



Sustainable Infrastructure Sustainable Investment Policy

Meeting our Sustainable Investment commitments within our Infrastructure strategy

Gresham House has a clear commitment to sustainable investment as an integral part of its business mission. The purpose of this document is to set out the manner in which the commitments we have made at a group level to integrate ESG considerations throughout our business will be implemented within our Sustainable Infrastructure investment strategy.

A fundamental principle of our Sustainable Infrastructure investment strategy is that the assets we seek to own must have strong sustainability credentials in order to mitigate risk and improve the risk adjusted returns on investment. Our investments apply proven technology to new processes to directly address key sustainability challenges and provide innovative solutions that enable a new, more sustainable way of living. We seek a positive impact while also achieving strong risk-adjusted financial returns.

Some of the areas within which we source investment solutions include:

- **The transition to a low carbon energy system:** this is a global challenge and we seek to invest in projects that enable the transition to renewable-sourced electricity and the electrification of other energy intensive segments of the economy which have typically been fueled by oil & gas (such as heating and transportation). Currently we invest in renewable energy projects (solar and wind) and lead the UK utility-scale battery energy storage, which addresses the intermittent nature of renewable energy generation. We are open to investing in proven technologies that will drive the low carbon transition.
- **Pollution and waste:** we invest in projects that help to sustainably manage waste from all areas of the economy, often diverting waste from landfill or providing alternative end uses by enabling reuse, recycling or conversion to low-carbon heat and energy. These initiatives typically make an active contribution to the circular economy in line with the global sustainability agenda.

- **Agricultural technology infrastructure (Agri-tech):** investments in agri-tech projects such as vertical farming or aquaculture which facilitate a more efficient use of land and minimise the environmental impact of food production. These initiatives also reduce chemical use, 'food miles' and associated pollution and emissions.
- **Digital infrastructure:** with an ever-increasing proportion of our lives moving online, it is vital that consumers and businesses across the UK have access to reliable and quality broadband connections. Enhancing equitable access to online information and services contributes to supporting human well-being as well as fostering enterprise and innovation in the age of the digital economy.
- **Access to high-quality education and health care:** we seek to invest in projects that provide equitable access to these key societal needs. The UK is fortunate to have a strong state infrastructure in place for the provision of health, social and education services; we aim to invest into targeted complementary services to help meet the growing demand for specialised support.

We believe our Sustainable Infrastructure strategy aligns with the UN-supported Sustainable Development Goals at local, national and global levels as set out further to follow.



The team's sustainable investment commitments are listed below:

- We take steps to consult and understand the views, concerns and ambitions of our stakeholders in seeking sustainable outcomes from the investments we are involved in.
 - We seek to understand the needs, ambitions and concerns of relevant key stakeholders where feasible for most of our assets, noting that the environmental and social impact considerations in the evaluation of each investment remain the key drivers in the majority of cases.
 - We consider relevant ESG factors when determining the investment strategy for each fund and agree this with the investors in our funds. We believe that strong ESG consideration at the fund level will provide improved risk-adjusted returns.
 - We discuss sustainable investing on a quarterly basis with our investors, for example through inclusion on our Limited Partner Advisory Committee meeting agenda.
- We integrate Environmental, Governance, Social and Economic benefit considerations into our selection, evaluation, governance and management processes across the lifecycle of each investment.
 - At the core of our investment thesis lies the recognition that investing in assets that address long term sustainability challenges is one of the most important determinants of an asset's financial and social performance.
 - Prior to investment, we review the environmental, social and local economic aspects of an asset, including identifying the positive impacts it will deliver as well as any potential ESG issues to be managed over its lifetime. This analysis forms part of our Investment Committee decision making alongside other due diligence reports.
 - A core element of our investment process is a sustainability commitment by our investee companies. For consideration for investment by our Sustainable Infrastructure team, all portfolio companies must sign up to two policies as per our contract terms: a Diversity & Inclusion Policy and a Sustainability Policy.
 - Post-investment, we continue to review material environmental, social and local economic matters in order to ensure their incorporation into portfolio management, including regular reporting to the investee Boards and Investment Committee.
 - We always aim to agree board representation where relevant in order to seek to influence improved governance on an ongoing basis.



- We drive rigour and consistency by applying our Sustainable Investment Framework and system, including clearly defined processes and expert tools and methods.
 - We take steps to have a clear understanding of the sensitivities, issues and opportunities to be managed across the investments in our portfolio using clearly defined processes to profile and prioritise these at the stages of the investment lifecycle where they are most relevant. Our Sustainable Investment Framework (see next page) provides structure for consistency.
 - We screen all assets prior to acquisition using our proprietary ESG Decision Tool to ensure ESG considerations - both risks and opportunities - are fully assessed prior to investment. Where we decide to proceed with the investment, material ESG factors identified will be addressed as part of the management plan.
- We ensure our team understands the imperative for effective ESG management and is empowered and equipped to carry this out through management support and training.
 - The core team has extensive experience in impact-related investing, including over a decade in renewable focused investments, whilst new team members are recruited for their commitment to the impact ethos and trained to understand the ESG considerations within each asset, including the use of our expert tools and methods.
 - Our team has significant expertise across the infrastructure investment cycle, from development through construction to ongoing operation and optimisation of assets. The investment team works closely with the asset management teams to ensure optimal impact as well as managing regulation, legislation and policy change. We will continue to invest in developing our understanding, expertise and good practice in sustainable infrastructure asset selection and management.
 - We choose partners, management teams and contractors who share our commitment to delivering positive impact in infrastructure, and where needed we draw on specialist sustainability expertise to drive performance.

- We conduct regular monitoring of ESG risks, opportunities and performance in our investments and over time will prepare comparative data analysis for reporting to our investors.
 - We re-assess our ESG risk, opportunity and performance profiling periodically and report this to the Sustainability Executive Committee for analysis and action as necessary.
 - We actively monitor and evaluate relevant data relating to the impact and wider sustainability performance of the assets in our management, assessing if they are fulfilling their impact potential. This supports analysis of our contribution to sustainable development, particularly meeting the challenge of climate change and relevant Sustainable Development Goals.
 - Regular auditing will be carried out by the Sustainable Investment Team to ensure ESG processes applied by investment teams meet those laid out in this document and remain appropriate.
- We conduct our business activities in line with the UN-supported Principles for Responsible Investment (PRI), including an annual report of our progress towards implementation.
 - As signatories to the PRI since early 2018 we complete comprehensive annual reporting within its required framework and use this to guide our own internal assessment of our performance and to drive our results.
 - We will continue to provide strong financial returns alongside long term impact-driven infrastructure investments to investors wishing to contribute in an identifiable way to sustainable environments, communities and economies.

Sustainable Investment Framework application

Our thematic framework is used to structure analysis, monitoring and reporting of ESG issues and opportunities within the lifecycle of our Sustainable Infrastructure investments as an aid to more consistent integration. We use expert tools to profile our prospective investments to identify the most material themes within the broader framework and where we believe we should be directing our focus towards more sustainable outcomes:

 Environmental			
Climate change and pollution	Natural capital		Waste management
Facilitating the transition to a low-carbon economy; innovative pollution prevention systems; land use efficiency in food production	Biodiversity and local environmental impact management; resource efficiency and use of more sustainable input resources		Waste reduction, sustainable waste management and circular economy

 Social			
Employment, health, safety and well-being	Marketplace responsibility	Supply chain sustainability	Community care and engagement
Creation of quality local jobs; robust H&S systems; community safety	Design for positive outcomes, safety, quality, wellbeing, inclusiveness and durability	Robust sourcing policy including: environment, ethics, quality and contribution to the local economy	Understanding and acting on local stakeholder needs and concerns; transparent communications and supporting the local economy

 Governance		
Governance and ethics	Risk and compliance	Commitment to sustainability
Good practice governance; sound business ethics management and culture	Robust risk and compliance management; monitoring of regulatory and policy change	Clear objectives for positive social and/or environmental outcome delivery alongside robust financial returns

UN Sustainable Development Goals (SDG)

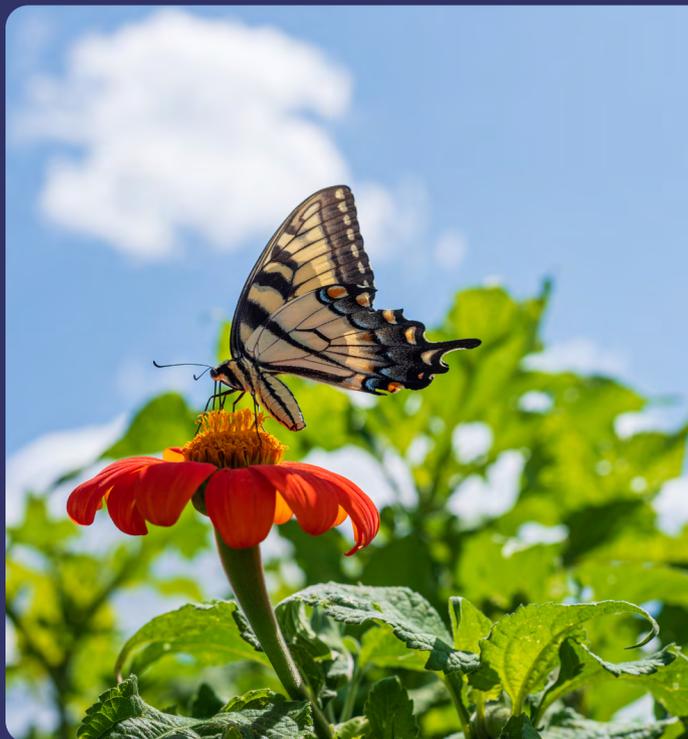
Gresham House supports the Sustainable Development Goals.

Taking the wider portfolio into account, we believe our Sustainable Infrastructure strategy contributes to the following UN Sustainable Development Goals:



Group Management commitment

Our senior management team, including the Board and the Group Management Committee, are committed to the implementation of this policy and to making appropriate resources and support available to our team to do so. We will conduct a regular review of our approach and how well we are meeting our commitments and will update this policy accordingly.



About Gresham House

Gresham House plc is a London Stock Exchange quoted specialist asset manager providing funds, direct investments and tailored investment solutions, including co-investment, across a range of differentiated alternative investment strategies.

Our expertise includes forestry, renewable energy, real estate, sustainable infrastructure, strategic public and private equity. The Group aims to deliver sustainable financial returns and is committed to building long-term partnerships with clients (institutions, family offices, high-net-worth individuals, charities and endowments) to help them achieve their financial goals.

As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably and believes that taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of our market positioning.

www.greshamhouse.com