

Infracapital

ESG Policy

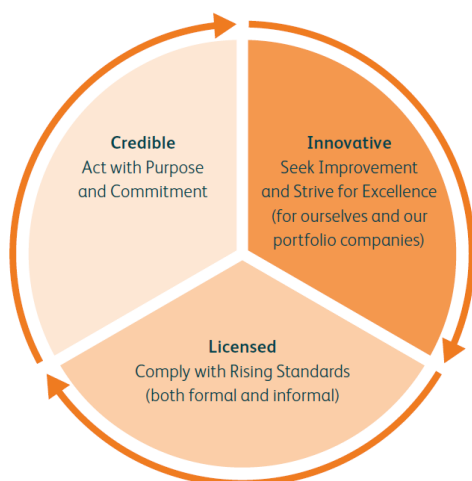


Our Purpose

At Infracapital, our purpose is to invest in, build and manage essential sustainable infrastructure.

We are excited by the role that we can play in creating a more sustainable and inclusive world through our investment activity, from investing in innovative solutions and transitioning existing assets to more sustainable models to support the decarbonisation agenda to delivering impact by reaching underserved rural communities through mass digitalisation.

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 Commitment

Responsible investing is part of the ethos of Infracapital and critical to our strategy, delivering attractive returns to investors and society alike.

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 as well as achieve many of the UN Sustainable Development Goals ("UNSDGs").

We see Environmental, Social and Governance ("ESG") factors as value enhancing levers in their own right, both in terms of risk mitigation 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.

Infracapital reports an ESG Management System ("ESMS") which sets out the exact ESG procedures across the business. Our ESG approach is incorporated across the full lifecycle of our Funds and is several-fold:

ESG approach: Investment Lifecycle



Why Sustainability Matters for Us

As a long-term investor and steward of assets for over 100 investors, we estimate over 50 million pension holders are financially exposed to our investments. Our portfolio companies provide essential services to all walks of society and employ c4,500 direct employees. We believe we have a responsibility to all these stakeholders to build businesses committed to sustainability.

Well-governed businesses, run in a sustainable manner, will deliver stronger long-term risk-adjusted performance to our investors, in addition to better overall outcomes to the environment and society alike, creating a more sustainable and inclusive future for all.

The importance of sustainability to us can be summarised in three key areas:



Opportunity to Deliver Impact

We have a responsibility to invest with purpose. We have reached a critical period in addressing the climate change challenge. Population growth and funding gaps are putting an ever-greater strain on existing infrastructure. These macro-trends are demanding material investment and as investors with experience in the sector we have a role to play in funding solutions and delivering positive impact towards a sustainable and inclusive world.



ESG is a Key Value Driver

We see ESG as a value enhancing lever in its own right and a mandate for legitimacy, resilience and growth. 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.



Legislation and Regulation

Governments and regulators are becoming more stringent on disclosure requirements and accountability around ESG monitoring and practices. This fast-moving landscape poses many challenges for investment managers and business leaders but also abundant opportunities for those businesses, such as ours, that are committed to sustainability.

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.

1. Environmental commitment

Climate impact is a strategic priority at Infracapital. We invest in solutions to environmental challenges and drive continual environmental improvements both within our firm and our portfolio companies to meet net-zero targets.

M&G has joined asset managers globally in becoming a founding signatory of the Net Zero Asset Managers Initiative. As part of its commitment, M&G's operations aspire to be carbon net zero by 2030 at the latest and aspire to achieve net zero carbon emissions on its total book of assets under management and administration by 2050, in line with the Paris Agreement and the UK Government's target. M&G plc further participates in the Carbon Disclosure Project (CDP) and ClimateWise Disclosures.

Infracapital has a commitment to drive the improvement of the environmental impact of all of its investments and is alive to the various physical and transition risks that our assets could be exposed to. We commit to investing 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 have an environmental policy, measure their carbon footprint, and specifically are able to evidence initiatives to reduce their climate impact. In line with M&G's commitment to the Net Zero Asset Managers Initiative, Infracapital is actively working with each portfolio company to implement a net-zero roadmap.

Additionally Infracapital are committed to tracking KPIs related to waste management, water, biodiversity, energy usage and environmental risk management. Infracapital is committed to transparency with its investors and, as a focus, working on including greenhouse gas emissions reporting in its ESG reporting going forward.



2. 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 peoples' 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 diversity and inclusion, employee wellbeing, data & cybersecurity, stakeholder engagement, health and safety and human rights considerations. We track health and safety performance and have an objective to introduce initiatives to continue to improve social performance.

We are committed to ensuring that slavery, human trafficking, child labour or any other abuse of human rights has no plan in our organisation or supply chain.

Diversity, Equity and Inclusion

Diversity, equity and Inclusion is a strategic priority at Infracapital. By bringing together diversity of thought and creating an inclusive environment for those of diverse backgrounds and experiences we can create resilience, innovation and success. As such, we are committed to being diverse and inclusive both as a business and as an investor. As part of our commitments in this space, we aspire to achieve 45% female representation, 25-30% minority ethnic representation and foster social mobility by 2035. We commit to annually disclose our performance toward such aspirations and challenge ourselves to revise such targets on an annual basis.

We also monitor and report on diversity in the workplace across our investee companies including working with each portfolio company to drive for greater diversity in management teams and the implementation of inclusive working cultures.



At Infracapital, we commit to being diverse and inclusive both as a manager and as an investor

3. 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.

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. Our ambition is that all investee companies have an ESG Policy and assignment of ESG Responsibility. We also seek a Code of Ethics to provide guidance on the organisation culture.

We are part of an International Community

We seek to be transparent and accountable and in a globalised world, see value in working with a number of international organisations that promote acting in a more responsible manner. M&G Plc, and Infracapital, are engaged members of a number of initiatives to promote responsible investment, and the importance of raising ESG standards across the investment industry. These include, but are not limited to:

- UN Principles for Responsible Investment
- Compliance with the UK Stewardship Code 2020
- Support for the UN Sustainable Development Goals
- Net-Zero Asset Manager's Initiative
- Institutional Investors Group on Climate Change
- The Investors Forum
- The Financial Reporting Council
- The UK Sustainable Finance and Investment Association
- Task-force for Climate Related Disclosures
- iCI: Initiative Climat International
- Global Infrastructure Investor Association (GIIA)

The UNPRI Principles

M&G is a signatory of the United Nations-backed Principles for Responsible Investing (UNPRI). At Infracapital, we commit to adopt the following 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.



Principle 1

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



Principle 2

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



Principle 3

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



Principle 4

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



Principle 5

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



Principle 6

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

Infracapital Oversight

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

Responsible Investment: Accountability & Oversight

Infracapital's Responsible Investment Committee is led by Head of Infracapital and Responsible Investment Champion Martin Lennon and Alexia Savva, Responsible Investment Manager. 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 from investment strategy and investment appraisal to active asset management and monitoring and oversight.

During 2022, Infracapital bolstered its Responsible Investment Committee to include Managing Directors across the business to ensure diversity of thought and full integration throughout the investment lifecycle. 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 during the investment process. ESG forms a mandatory objective for each Infracapital team member to be reported on during annual performance reviews.

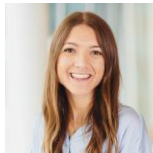
Responsible Investment Committee

Responsible Investment Leads



Martin Lennon

Head of Infracapital and Responsible Investment Champion



Alexia Savva

Responsible Investment Manager

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



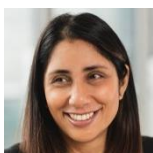
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Head of Asset Management



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Head of Legal



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