

# Equitix Responsible Investment Policy

November 2021

Policy Responsibility	COO (Corporate) and ESG Manager
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Policy Review Frequency	At least annually
Next Review Date	November 2022

## 1. Introduction

Equitix Holdings Ltd and its subsidiaries (collectively “Equitix”) invest, develop and manage on behalf of fund investors, small to mid-sized core infrastructure assets.

It is our belief that the long-term stewardship of the assets we invest in should include the consideration of environmental, social and governance (ESG) factors throughout the investment decision making process and on-going asset management period.

Equitix defines Responsible Investment as the integration of ESG considerations into the investment decision making and asset management processes in the belief that these factors can have an impact on financial performance.

The Responsible Investment Policy is applicable to all investments made by Equitix from the date of publication. Legacy investments made prior to the publication of this policy will have followed historic processes regarding ESG integration. In the case of any conflict between the Responsible Investment Policy and the Limited Partnership Agreement (LPA), the LPA shall prevail.

## 2. Purpose

The Equitix mission is to provide high-quality infrastructure assets and long-lasting partnerships which can support improvements to our environment and facilitate critical services to communities whilst achieving a financial return for investors.

This document sets out Equitix’s commitment to the integration of ESG in delivering on this mission. The policy articulates how Equitix approaches Responsible Investment as part of its role as an active steward and fiduciary fund manager.

Equitix remains committed to upholding its approach to Responsible Investment having been a signatory to the Principles for Responsible Investment (PRI) since 2010.

## 3. Scope

This Policy applies to Equitix and its employees. Employees are requested to read the Policy and refer to its contents during the exercise of their function. New joiners are asked to confirm that they have read and understood the Policy as part of the on-boarding process.

Equitix will apply this Policy to all investments made following the first publication date listed on the title page. There may be some circumstances in which Equitix has limited ability to influence and integrate ESG considerations at the asset level, for example where Equitix takes a minority shareholding, or where legacy contractual arrangements with Operations and Maintenance (O&M) providers limit the extent to which ESG improvements can be made.

Notwithstanding these issues, Equitix will apply the ESG standards set out in this Policy as far as possible.

## 4. Responsible Investment Beliefs

**ESG and long-term financial performance are not mutually exclusive.** The integration of ESG considerations into the investment process is complementary to the high level of financial and commercial scrutiny each investment opportunity receives by our skilled in-house teams and Fund Investment Committee. By applying the ‘IMTA’ framework of (1) identifying ESG risks and opportunities, (2) managing these risks and opportunities, (3) targeting ESG outcomes, and (4)

achieving sustainable goals, Equitix believes that better long-term outcomes for all stakeholders will be achieved.

**ESG integration is an opportunity.** The emergence of new regulatory frameworks, higher market expectations and stakeholder pressures to see investment deliver on environmental and social challenges are seen by Equitix as an opportunity to continue evolving and enhancing its approach to ESG in a way that delivers value for our investors and the communities served by our assets.

**Partnerships support superior results.** An active approach to asset management is seen as vital to developing long-lasting partnerships and ensuring that our assets continue to serve the needs of society.

**Honesty, integrity, and sound moral principles.** Our belief is underpinned by a firm commitment to conducting our business in a way that remains anchored to strong principles and creates a working environment that is healthy, empowering and fulfilling for all of our employees.

## 5. ESG Governance

Equitix is committed to the integration of ESG across all key business lines and support functions.

Oversight of ESG risks and opportunities starts with the Board of Directors, and specifically the Chief Operating Officer (Corporate), who has Director-level responsibility for ESG and sustainability. The Equitix Board’s ESG-related responsibilities are:

- Reviewing and approving the Equitix Responsible Investment Policy, at least annually
- Reviewing and approving all key sustainability-related statements and documents, including the Statement on Climate Change, at least annually
- Reviewing a periodic ESG report submitted by the ESG Manager which details progress on ESG integration across the business
- Responding to material ESG issues which are considered necessary to escalate to the Board, if and when such issues arise
- Monitoring progress against Equitix’s ESG and sustainability objectives

The ESG Manager holds responsibility for the development and implementation of Equitix ESG and sustainability workstreams related to the investment lifecycle, including across portfolio assets and the fund manager level.

## 6. ESG and the Investment Process

Investment Stage	ESG Action	Objective	Supporting Tools
Pre-investment project evaluation	<ul style="list-style-type: none"> <li>• ESG Screening</li> <li>• Contribution to sustainability outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Identify ESG due diligence requirements</li> <li>• Support request for external ESG advisor if needed</li> </ul>	<ul style="list-style-type: none"> <li>• Web-based survey tool containing:</li> <li>• Exclusion list of activities and high-risk geographies</li> <li>• Sector specific ESG risks and opportunities guidance</li> </ul>
Investment Due Diligence	<ul style="list-style-type: none"> <li>• ESG Due Diligence undertaken in line with ESG survey questions</li> <li>• ESG risks and opportunities presented to Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Identify material ESG risks and opportunities</li> <li>• Devise mitigation measures if necessary</li> </ul>	<ul style="list-style-type: none"> <li>• ESG survey</li> <li>• External consultants where required</li> <li>• Action plan template</li> </ul>

	Investment Committee (FIC)	<ul style="list-style-type: none"> <li>Respond to FIC challenges on material ESG issues</li> </ul>	
<b>Portfolio and Asset Management Period</b>	<ul style="list-style-type: none"> <li>Review ESG survey results as presented to FIC</li> <li>Manage material ESG risks and maximise ESG opportunities</li> <li>Support asset-level ESG data collection and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Improve ESG characteristics over time, where possible</li> <li>Investor reporting</li> <li>Set ESG KPIs</li> </ul>	<ul style="list-style-type: none"> <li>ESG survey</li> <li>Proprietary ESG database<sup>1</sup></li> <li>ESG performance data</li> <li>Regulatory reporting and disclosure guidance</li> </ul>
<b>Exit</b>	<ul style="list-style-type: none"> <li>Review and consolidation of historic ESG performance</li> </ul>	<ul style="list-style-type: none"> <li>Present accurate ESG profile of an asset / fund</li> </ul>	<ul style="list-style-type: none"> <li>Asset-level ESG data</li> <li>Regulatory requirements related to the marketing of financial products, where applicable</li> </ul>

## 7. Key Roles and Responsibilities

### ESG Manager

The ESG Manager is principally engaged in the development and implementation of the Equitix ESG and sustainability strategy. The remit of the ESG Manager encompasses the development of tools and processes for ESG integration across the investments and asset management teams, maintaining expertise across key regulatory frameworks and aligning Equitix accordingly, monitoring and reporting on the ESG performance of assets, delivering internal ESG education, and supporting the communication of the Equitix ESG strategy to investors.

### Investments

The investments team is responsible for integrating ESG considerations into the investment origination process for both primary and secondary deals. Members of the team ensure that investment opportunities are not in contravention of the Equitix exclusions list, and that material ESG issues are clearly presented to the FIC through internal documentation.

### Asset Management

Throughout the long-term stewardship period, the asset management team is responsible for ensuring that assets are monitored from an ESG perspective. This includes through the collection of annual ESG data and taking steps to address any material ESG issues and maximise ESG opportunities.

### Business Development / Investor Relations

The BD/IR team are primarily responsible for communicating the Equitix ESG strategy to investors in a clear and informed way. This includes facilitating sessions between investors and the ESG Manager to understand the priorities of investors from an ESG perspective and ensuring these are addressed through reporting and ad hoc updates.

<sup>1</sup> At the time of publication, the ESG database is in development.

## 8. Applicable Responsible Investment standards and frameworks

### Principles for Responsible Investment

Equitix has been a signatory to the UN Principles of Responsible Investment since 2011 and currently holds an ‘A’ rating for Infrastructure and an ‘A’ rating for Strategy & Governance. Equitix commits to continuing its support across the following principles:

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.

### United Nations Sustainable Development Goals (UN SDGs)

Equitix recognises the importance of utilising the UN SDGs in an evidenced and targeted way to ensure that its activities can contribute towards specific targets and indicators, with ongoing monitoring of these contributions over time.

A proprietary categorisation framework has been developed as a result of identifying where the capacity metrics of Equitix assets align with SDG targets and indicators.

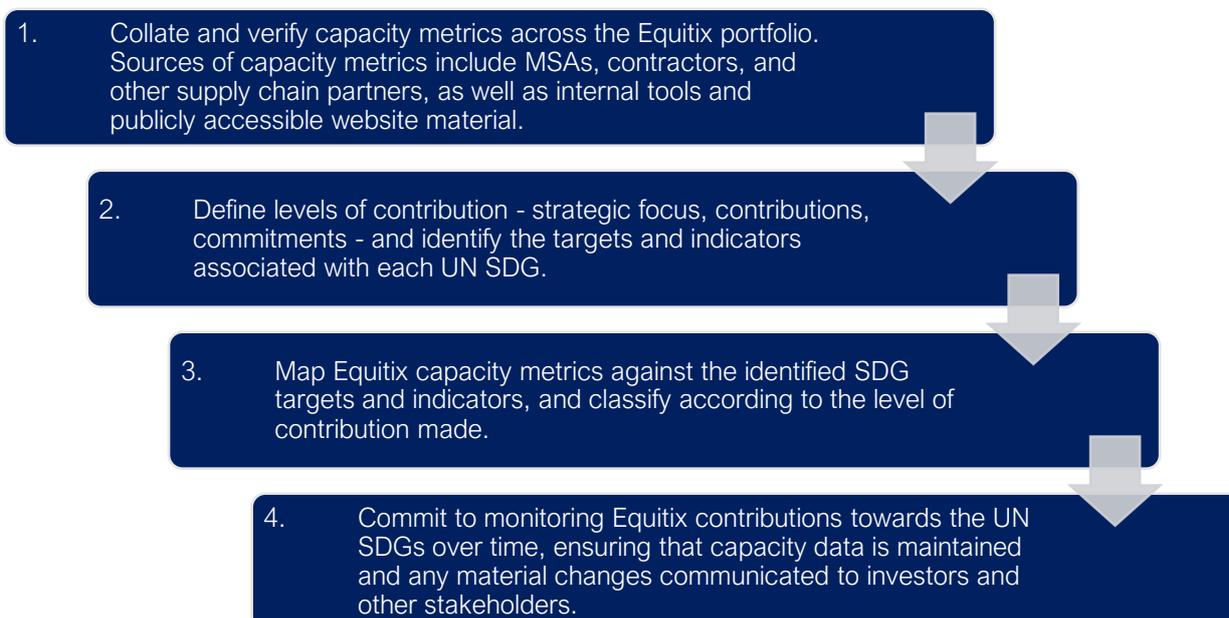
The prioritisation framework has identified Equitix contributions as follows:



Figure 1: Equitix UN SDG Prioritisation Framework

## Methodology statement

Equitix has undertaken the following steps to develop the SDG Prioritisation Framework:



## Modern Slavery

Equitix has a zero-tolerance approach to modern slavery. The firm is committed to acting ethically and with integrity in all our business dealings and relationships; and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in the business.

Equitix, in pursuing primary development projects, does engage with construction, operations and facilities management contractors where the risk of slavery and human trafficking exists. Pursuant to Equitix's Anti-Slavery Policy, staff are required to undertake due diligence to confirm that any entity with whom Equitix engages in a business relationship has an anti-slavery policy and controls in place to ensure compliance by its own staff and representatives.

The Equitix Anti-Slavery Statement is reviewed and signed at least annually and is available to read on the Equitix website.

## 9. Reporting and Disclosure

### Fund-related Reporting and Disclosure

Pre-contractual disclosures and periodic ESG reporting are important for investors in understanding how non-financial risks and opportunities are identified, monitored, and managed throughout the entire investment lifecycle.

As part of its ongoing commitment to the Principles of Responsible Investment (PRI), Equitix completes an annual assessment related to its responsible investment practices, with the results of this assessment available to investors and public through the PRI website.

Following alignment with the Taskforce on Climate-related Financial Disclosure (TCFD) framework, Equitix will provide investors with information on how the manager of each fund considers climate-related risks in its strategy, governance, risk management, and metrics and targets. This will be reported to investors periodically through fund reports.

For those funds and managed accounts falling 'in scope' of the Regulation (EU) 2019/2088 ('SFDR') and Regulation (EU) 2020/852 (Taxonomy Regulation), the manager will be producing the relevant reporting to investors by the 30 June 2023 deadline.

### **Serious ESG Incident Reporting**

ESG risks are communicated to Equitix through a range of channels as appropriate to the type and severity of the risk. These channels commonly include Project Company Board reports, as well as procedures put in place by the providers of operations and management (O&M) activities through Managed Service Agreements (MSAs) to communicate serious incidents or accidents to the Project Company.

Equitix asset management sector teams also include health and safety and top risks as standing items in their monthly meetings. For the most serious incidents, Equitix asset management teams would expect to be contacted by the O&M providers as soon as possible.

## **10. Training**

Ongoing training and development opportunities are integral to embedding good ESG practices throughout the investment lifecycle. Equitix approaches training and development on a team-specific basis by ensuring that each team is informed of regulatory developments, examples of ESG best practice, and understanding their role and responsibilities related to ESG integration.

The Equitix Intranet site hosts key explanatory guides, policies and case studies which colleagues are encouraged to read to support their overall level of comprehension and understanding on ESG.

From time to time, and where deemed beneficial for individuals or teams, Equitix will engage third party resources to assist with training. Employees are also encouraged to pursue courses on an individual basis if there is clear professional benefit to be derived from completing ESG-related studies.

## **11. Objectives for next 12-month period**

Equitix is working to ensure ESG is integrated across the business and seeks to achieve this through a number of key initiatives to be implemented over the next 12 months. Performance against these objectives will be monitored and updates communicated by the next review date as stated on the title page:

- Implement new tools for the screening and evaluation of investments from an ESG perspective, and for the collection of relevant ESG data for internal performance monitoring purposes as well as investor reporting
- Align with the recommendations of the TCFD framework and communicate how Equitix considers climate-related risks and opportunities through its investor reporting
- Develop a clear ESG training and development programme and provide opportunities in this area for O&M providers to strengthen understanding across ESG risks and opportunities
- Develop a framework for managers to apply in assessing employee performance related to ESG and sustainability, as appropriate across different business lines, functions and levels of seniority

## 12. Review

Equitix recognises the rapid pace at which ESG and sustainability are developing in the financial services industry, and specifically within investment fund management.

Equitix commits to reviewing the content of this Policy at least annually but will undertake more frequent reviews when necessary.

The title page of this document will summarise all significant changes made to the Policy, as well as stating the date on which the Policy was last reviewed.

## 13. Contact Information

Any questions or queries regarding this Policy should be directed to the Equitix ESG Manager, Joe Robinson, using the following contact information:

Email: [jrobinson@equitix.co.uk](mailto:jrobinson@equitix.co.uk)

Address: 3<sup>rd</sup> Floor (South), 200 Aldersgate Street, London, EC1A 4HD