

Creating Real Value.



Environmental, Social and Governance Policy

April 2017



Environmental, Social and Governance Policy

This wording summarises the policy which InfraRed Partners LLP and all direct subsidiaries (“InfraRed”) has in place to incorporate Environmental, Social and Governance (“ESG”) considerations in our role as fund manager, investment adviser and corporate.

Compliance with this policy will be monitored by the Managing Partners.

Introduction

‘Creating Real Value’ requires long-term, forward-looking thinking and we believe that the ability to identify, assess and manage ESG considerations can provide sustainability and a positive ethical impact on our investment and corporate performance, local communities and society at large.

It is therefore a matter of priority for us to take an interest in how companies we invest in and our business partners manage ESG issues. We encourage partners to adhere to the highest standards of business conduct and implement corporate governance frameworks in line with applicable country codes.

We have developed and integrated ESG analysis into our investment process to ensure risk factors and opportunities are considered throughout the investment cycle. Note 1 provides more information on what is ESG.

ESG matters are fundamental to all InfraRed investment decisions across sectors, geographic locations and the scale of the investment. InfraRed manages several different funds with different investment parameters and strategies including two that are publically listed but the InfraRed ESG strategy and philosophy is a common requirement across all of them without any differentiation.

Principles for Responsible Investing

To underpin our convictions we are a signatory to the Principles for Responsible Investment (“PRI”). These principles provide a voluntary framework to help institutional investors incorporate environmental, social and corporate governance issues into investment analysis, decision-making and ownership practices.

We are addressing and managing ESG issues through:

Our investment analysis

InfraRed investment teams have developed and integrated ESG analysis into the investment process to ensure that risk factors and opportunities are considered throughout the investment cycle. Note 2 provides further details of the process.

Our leadership

InfraRed is committed to taking a leading role on all projects to ensure that the highest standards of ESG performance are obtained. Our requirement to have a sector expert Asset Manager as a director on the board of each project allows us to ensure that ESG best practice and continuous improvement is an active process throughout each project’s operational life. Note 2 provides examples.

Our Management Systems

We will ensure that InfraRed has suitable active ESG management systems in place and operational at all stages of our investment analysis and decision making processes. These systems will be continuously reviewed and refreshed periodically to ensure that they are achieving our best practice aspirations and desire to be a leader in ESG management in our particular markets.

Periodic InfraRed audits by the internal Risk & Compliance team ensure that the Asset Managers understand the InfraRed policies and have suitable policies and procedures in place at each of their individual Investments where we have majority control.

Our Promoting

We will seek to enhance the ESG performance of all project stakeholders, clients, investors, subcontractors and staff, providing leadership, mentoring and other support at all stages of a project.

We will ensure that we report our ESG activities to stakeholders to assist them in their own ESG aspirations. Where appropriate, we will invest in supportive activities and wider community relationships.

Our Responsibility

It is the responsibility of all InfraRed employees and partners to ensure that responsible investing practices are adhered to and that ESG factors are considered in investment analysis and decision making processes.

Reporting on Performance

We will monitor our performance regularly using the process and procedures in our Management Systems. We will report that performance to investors. InfraRed is a signatory to the PRI and consequently has reporting obligations that are monitored and assessed by that organisation. We will seek to be in the upper quartile of our peer group.

Our annual PRI reports will be approved by the Board of IRCP and submitted in the first quarter each year.

NOTE 1: What is ESG?

ESG is the environmental, social and corporate governance issues that investors, asset owners and managers consider in the context of corporate behaviour. There is no definitive list of ESG issues, but some examples are:

Environmental	Social	Governance
Energy efficiency	Human rights	Director training
Carbon reduction	Impact on local community	Management structure
Pollution	Equality	Anti-money laundering
Waste management	Health & safety	Conflicts of interest

InfraRed has a detailed set of procedures that govern the pre-investment review and due diligence analysis, investment approval and post-investment operations for all its assets under management. These include ESG considerations at all stages of the process.

NOTE 2 - Identifying ESG issues

ESG initiatives for individual assets are discussed and agreed at Investment Committee, and corporate initiatives are agreed by the managing partners and board.

Pre-investment the bid-team will undertake a comprehensive due diligence analysis of the whole investment, employing expert technical assistance with sector specific external expertise if necessary. Part of that analysis is a review of the history of the investment in relation to all stakeholders' environmental, social and governance policies and their implementation in practice.

A comprehensive Proposed Investment Paper (“PIP”) will be prepared, the required contents for which will include sections reporting on the reviews undertaken on ESG, Anti-Bribery and Health & Safety matters. We will use the bid-team’s due diligence systems to ensure that each project ultimately meets our ESG expectations. The PIP is submitted to the relevant InfraRed Investment committee depending upon the specific fund considering the investment.

Examples of ESG activities undertaken:

- Replacing car park lighting with energy efficient systems;
- Employment of specialist Health & Safety consultants on projects;
- Appointment of Directors through properly constituted Board Meetings;
- Refurbishment of office and industrial space, resulting in a lower Energy Performance Certificate assessment;
- Counterparty due diligence on prospective professional advisors and joint venture partners;
- Raising funds for local charities, where assets form part of town centre communities;
- Sponsorship of wheelchair race;
- Provision of free accommodation to selected student on basis of sporting excellence;