

Responsible Investment Policy

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1.0 Introduction

The Equitix mission is to provide high-quality infrastructure assets for the advancement of our environment and society at large.

To achieve this, we recognise the need to forge lasting partnerships with a broad range of stakeholders including contractors, investors, developers and financial institutions.

This mission has been at the core of Equitix since it was formed in 2007. We are aware that the decisions we make as a business have impacts on the world around us. As a result, we place responsible investment and the environmental, social and governance (ESG) consequences of our investments at the heart of our investment process. The long-term nature of our investments means that it is vitally important for Equitix to consider the impact of these decisions both today and in the future.

We recognise the importance of governance and transparency in the management of our assets, to our stakeholders, and for our investors as part of this process.

With over 300 core infrastructure projects acquired since the firm's inception in 2007, Equitix has institutionalised its distinctive approach to infrastructure investing as being a long term and trusted partner to our investors, governments, society, and business networks that our assets serve.

"We place responsible investment and the environmental, social and governance (ESG) consequences of our investments **at the heart of our investment process.**"



2.0 Definitions

Equitix defines **responsible investment** as having an awareness of the impact that our investment decisions have on the planet and its communities. Responsible Investment is a core tenant of how we manage our Funds as part of our overarching Equitix Sustainability Framework.

Equitix defines **sustainable investment** as being aware of the long-term consequences of the investment decisions made. As long-term investors, both responsible and sustainable principles are at the heart of our investment process.

We believe that by considering **Environmental, Social and Governance** factors within our assets we can ensure that they provide a positive long-term impact on society and the planet.

We consider responsible and sustainable investment to be key components to Equitix being a sustainable organisation.



2.1 Responsible investment beliefs

At Equitix we believe that:

1. Investments which are built and managed in a sustainable way will better manage ESG risks and deliver out performance over the long-term. We work with a high level of investment discipline, which permeates all aspects of our practice.
2. Active management of assets with those with whom we collaborate is key to developing long lasting, productive partnerships which deliver superior results. We value and enjoy mutually beneficial relationships for shared outcomes.
3. We believe in honesty, integrity and operating in accordance with sound moral principles at all times.

3.0 Responsible investment principles

Equitix has been a signatory to the UN PRI since 2010 and we apply ESG principles to the Equitix group and the assets we invest in. We recognise that ESG issues can impact the long-term performance of our business and our investment portfolio and that it is vitally important that we take active ownership of these in an open and transparent manner.

We maintain a responsible investment policy which remains a core component of the investment process such that all material ESG factors and policy considerations are aligned for the benefit of investors and stakeholders. We are aware that our engagement with stakeholders can have a positive impact, not just on our investments, but on sustainable development goals of society.

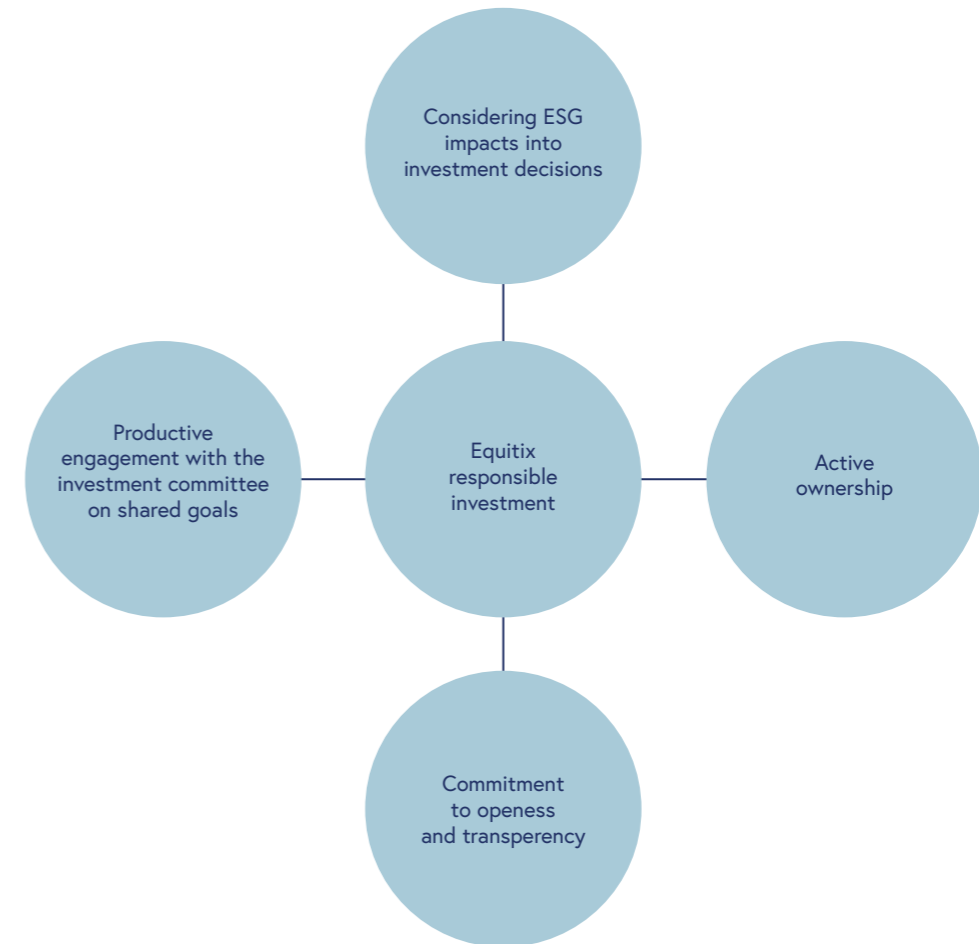


Figure 2 Responsible investment principles

Our responsible investment policy entrenches Equitix's commitment to ESG considerations and sustainability goals:

- We target assets that provide essential or critical services to the local population and are fundamental to long-term economic growth.
- We pursue assets that exhibit a high degree of stability, which have strong counterparties with robust governance structures and effective oversight.
- We carefully investigate and review opportunities to ensure that they comply with a long-term investment horizon.

This includes reviewing:

1. The historic performance of the asset, not only financially but from the perspective of the regulator or public sector client as well as the wider stakeholder community;
2. The stability of the asset cash flows and predictability of returns, including whether revenues are contracted and on what basis;
3. The experience, sustainability track record and financial covenant strength of private sector counterparties involved in the asset;
4. The existence of a well-understood and tested regulatory framework (where applicable) with appropriate corporate governance and recourse;
5. The existence of legal and financial contractual incentives, thereby ensuring appropriate allocation of risk and long-term performance of the asset; and
6. The presence of a strong corporate governance structure that allows Equitix to be a continued presence in the infrastructure sector for the long-term, managing funds committed by institutional investors.

4.0 Responsible investment process

Equitix believes that responsible investment incorporates ESG and sustainability. We adopt the following approach: (1) Identify ESG risks and opportunities, (2) Manage these risks and opportunities, (3) Target ESG outcomes for addressing these risks and opportunities with the asset and (4) Achieve sustainable goals which have a positive impact on society and the planet.



Figure 3 Responsible Investment approach ("IMTA Framework", Identify, Manage, Target, Achieve)

It is worth noting that although this process starts at the pre-investment stages during the Fund Investment Committee (FIC) process, it is ongoing during the active management of the asset, throughout the life of the investment. By undertaking this Equitix ensures that best practice and technological updates are reflected in how we efficiently, effectively and actively managing the assets.

It is important to note that Equitix will not exclude consideration of an investment due to poor ESG characteristics. Equitix believes that it can effectively identify and manage any ESG risks and opportunities. However, if Equitix does not believe that they are able to identify and manage ESG risks, the investment is unlikely to proceed through the due diligence process and be signed off for investment by the FIC. See section on exclusions.

The IMTA Framework starts in the pre-investment process and continues throughout the asset management lifecycle of the asset.

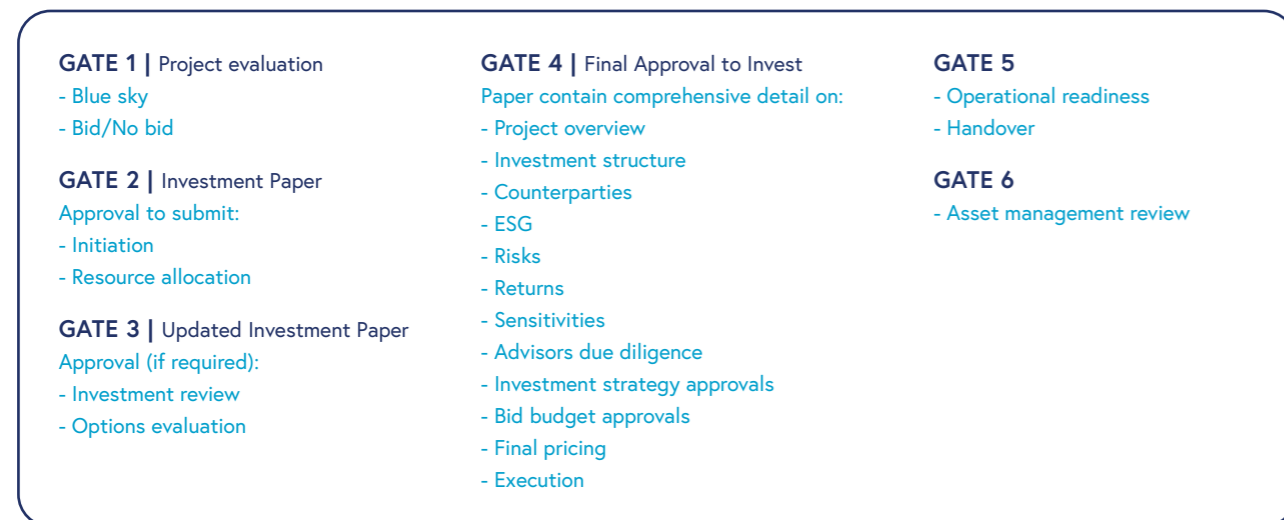
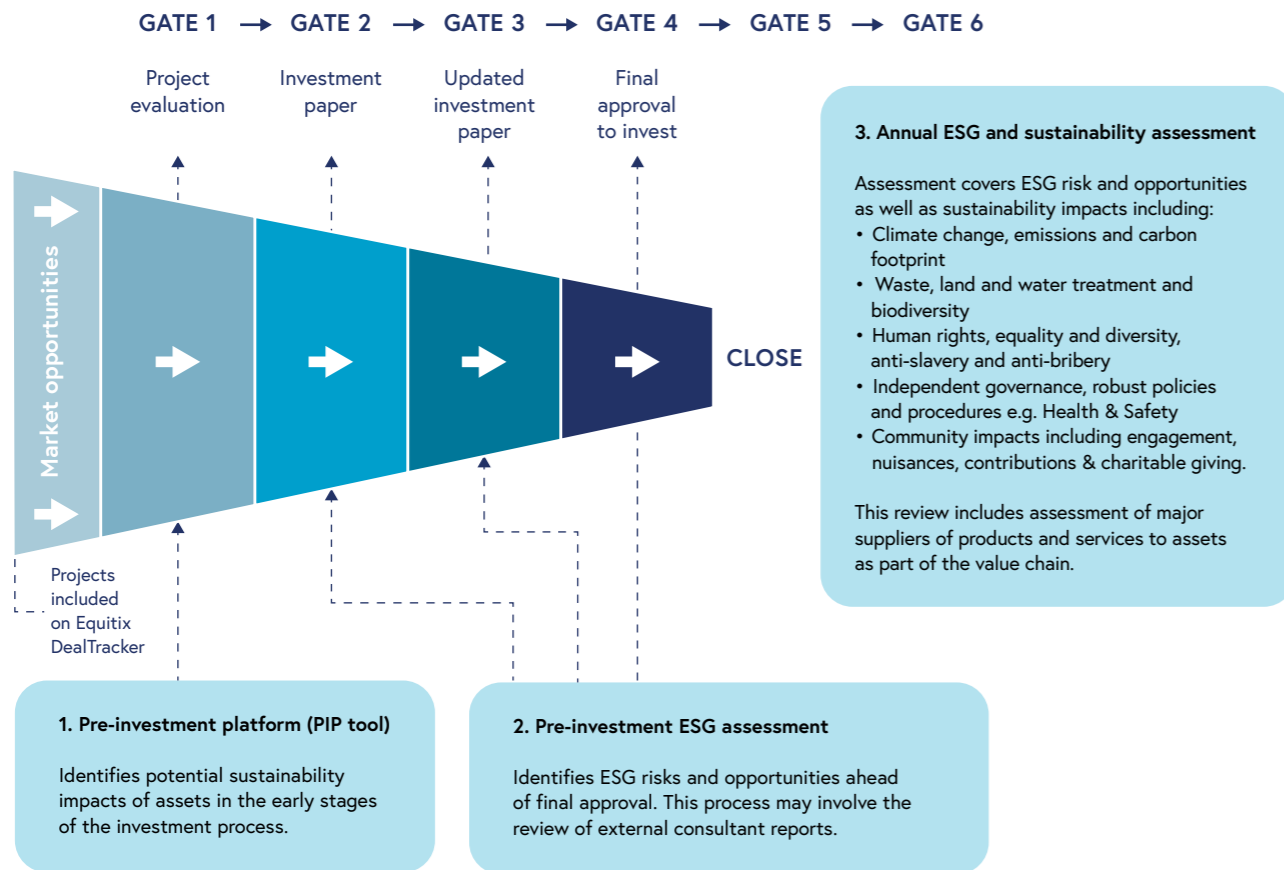
There are three forms of assessment:

1. Pre-investment platform (PIP Tool)
 2. Pre-investment ESG assessment
 3. Annual ESG and sustainability assessment – Post investment / Asset management
- } Pre-investment

The UNPRI Principles for Responsible Investment

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Responsible investment process



It should be noted that this responsible investment process is, at the date of the policy, being introduced. Existing investments, which have already proceeded through pre-investment processes, will have therefore followed legacy procedures.

The formal ESG and sustainability assessment will be broadly in line with the reporting requirements under the Sustainable Finance Disclosure Regulation (SFDR) framework.

4.1 Pre-investment platform (PIP Tool)

The pre-investment platform tool undertakes the following main functions for the early stages of the pre-investment process:

1. It screens the investment to ensure the sub sector and country is not on the exclusion list;
2. It considers any potential ESG risks or opportunities which could be foreseeable in the asset;
3. It requires the investment team to confirm that ESG considerations have been added to advisory engagement scope letters; and
4. It provides the investment team with a sustainability impact profile for how the asset may impact the local environment and community based on its location.

At this stage no financial resources have been deployed for pre-investment work on the asset. The PIP Tool will be a contributing factor in a bid/no bid decision and, if it is bid, results from the PIP tool will help to inform resource allocation needed for the pre-investment process e.g. financial budget for consultants to investigate ESG issues.

4.2 Pre-investment ESG assessment

The purpose of the pre-investment ESG assessment is to identify both ESG risks and opportunities and to formulate a plan to manage these prior to any investment being made.

Due to the wide range of asset types that Equitix invests in, we have established a number of different templates covering a variety of sectors in both primary and secondary investments to ensure all ESG issues are considered.

Broadly these templates cover the following ESG issues:



It should be noted that Equitix may use external consultants to assist with the completion of the pre-investment ESG assessment, particularly in areas of specialism such as: environmental surveys or financial and audit review.

The pre-investment ESG assessment will be an appendix to the Investment Memorandum, key to final approval in Gate 4 with any material issues from the assessment featuring in the main body of the Investment Memorandum report.

4.3 Annual ESG and sustainability assessment

All assets in which Equitix invests are subject to an annual ESG and sustainability assessment. As discussed as part of the IMTA framework, the responsible investment approach is ongoing throughout the life of the asset and this annual assessment is key to identifying risks and opportunities from both an ESG and sustainability perspective.

As part of the ongoing assessment, we will conduct surveys of material suppliers e.g. parties contracted for operational management and maintenance. The questions in the annual survey will be reviewed each year to ensure Equitix stays abreast of regulatory changes and best practice. When considering the key ESG issues that are most material to our portfolios, Equitix assesses the physical location of the asset, the environmental impact that any construction would have on the local community and its inhabitants, the dynamics and politics of the sector or industry and the practices of any related third-parties. In addition, we assess the governance arrangements that are in place in order to protect the long-term interests of our investors.

Given the different structures and features of the Equitix assets, ESG issues will vary greatly from one investment to another, however typical concerns include biodiversity, environmental impact, community concerns, board composition, shareholder rights and sustainability.

The data collected as part of the ESG and sustainability assessment has multiple uses including but not limited to:

- Risk assessments
- Client reporting
- Annual ESG and sustainability reports
- Management reporting

The content of the annual assessment covers the ESG issues outlined in Figure 5 and will require more detail as a result of the day-to-day management of the asset (either directly or indirectly). Some annual assessment data will be inputted into a sustainability tool for augmenting with publicly sourced data and used for sustainability reporting.

4.4 Sustainable Development Goals (SDGs)

As a conscientious investor, Equitix monitors its contribution towards the UN Principals of Responsible Investment Sustainable Development Goals. Broadly, the SDGs can be broken into the following ESG categories.

Environmental SDGs which make the following contributions:

- Seeks to preserve water and land and minimise any negative impacts.
- Provides for affordable and clean energy.
- Considers environmental sustainability such as preservation of flora and fauna.
- Ensures responsible consumption and production to minimise waste.
- Takes climate action to stop emissions and control greenhouse gases.

Social SDGs which make the following contributions to society:

- Create employment to decrease poverty, promote equality and diversity.
- Have a positive impact on community good health and well-being.
- Ability to influence or provide quality education.
- Contribute to economic growth and decent work.
- Create or work towards the creation of sustainable cities and communities.
- Maintain an awareness of the influence of the supply chain and its impact to achieve goals in partnership.

Governance SDGs such as:

- Ensuring appropriate policies and procedures which promote equality and diversity.
- Ensuring robust oversight over health and safety for the protection of workers and the community.
- Ensuring that management team incentives are consistent and aligned with the asset owner and community.
- Ensuring appropriate oversight on responsible consumption and production to reduce or remove negative footprints.
- Ensuring appropriate processes and procedures which promote justice and peace.
- Providing robust management and oversight to ensure assets are run in a legal, morally appropriate and sustainable manner.

Equitix has built a platform in partnership with Mott McDonald which uses external data sources to assess the sustainability impacts our investments have on the community and environment. The engine which runs this system also provides the sustainability profile to the investment team in the Pre-Investment Process.



5.0 Value supply chain

Equitix acknowledges the importance of considering the value (supply) chain in the management of ESG risks and opportunities. Equitix has invested in many projects which rely heavily on third party operators to provide operational support, facilities management and maintenance services.

Thorough due diligence is conducted on each of the suppliers and contractors on every project in which Equitix invests. This is undertaken in advance of financial close, to ensure their operation meets the environmental, social and governance standards to which Equitix adheres.

The asset management team have regular contact with the contractors to ensure that implementation of the principles is ongoing and the annual ESG Survey (discussed in Section 4.3) ensures that a formal annual due diligence review takes place.

We view oversight and influence within our supply chain as a key component in the governance of our investments. Engagement with vendors and third-party managers is integral to our investment process as it helps assess a company's approach to ESG related issues. The team places high importance on management quality and makes regular company site visits to speak to, or meet with, local management, both during the due diligence process prior to acquisition and after financial close.

Equitix assesses suppliers ESG credentials relative to Equitix's own environmental, social and governance standards. Where appropriate, Equitix may implement Key Performance Indicators (KPIs) to ensure these ESG performance standards are achieved. This is particularly pertinent where there is a management services agreement (MSAs) for assets. All parties subject to MSAs have KPIs in place.

When considering which MSA providers to partner with, Equitix evaluates business performance in respect to environment, social and governance impacts, as one of the critical criteria of any supplier partner.

For other Equitix suppliers where KPIs do not exist, Equitix will review ESG standards of these firms and encourage improvements wherever possible.

For suppliers who repeatedly fall below Equitix standards without improvement, Equitix will cease to renew these partnerships.

Where possible, Equitix will tender contracts (operational and maintenance) to ensure the best possible outcome for investors. These tenders will consider the environment and the local community in which the project is based.

6.0 Exclusions

Equitix will not finance activities deemed illegal under host country laws or regulations or international conventions and agreements. This includes activities which are subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.

Equitix will not finance activities that impinge on the lands owned, or claimed under adjudication, by indigenous people, without full documented consent of such people.

We fully support the following international conventions:

- The Convention on Cluster Munitions (2008): prohibiting the production, stockpiling, transfer and use of cluster munitions.

- The Anti-Personnel Landmines Treaty (1997), also known as The Ottawa Treaty (1997): prohibiting the production, stockpiling, transfer and use of anti-personnel landmines
- The Chemical Weapons Convention (1997): prohibiting the use, stockpiling, production and transfer of chemical weapons
- Biological Weapons Convention (1975): prohibiting the use, stockpiling, production and transfer of biological weapons.

We will not knowingly hold any asset that is involved in the production, stockpiling, transfer and use of these weapons.

For the avoidance of doubt Equitix will not ordinarily finance projects which involve the following:

- Weapons and munitions
- Tobacco
- Gambling, casinos and equivalent enterprises
- Pornography
- Animal testing or fur
- Oil or oil sands
- Hazardous chemicals
- Coal
- Monocultures
- Arctic drilling
- Hydraulic fracturing
- Traditional and shale oil and gas exploration and production
- Palm oil and soy production
- Precious metals and diamonds
- Fisheries including drift net fishing in the marine environment using nets in excess of 2.5km in length.
- Activities involving harmful or exploitative forms of forced labour or harmful child labour
- Radioactive materials – This does not apply to medical equipment, quality control (measurement) equipment, batteries, energy generation, and any equipment where Equitix considers the radioactive source to be trivial and/or adequately shielded.
- Unbonded asbestos fibres – This does not apply where removal or robust containment is part of the active risk management plan.

It should be noted that this list applies to any new investments made. Legacy investments may have included exposure to these types of assets which will be risk managed. From time to time Equitix may also consider a portfolio of investments with legacy exposures to these types of assets which will again be risk managed.

For the avoidance of doubt Equitix will not finance projects in the following geographies which includes medium and higher risk sanction countries:

- Afghanistan
- Belarus
- Burundi
- Crimea region
- Central African Republic
- Cuba
- Democratic Republic of Congo
- Guinea and Guinea-Bissau
- Iran
- Lebanon
- Libya
- Mali
- Nicaragua
- North Korea
- Palestinian territories
- Russia
- Somalia
- South Sudan
- Sudan
- Syria
- Venezuela
- Yemen
- Zimbabwe

A reasonableness test will be applied when the activities of the project company would have a significant development impact, but circumstances of the country require adjustment to the exclusion list.

7.0 Governance and oversight

Equitix places strong emphasis on the active management of its infrastructure assets. Transparency and influence of ESG performance is typically achieved through board representation, senior management dialogue, strong relationships and contractual agreements with third-party operators. Each investment across the Equitix funds is assigned a dedicated asset manager whose responsibilities include asset management of ESG.

7.1 Board representation

Equitix seeks to either take majority ownership stakes when investing or, as a minimum, take representation on each asset board in which it invests. This is to enable control and influence on the responsible management of the asset. This way it can take an active and direct role in monitoring and influencing the ESG performance as well as the financial performance of the investment.

Effective board representation results in good corporate stewardship and governance and ensures the enforcement of legislative compliance and risk management frameworks.

Board representation is undertaken by senior members of the executive, commercial and asset management teams who have the relevant industry experience and skill.

7.2 Dialogue

Equitix recognises the importance of constructive dialogue with those managing our assets on a day-to-day basis. Whilst board representation is key, so is the frequent formal and informal dialogue which exists between Equitix and key suppliers. This includes the formal reporting of risks to ensuring long-term success of infrastructure projects, through to the weekly dialogue we have with providers. In addition, regular meetings are held between the executive and asset management teams to make sure that the firm's ESG fundamentals are carried through to the project companies.

At the Equitix Fund Investment Committee meeting, executives can review and scrutinise the ESG risks. Equitix may include management incentives in supplier contracts where appropriate, and these will align the success of the asset. Equitix may use this to ensure the asset strategy on issues such as ESG is promoted within asset companies.

7.3 Community and end users

Equitix seeks to form long-term relationships with the communities that our assets serve. As a result of this, our active management extends to consulting with end users of our facilities, and the local community, on their experience of the asset to better understand if it is meeting their needs. This can also help inform us where improvements can be made within our management or engage with the counterparty i.e. local government on further asset enhancements. This level of engagement has resulted in solid partnerships and Equitix has been selected as the partner of choice on multiple projects with the same counterparties.

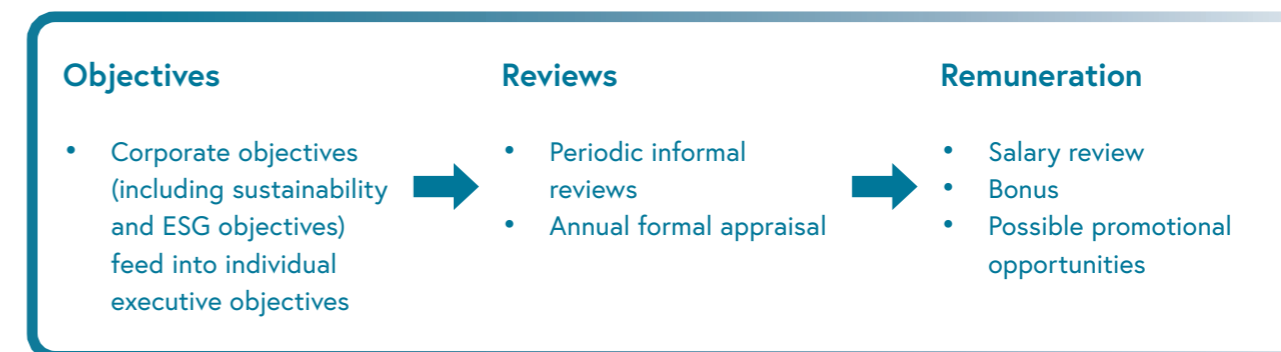
7.4 Executive remuneration

Equitix believes that it is important that our executives are fully aligned with our corporate sustainability and responsible objectives (as documented in our sustainability policy). These corporate objectives are integrated into team and individual objectives.

Individual objectives are set annually. The executive's role will determine what aspects of the sustainability objectives are applicable to the individual. The investment and asset management teams as well as FIC and board will have responsibility for sustainability objectives which impact responsible investment (and ESG).

Executives have periodic reviews with their managers to discuss progress against these objectives. A formal annual appraisal takes place to review progress against objectives and achievements. This appraisal will also consider the executives technical ability in ESG, as well as consideration for how the individual has engaged in collaborative working and demonstrated the business values in areas such as ESG.

Following the formal appraisal, the executive is assessed on their achievements and their salary may be reviewed, they may be given a bonus and/or promotion to reflect the contributions they have made. This occurs through the manager making a recommendation to the board. All remuneration reviews are considered at the board level. No executive (at any level) determines their own compensation.



It should be noted that the application of this will vary depending on the internal team. An example of this would be the investment team considering pre-investment ESG issues; or the asset management team providing oversight on the managed service agreements, to ensure that ESG values are being reflecting in the ongoing management of assets.

8.0 Regulatory application and materiality

Equitix funds integrate ESG considerations into investment management processes and ownership practices on the understanding that these factors will have an impact on financial performance. Equitix funds remain return-seeking, performance-focused products despite considering ESG and sustainability characteristics in the investment process. The investment considerations are made to follow good governance practices.

The investment process has been developed in line with this understanding, to ensure that ESG issues are incorporated into the analysis and debate of each potential investment regardless of sector, fund or geography.

The Equitix responsible investment process establishes a framework that seeks to identify and manage material ESG and sustainability risks. However, additional risks not currently known, may also adversely affect future performance either from a financial, ESG or sustainability perspective.

We will continue to review and update the framework annually, seeking to identify any weaknesses in the processes. New issues may be identified through thematic research, company-level investment research within our proprietary tools, or responding to controversies.

9.0 Partnership and collaboration

Equitix is an active owner with a strong and experienced team which collaborates with partners, governments, regulatory bodies and other industry groups in the oversight of environmental, social and governance principles.

This collaboration across sectors and regions offers specific insights for the benefit of the overall portfolio and stakeholders.

Responsibility for the Equitix responsible investment strategy and policy lies with the executive team. The executive team relies on regular analysis provided to develop and improve the firm's responsible investment strategy, and to improve the governance of the companies in which it invests.

The active management described in this document aims to deliver infrastructure projects in a sustainable way to the community and within the environment. Our partnership working aims to encourage others to adopt similar sustainable beliefs and practices.

In order to work towards best practices Equitix has become a member and supporter of the following initiatives:



UN Principles for Responsible Investment

Equitix has been a signatory to the UNPRI since 2010 and regularly collaborates with the organisation on SDG-related initiatives and working groups. It also provides feedback on strategically important matters via their formal consultations.



UK Sustainable Investment and Finance Association

Equitix joined UK SIF in 2010 to partner with those in the UK on sustainable and responsible financing initiatives.



ENEI (Employers Network for Equality & Inclusion)

Equitix joined ENEI in 2020 to support equality and inclusion in the workforce and to encourage similar practices in major suppliers to provide services for the assets we invest in.

Equitix is also a supporter of the following:

- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- UN Sustainable Development Goals
- International Bill of Human Rights
- International Labour Organisation Conventions
- United Nations Convention Against Corruption
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- United Nation Framework Convention on Climate Change Paris Agreement
- TCFD Taskforce on Climate Change Financial Disclosures
- ISO 14001
- BREEAM (Building Research Establishment Environmental Assessment Method) standards
- UK Stewardship Code

10.0 Disclosure and reporting

Equitix reports annually to the UN PRI and the results of these assessments are available to investors.

Equitix produces both an annual Responsible Investment report and a Sustainability report. These are produced and published by the end of H1 for the preceding year.

ESG factors and management practices are evaluated on an asset-by-asset basis and the results are incorporated into quarterly reports, asset management updates and investor communications.

Equitix monitors this ESG performance through regular site visits and meetings with contractors. Additionally, we request detailed reporting on all assets, to ensure that the projects meet ESG criteria.

Many project companies also have an independent ESG policy containing reporting and monitoring requirements. These have been incorporated into the legal agreements and set out the reporting obligations required by the collective owners of the investment.

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