



Responsible Investment Policy

March 2020
Version 01

1. Introduction

The purpose of this document is to set out the basic principles and minimum sustainability standards (Environmental, Social, and Governance, “ESG”) to guide Staff Members and Contractors of B Capital Partners in the conduct of their day-to-day activities. This document forms a critical element in ensuring that Staff Members and Contractors are fully aware of B Capital's expectations and requirements with respect to sustainable infrastructure investing. This policy is not intended to be a comprehensive guide to all ESG obligations, issues and opportunities. It rather aims to promote and enhance B Capital's culture of responsible investing within the framework of sustainability considerations. B Capital Partners is a signatory to and follows the 6 UNPRI Principles (the “**Principles**”) listed below when incorporating environmental, social and governance criteria into B Capital's investment- and asset management processes:

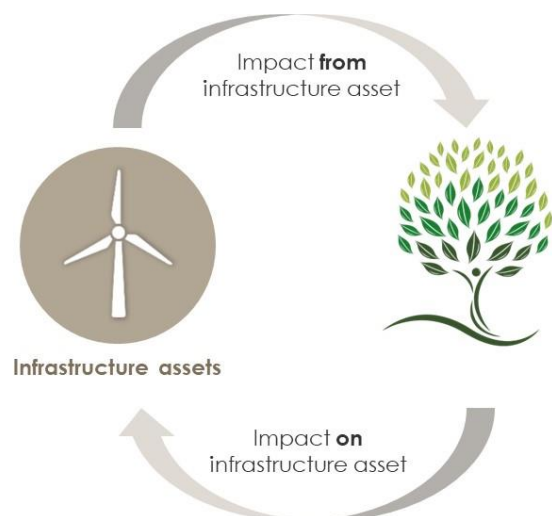
1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance 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 report on our activities and progress towards implementing the Principles.

B Capital has demonstrated its commitment to integrating ESG aspects into the industry's investment and monitoring processes via several industry initiatives and

publications. Most importantly, it developed an ESG DD tool for direct infrastructure investing together with and for GRESB. In 2019, B Capital has joined GRESB Infrastructure, an investor-led mission-driven initiative to provide a consistent framework to measure ESG performance based on self-reported data that is validated, scored and benchmarked amongst peers.

2. Vision of sustainable infrastructure

By its very nature, infrastructure always affects the environment and/or society and is affected by them, positively and/or negatively.



The growing importance of sustainability factors in investment decisions presents investors with new risks and opportunities. B Capital believes that ESG factors are increasingly relevant for and can have significant impact on both, shaping corporate reputation and determining the long-term physical resilience as well as financial viability of infrastructure assets. Sustainability-themed, investable infrastructure assets such as renewable energy plants, energy storage facilities, resource-efficient water supply facilities and climate-change-resilient transportation systems all may have a

positive impact on the overall global sustainable development of affected communities. Therefore, ESG risks and opportunities need to be assessed separately and on an individual asset basis.

B Capital sees it as its responsibility to identify and avoid or mitigate material ESG risks, and at the same time capture the opportunities through active ownership, for its clients and society.

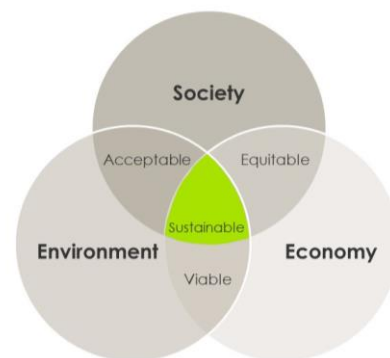
ESG factors include, but are not limited to:

- Environmental:
 - Degradation/pollution of/by air, ground, water, noise, light, biodiversity & habitat;
 - Resource efficiency (sourcing/use/treatment) of (raw) material incl. supply chain, energy, water, waste;
 - Physical – impact on asset;
- Social:
 - Labour: Child labour, discrimination / inclusion, gender and diversity (inclusion), freedom of association, health and safety, labour standards and working conditions;
 - Stakeholder: Employee engagement, community engagement, community benefit (e.g. access, inclusion, development, social enterprise partnering), other stakeholder engagement;
 - Physical – impact on asset
- Governance:
 - Board issues: Independence of board chair, board composition, committee structure /independence (e.g. audit, risk, compensation), exec compensation, shareholder rights, conflict of interest;
 - Operational issues: Bribery/corruption, fraud/cyber security, lobbying activities, political contributions, whistle-blower protection.

The opportunity, not to say the duty of infrastructure investors is hence, to ensure that new infrastructure assets will be built sustainably, resilient to external challenges

and with a long-term view. Sustainable infrastructure should have at least a net neutral, at best, a net positive impact on the environment, the economy and the society.

This means, over its entire life-time infrastructure is required to remain equitable for the economy and society, viable for the environment and the economy as well as acceptable for society and the environment. B Capital is committed to invest only where these three components of sustainability are ensured.



3. Objective

The objective of this policy is to provide clear directions and set transparent guidelines for B Capital's investment analysis, decision-making, asset management processes and potential exit procedures. This policy lays the foundation of communicating and implementing our commitment to the United Nations principles of responsible investing (UN PRI) to all our stakeholders. Given the central role sustainable infrastructure may have (see Fig. 3 below), we aim for each potential investment to comply with several of the UN PRI 17 sustainable development goals (SDGs, see figure below).



This Policy shall provide guidance for a standardized and regular reporting on ESG related issues.

B Capital is committed to continuously develop and adopt best practices in implementing sustainability considerations and procedures in its investment- and asset management process, where relevant. This includes, but is not limited to:

- Comply with B Capital's sustainability guidelines;
- Comply with legal and regulatory requirements;
- Use effective environmental management and reporting systems;
- Assess material environmental and social risks of operations and work over time towards implementing relevant international best practice standards;
- Engage stakeholders;
- Use natural resources efficiently;
- Implement health and safety policies and procedures;
- Support and invest in local communities;

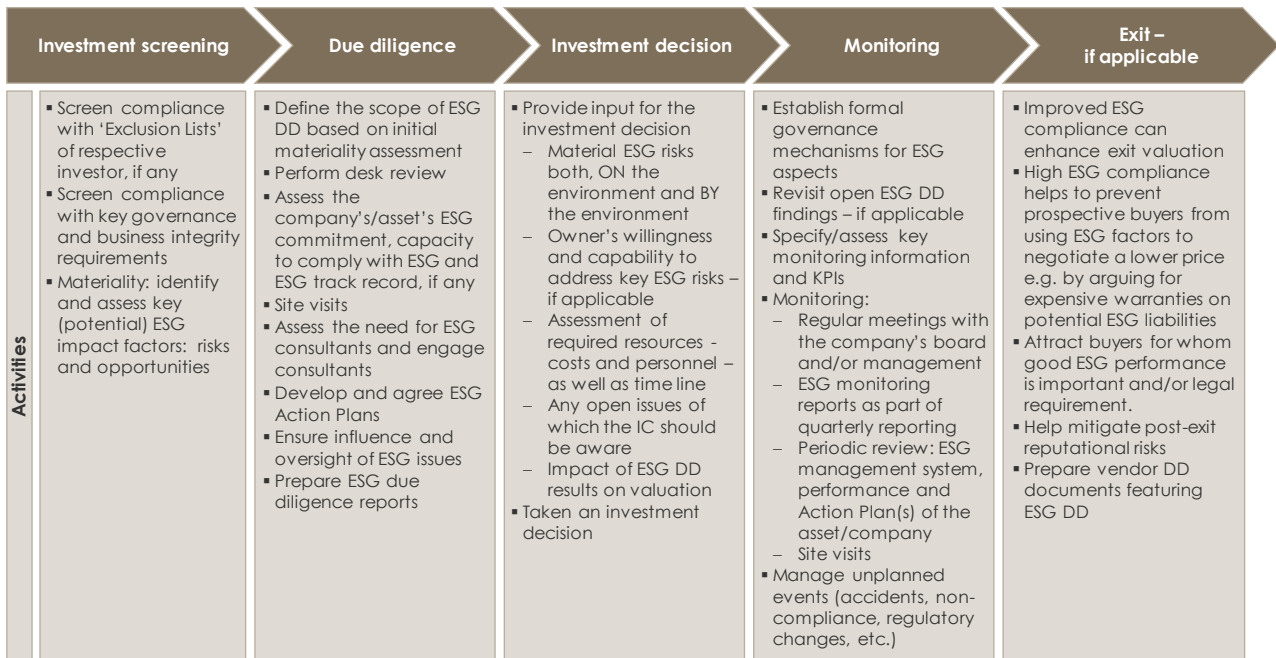
- Implement strong corporate governance structures;
- Report transparently and timely.

4. Implementation

This policy is reflected in the investment process of B Capital (see figure below).

Fund's investment strategy, and in the interest of all stakeholders.

After completion of an investment, sustainability issues will be monitored on an



Source: B Capital Partners, following broadly CDC toolkit

Selected relevant ESG "actions" form part of B Capital reviewing investment opportunities as well as assessing (sector) relevant and material ESG risks and opportunities, which potentially impact the infrastructure asset in question during its entire lifecycle, a so-called materiality assessment. This also includes screening of compliance with key governmental and regulatory requirements.

All potentially material ESG issues identified as part of the materiality assessment will be further scrutinised (including site visits) and the ability to manage and/or mitigate such issues evaluated. To this end, B Capital will make use of external advisors/specialists in the same way it consults legal, technical or tax experts.

Any investment recommendation for the investment committee (IC) will include an ESG assessment/evaluation. This shall support the IC in taking substantiated and informed investment decisions in compliance with B Capital's ESG policy, the

ongoing basis. This shall help ensure compliance with B Capital's ESG policy, support the – previously installed - formal governance mechanisms and environmental management systems as well as improve ESG performance steady and sustainably. For each asset, relevant KPIs will be identified, monitored and reported on a regular basis. They will also encompass findings of periodic reviews of the ESG management systems and action plans (if required). Such ESG information will form part of the overall investment reporting.

Annexes

Environment		Social		Governance	
Degradation / Pollution	Air (climate) – GHG emissions	Labour	Child labour	Board issues	Independence of Board Chair
	Air (health) – other pollution		Discrimination / Inclusion		Board composition
	Ground (Contamination)		Gender and diversity (inclusion)		Committee structure /independence (e.g. Audit, Risk, Compensation)
	Water		Freedom of association		Exec compensation
	Light		Health and safety (employees)		Shareholder rights
	Noise		Health and safety (supply chain)		Conflicts of interest
	Biodiversity & Habitat		Labour standards and working conditions		
Resource efficiency sourcing / use / treatment	(Raw) Material incl. supply chain	Stakeholder	Employee engagement	Operational issues	Bribery / Corruption
	Energy		Community engagement		Fraud
	Water		Community benefit (e.g. access, inclusion, development)		Cyber Security
	Waste		Other Stakeholder engagement		Lobbying activities
Physical	Impact on infrastructure asset Acute - e.g. flood Chronic – e.g. climate	Physical	impact on infrastructure asset , e.g. riots		Political contributions
				Whistle-blower protection	

Source: B Capital Partners AG, Zurich (2020) – ESG DD Framework for Direct Infrastructure

