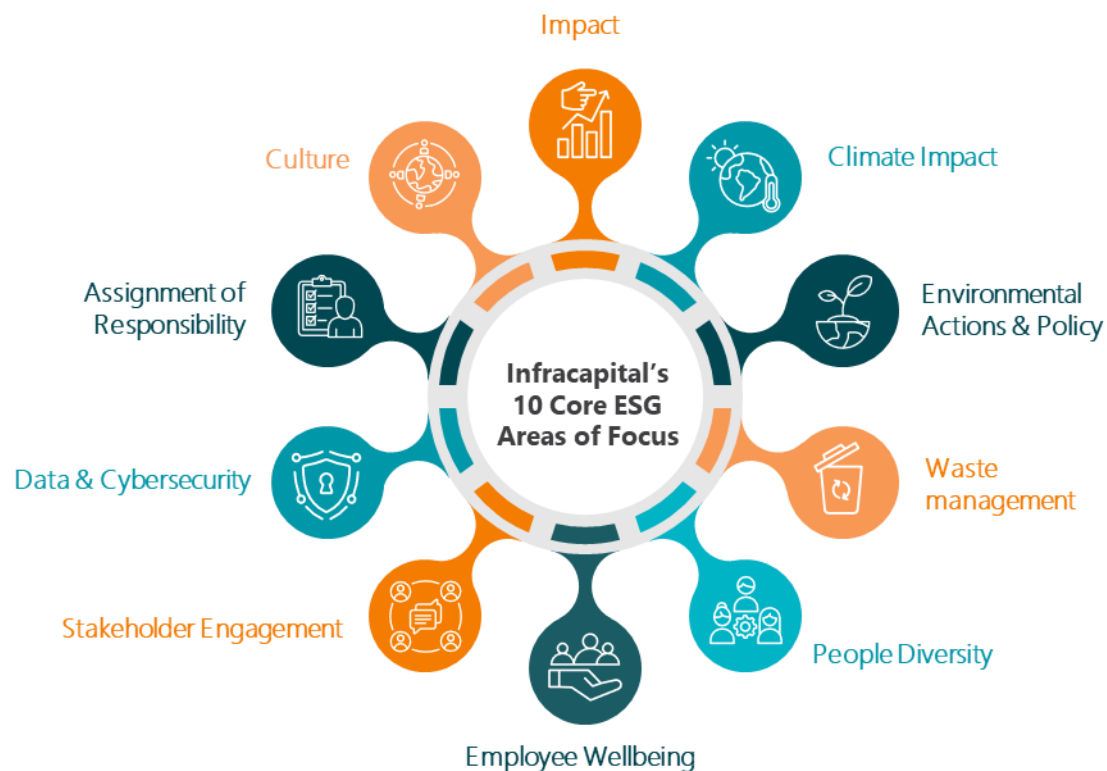
Monitoring and oversight

- We ensure strong governance and oversight of our business through regular reporting on relevant KPIs and ESG metrics. This enables us to gain further clarity on our portfolio companies' ESG KPIs and set appropriate targets, which are also monitored as part of the investee company regular audit and board reporting. Infracapital rates each of its investments on a scale of 1 (substandard) to 5 (best practice) against Infracapital's 10 Core ESG Areas of Focus, on an annual basis, to evidence progress and material improvement areas and to prioritise actions for integration into business planning for the year ahead.
- We are committed to providing an Annual ESG report to our investors which includes asset by asset reporting and alignment with regulatory / industry frameworks such as SFDR and Taskforce for Climate-related Financial Disclosures.

Our 10 Core ESG Areas of Focus

Consistent with our fiduciary duties to manage our investors' capital responsibly, we intend to protect and enhance the value of our investments in the long-term through sustainable growth across both environmental, social and governance factors.

Infracapital has identified 10 Core ESG Areas of Focus which focus our engagement with our portfolio companies on ESG. We believe these 10 Areas are both material and relevant for each portfolio company across the diversified sectors in which we invest. Materiality is informed by the sector and geography of the investment, alongside internationally recognised good practice documents such as the Sustainability Accounting Standards Board (SASB).



Environmental commitment

Climate impact is a strategic priority at Infracapital. We seek to invest in solutions to environmental challenges and drive continual environmental improvements both within our firm and our portfolio companies to mitigate the effects of climate change.

M&G is a founding signatory of the Net Zero Asset Managers Initiative. As part of this, M&G has committed to reach net zero emissions across its operations and total book of assets under management and administration by 2050, in line with the Paris Agreement and the UK Government's target.

Infracapital seeks to invest in solutions which actively address and provide solutions to climate change and to transition assets to more energy efficient models. Additionally, we seek to ensure that all companies mitigate adverse environmental risk, measure their carbon footprint, and seek to reduce their greenhouse gas emissions to mitigate the effects of climate change.

Additionally, Infracapital is committed to tracking KPIs related to waste management, water, biodiversity, energy usage and environmental risk management. Specific objectives are implemented on a materiality basis.

Social commitment

Our belief is that being a good corporate citizen is good business practice, and we commit to ensuring the essential services we provide seek the betterment of all stakeholders we impact.

Our investments serve an essential purpose in society, intrinsically linked with the lives of the communities in which we operate. We are committed to creating businesses that serve people's needs in addition to building working cultures where all people are valued and health and wellbeing is prioritised. We require all investee companies to consider, and engage with, all stakeholders and seek the betterment of the local community.

Within our firm and investee companies, we focus on factors such as diversity, equity and inclusion, employee wellbeing, stakeholder engagement, health and safety and human rights considerations. Specific objectives are implemented on a materiality basis.

Governance commitment

We strive to achieve strong oversight through sound corporate governance to create leading and resilient business committed to sustainability.

We seek controlling, or significant minority stakes, in all our investments in order to actively manage and deliver sound corporate governance. This influences the manner in which the businesses are managed, the values and accountability procedures of a firm.

We work to ensure that our businesses have strong and robust governance policies and processes. It is a requirement that all portfolio companies have ESG as a standing board agenda item and that ESG-related KPIs are collected on a quarterly and annual basis.

We monitor KPIs and processes such as anti-bribery and corruption, modern slavery, supply chain management, compliance with local regulation and adherence to international standards and data and cybersecurity.

We work with our portfolio companies to ensure that minimum ESG standards are met and host periodic training sessions to ensure appropriate capabilities exist at the portfolio company level.

Accountability & Oversight

A Responsible Investment Committee meets on a quarterly basis to review adherence to the ESG Management system and monitor industry best practice.

Infracapital's Responsible Investment Committee is led by Responsible Investment Champion, Martin Lennon, and Head of Responsible Investment, Alexia Savva. Martin drives the strategy and takes responsibility for championing responsible investment across the business. Alexia oversees the implementation and adherence of Infracapital's ESG Management System which covers investment strategy, investment appraisal, active asset management and monitoring and oversight.

All Managing Director members of the Responsible Investment Committee sit on the Investment Committee ensuring that ESG considerations are aligned to the investment decision making process.

Infracapital's Responsible Investment Approach is fully integrated throughout the investment lifecycle and each investment professional has the responsibility and accountability for integrating ESG. ESG forms a mandatory objective for each Infracapital team member to be reported on during annual performance reviews. The Infracapital team receives regular training on various matters, which are often ESG related, such as Health and Safety, Governance and Director Duties, EU regulation, biodiversity, supply chain risk and net-zero.

The implementation of ESG factors at the portfolio company is directed through board representation and engagement with Infracapital's Responsible Investment team.

Responsible Investment Committee

Responsible Investment Leads



Martin Lennon
Head of Infracapital and Responsible Investment Champion



Alexia Savva
Head of Responsible Investment

Committee Members



Ed Clarke
CIO and Co-Founder of Infracapital



Daniela Corradi
CFO



Latifa Tefridj-Gaillard
Head of Investor Relations & Capital Formation



Andy Matthews
Head of Greenfield



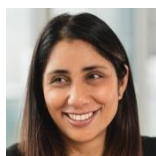
Mark Chladek
Head of Brownfield



Wael Elkhoully
Head of Asset Management



Joanne Horridge
Head of Legal



Priya Veerapen
Managing Director, Greenfield



Wilf Bagnall
Director, Investor Relations



Amy Harris
Responsible Investment Associate

Adherence to International Standards

We see value in collaborating with peers and industry bodies on this subject matter.

United Nations Principles for Responsible Investment (UNPRI)	<p>M&G is a signatory of the United Nations-backed Principles for Responsible Investing (UNPRI). At Infracapital, we commit to adopt the UNPRI principles and incorporate sustainability issues into our investment decision making and ownership practices. We are pleased to have achieved a 5* Rating in the latest Infrastructure Module of the United Nations Principles for Responsible Investment (PRI) in recognition of our established and integrated ESG Management System.</p> <p>Please refer to our website for the full transparency and assessment report: https://www.infracapital.co.uk/our-responsibilities/our-reports</p>
Global Real Estate Sustainability Benchmark (GRESB)	<p>Infracapital notes the importance of standardisation and participates in GRESB for its Brownfield strategies. Infracapital continues to monitor relevancy of GRESB for Greenfield.</p>
Sustainability Accounting Standards Board (SASB)	<p>Infracapital's ESG approach is guided by internationally-recognised best practice standards such as SASB, IFC, World Bank Group Environmental, Health & Safety Guidelines and IFC Performance Standards.</p>
International Finance Corporation (IFC)	
World Bank Group	
UN Sustainable Development Goals (UNSDGs)	<p>A pillar of Infracapital's investment process is mapping each of its investments to the UNSDGs noting that, as investors in essential and sustainable infrastructure, our investment activities often contribute to broader societal goals. Mapping to the SDGs on an asset-by-asset basis can be found in the Fund specific Annual ESG reports.</p>
Taskforce on Climate-related Financial Disclosures (TCFD)	<p>M&G Plc publicly endorses the TCFD recommendations and issues a TCFD report in its Annual report (M&G plc ARA 2023 (mandg.com), see page 69). Infracapital supports the recommendations of the TCFD and published its first TCFD-aligned Fund report.</p>
Initiative Climat International (iCI)	<p>Infracapital is a signatory to the iCI, a private equity action group on climate change. The iCI aims to better understand and manage climate risk and opportunity.</p>
Global Infrastructure Investor Association (GIIA)	<p>Infracapital is a member of GIIA, the membership body for the world's leading infrastructure investors and the advisors to the sector. It aims to make the case for private investment in infrastructure across the world through evidence-based advocacy, promote improved understanding and dialogue between governments and the private sector to create the right environment for private investment, and foster a community of infrastructure professionals to collectively shape the future of the sector.</p>
Infrastructure Industry Foundation (IIF)	<p>Infracapital co-founded the IIF, a charity to unite the industry to donate funds to charitable causes. Details on the IIF and progress to date can be found in the report.</p>

Reporting

An integral part of our ESG commitment is transparency with investors.

Infracapital is committed to producing an Annual ESG report and provides an update on ESG initiatives at Infracapital and across the portfolio on a quarterly basis. Infracapital's Annual reporting provides data on an asset-by-asset basis, where available, related to Infracapital's 10 Core ESG Areas of Focus and alignment with the Taskforce for climate-related financial disclosures (TCFD) requirements and the Sustainable Finance Disclosure Regulation (SFDR). Additionally, Infracapital reports on ESG at its Annual General Meeting.

If there are any significant incidents, the Firm will report this immediately, on an ad-hoc basis, as required. This includes for ESG incidents.

Infracapital reviews its disclosures on an annual basis in line with regulatory developments and market best practice.

Review

This policy will be reviewed on an annual basis to ensure that we are meeting investor expectations, complying to regulatory requirements and are in line with market best practice.

Contact



Alexia Savva

Head of Responsible Investment

Tel: +44 (0) 20 8162 2534

Email: alexia.savva@infracapital.co.uk

infracapital.co.uk

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