
ESG Policy

November 2021

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Introduction

ThomasLloyd, its affiliates, subsidiaries and investee companies ("ThomasLloyd") is a leading independent asset manager and impact investor in infrastructure companies and projects in Emerging Markets. Infrastructure investment is vital for economic and social progress, helping build resilient communities and supporting purposeful activity. ThomasLloyd's investment strategy involves taking majority and significant minority stakes directly in companies and projects and maintaining an active ownership position throughout our investment period.

We fully comply with all laws and regulations, at all times and in all jurisdictions, following industry standard ESG guidelines and best practices. Acting with integrity in all our operations, we avoid all forms of discrimination and embed equality and diversity in our employment policies. We respect human rights and avoid exploitation of child labour, ensure no bribery or corruption and actively manage investment projects to deliver ESG and Impact outcomes in the communities and countries in which we operate.

ESG Policy

We are committed to the integration of material environmental, social and governance (ESG) factors into all corporate and investment decisions, so as to deliver transparency, mitigate investment risk and to enhance investment returns in the best interests of our clients, other stakeholders and investee communities.

We believe that ESG issues impact the value and reputation of ThomasLloyd, in addition to driving systemic risks and opportunities. An ESG framework embeds our philosophy of 'Realising Sustainable Value' in all our processes and investments, keeping us on track to deliver the impact our investors demand.

Environmental factors

ThomasLloyd must adhere to the legal, regulatory and governance frameworks of the investment jurisdiction and to regulatory compliance in the environmental domain. We must also adhere to the IFC/World Bank performance standards and to the eligibility criteria of the LuxFlag Environment Label.

ThomasLloyd must evidence plans to prevent, mitigate and control serious environmental damage resulting from accidents and incidents related to all activities, including immediate reporting to the relevant authorities.

We work with our management teams to attain the sustainability objective which is a primary focus for our funds. Practically speaking, reporting at a company or project level is based on a range of 10 key ESG sustainability indicators, selected after analysis by internal and/or external experts and consultation with third-party assurance providers. Materiality analysis helps identify the most important issues, manage risk effectively, and agree priorities with management. Within the environmental domain, this includes carbon reduction, biodiversity & land use and water management. Realistic targets are agreed with management whilst validation is sought from external experts where required.

Social factors

ThomasLloyd must adhere to the legal, regulatory and governance frameworks of the investment jurisdiction and to regulatory compliance in the social domain. ThomasLloyd must also adhere to the IFC/World Bank performance standards.

ThomasLloyd must respect and secure labour rights, maintain safe working conditions and develop diverse human capital through training and education programmes. ThomasLloyd must avoid exploitation of child labour, reject all forms of discrimination and embed equality and diversity in our employment policies.

ThomasLloyd reports on a range of 10 key ESG metrics, selected after discussions with third-party assurance providers. Materiality analysis helps identify the most important issues, manage risk effectively, and agree priorities with management. Within the social domain, this includes equality & diversity, human rights, health & safety, healthcare

and stakeholder engagement. Realistic targets are agreed with management whilst validation is sought from external experts where required.

Governance factors

ThomasLloyd must adhere to the legal, regulatory and governance frameworks of the investment jurisdiction and to regulatory compliance in the governance domain. ThomasLloyd must also adhere to the IFC/World Bank performance standards.

ThomasLloyd applies and evidences a code of conduct and a risk management system to prevent all forms of bribery, corruption and money laundering.

ThomasLloyd reports on a range of 10 key ESG metrics, selected after discussions with third-party assurance providers. Materiality analysis helps identify the most important issues, manage risk effectively, and agree priorities with management. Within the governance domain, this includes bribery & corruption and money laundering. Realistic targets are agreed with management whilst validation is sought from external experts where required.

Table 1 displays the broad set of ESG factors which we monitor. The impacts of our investment are measured through the use of Sustainability Indicators which we use to measure progress in addressing each ESG factor.

Table 1: ThomasLloyd's set of ESG opportunities

Environment	Social	Governance
Climate Change	Human Capital	Values
Energy efficiency	Equality & Diversity	Ethics
Carbon emissions	Human rights	Pay
Carbon reduction	Health & safety	Innovation
	Labour management	
Natural Resources	Community	Policies
Biodiversity & land use	Stakeholder engagement	Legal & regulatory environment
Fuel Management	Social inclusion	Bribery & corruption
Sourcing of raw materials	Healthcare	Money laundering
Water management	Education	Transparency
Weather events		
Pollution		
Toxic emissions & waste		
Packaging materials & waste		

ESG Governance

Table 2 maps out our approach to ESG Governance in terms of accountability for decision-making and performance.

Table 2: ThomasLloyd's ESG Governance Model

Owner	Role
ThomasLloyd Group Board	Overall responsibility for ThomasLloyd's Responsible Investment Strategy
ThomasLloyd Fund Board	Overall responsibility for the implementation of the investment objectives of the fund, including the sustainable investment objective
ESG Monitoring and Stewardship Committee	<ul style="list-style-type: none"> Reviews ESG performance Determines implementation and stewardship strategies with management and adjudicates on disputed matters
Investee Company Board Member	Responsibility for overall ESG performance and stewardship at an investee company level
Internal specialists	<ul style="list-style-type: none"> Ensure company policies are aligned with international standards and regulatory requirements Propose methodologies to monitor ESG risks and outcomes Perform analysis of ESG risks and opportunities Engage with external ESG experts and consultants

Approach to Exclusions

Our investments are made to deliver economic and social progress, help build resilient communities and to support purposeful activity, whilst protecting natural resources and the environment. Investment decisions are both top-down, based on review of the macro-economic, legal and regulatory frameworks, and bottom-up on a detailed assessment of the investee company's ability to meet the selection criteria.

Exclusion criteria are used to eliminate certain investments on both a top-down and bottom-up basis. Top-down exclusions are made by screening potential investments on a country and sector basis. Countries are screened against criteria including, but not limited to:

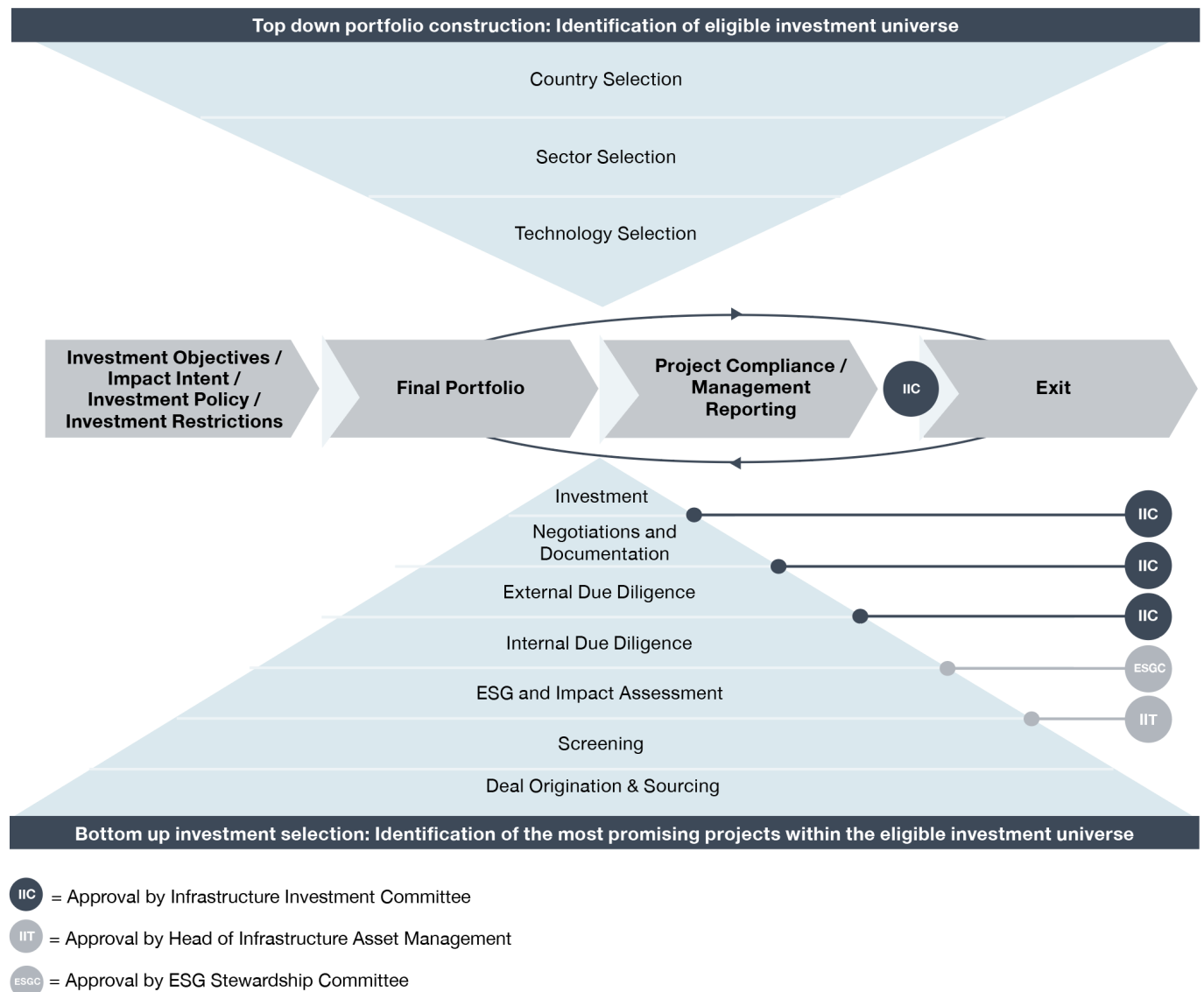
- Transparency International Corruption Perceptions Index
- World Bank Ease of Doing Business
- Bertelsmann Stiftung's Transformation Index (BTI)

Certain sectors are also excluded from investment if they are not considered consistent with a socially and environmentally responsible investment approach. These include, but are not limited to, the production and trade of armaments and weapons of war, illegal and outlawed products, and activities in gambling and pornography.

Bottom-up exclusions are made by screening at the level of the potential investment. This includes analysis of the operational activities of the company and the track record, affiliations and good-standing of the investment sponsors. The criteria include but are not limited to:

- Good corporate governance including:
 - Compliance with international accounting and reporting standards
 - HR policies, including non-discrimination and fair pay
 - Health and Safety standards and worker protection
 - Social impact of goods and services
 - Anti-Money Laundering and prevention of bribery and corruption policy
- Environmental criteria including:
 - Greenhouse gas emissions
 - Energy performance
 - Biodiversity protection
 - Water preservation
 - Waste reduction

The ThomasLloyd Investment Process (TIP)



Alignment with international standards

ThomasLloyd must adhere to the legal, regulatory and governance frameworks of the investment jurisdiction. They must also adhere to the IFC/World Bank performance standards.

Our achievements and future commitment to Responsible Investing were recognised in July 2020 by the Board of LuxFLAG which resolved to grant the use of the LuxFLAG Environment Label to ThomasLloyd SICAV - Sustainable Infrastructure Income Fund. The LuxFLAG Environment Label is recognized for its high standards and rigorous assessment of applicant investment funds' investment strategy, ESG integration into the investment process as well as an affirmation of their transparency to investors, which are all key components of the eligibility criteria of the LuxFLAG Environment Label.

The incoming EU SFDR regulations are designed to improve and standardise ESG disclosure. SFDR requires investment managers with financial products targeting sustainable investments as part of their investment objective to disclose how the sustainable investment objective is met and provide details on the "Sustainability Indicators" used to measure this. ThomasLloyd reports under Article 9 regulation which is the most stringent in terms of pre-contractual disclosures and ongoing transparency. We have adopted the Principal Adverse Impacts framework and a set of sustainability indicators which are used to measure the ESG performance of our investee companies and the

attainment of the sustainable investment objectives of our financial products. We work with management teams to analyse and monitor the risks in the framework shown in Table 3.

Table 3: ESG Risk Management Framework aligned with SFDR

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		Metric	Impact {year n}	Impact {year n-1}	Explanation	Actions taken
CLIMATE AND OTHER ENVIRONMENT RELATED INDICATORS						
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG Emissions				
		Scope 2 GHG Emissions				
		From 1 January 2023 Scope 3 GHG Emissions				
		Total GHG Emissions				
	2. Carbon Footprint	Carbon Footprint				
	3. GHG Intensity of Investee Companies	GHG Intensity of Investee Companies				
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies in the fossil fuel sector				
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage				
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector					
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas				
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average				
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average				
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTIONAND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multina-tional Enterprises				
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multina-tional Enterprises	Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies				
	13. Board gender diversity	Average ratio of female to male board members in investee companies				
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manu-facture or selling of controversial weapons				

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS						
Adverse sustainability indicator		Metric	Impact {year n}	Impact {year n-1}	Explanation	Actions taken
Environmental	15. GHG Intensity	GHG intensity of investee countries				
Social	16. Investee Companies subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law				

INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS						
Adverse sustainability indicator		Metric	Impact {year n}	Impact {year n-1}	Explanation	Actions taken
Environmental	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels				
Social	18. Exposure to energy-inefficient real estate assets	Share of investments in energy inefficient real estate assets				

ThomasLloyd is a signatory to UN Principles of Responsible Investment and supporter of the Task force on Climate-related Financial Disclosures (TCFD). We map our impact outcomes against the UN's seventeen Sustainable Development Goals (SDG's) and measure our contribution to environmental improvements using internationally agreed standards. We play an active part in the transition to a low-carbon future and fully support the aims of the Intergovernmental Panel on Climate Change (IPCC).

External reporting

We produce quarterly investor reports which detail activities at all the projects within our investment set. These reports are published and are publicly available on our website, and we aim at all times to inform our investors of the outcomes of our investment practices with utmost transparency.

On an annual basis, we publish comprehensive Impact Reports which evidence the socio-economic impact of the investments we have made. As a developer of infrastructure projects, we are a large employer in the construction and operational phases of our renewable energy plants. We insist on the highest standards of health and safety, workers' rights and employment conditions. We are well-regarded in the communities in which we invest and have very good relations with civic and municipal leaders. We analyse publicly-available, but rarely viewed, official data on local tax revenues and the public works they finance. We know the transformation our investments have made because we see it with our own eyes, are told of it by local political leaders and can evidence it through robust data-reporting from official statistical agencies. Our Impact Reports tell a powerful story of economic partnership and social progress.

Annex 1: Forced Labour Policy

The policy on forced labour is a key social pillar of the company's ESG policy. This policy applies to investee companies, contractors, service providers and other stakeholders, ensuring compliance with the legal, regulatory and governance frameworks of the investment jurisdictions. This policy also conforms to the IFC/World Bank performance standards and to the eligibility criteria of the LuxFlag Environment Label.

ThomasLloyd and its investee companies are committed to ensuring that there is no modern slavery or human trafficking in either the supply chains or associated stakeholders and service providers. Investee companies provide written policy, demonstrating respect for labour rights, maintaining safe working conditions and developing diverse human capital through training and education programmes. The policy specifically prohibits exploitation of child labour, rejects all forms of discrimination and embeds equality and diversity in employment policies

- Workers shall not be subject to any form of forced, compulsory, bonded or prison labour. All work must be voluntary and workers shall have the freedom to terminate their employment at any time without penalty, given notice of reasonable length.
- All workers shall be paid at least the minimum wage required by applicable laws, and shall be provided all legally mandated benefits. Wage payments shall be made at regular intervals and directly to workers, in accordance with national law, and shall not be delayed, deferred, or withheld.
- Only deductions, advances, and loans authorised by national law are permitted and, if made or provided, actions shall only be taken with the full consent and understanding of workers.
- Clear and transparent information must be provided to workers about hours worked, rates of pay, and the calculation of legal deductions. All workers must retain full and complete control over their earnings. Wage deductions must not be used as a disciplinary measure, or to keep workers tied to the employer or to their jobs. Workers must not be forced to work in order to pay off a debt.
- Workers must not be forced to work in excess of the number of hours permitted in national law.
- Workers' freedom of movement shall not be unreasonably restricted. Workers shall not be physically confined to the workplace or related premises, such as employer- or recruiter-operated residences; nor shall any other coercive means be used to restrict workers' freedom of movement or personal freedom. Mandatory residence in employer-operated facilities shall not be made a condition of employment

ThomasLloyd reports on a range of key ESG metrics, selected after discussions with third-party assurance providers. Within the social domain, this includes equality & diversity, human rights, health & safety, healthcare and stakeholder engagement. This forced labour policy is consistent with the 'Do No Significant Harm' (DNSH) principle of the EU Sustainable Finance Disclosure Regulation (SFDR) and aligns to the International Labour Office (ILO) protocols on forced labour and modern slavery.

Further references:

<https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

<https://www.ohchr.org/en/professionalinterest/pages/crc.aspx>

Annex 2: Land Acquisition Policy

This policy aims to define the parameters within which land can be acquired. The policy relates to the use of land, impact on the local community, authorisations and permits, but does not cover commercial issues such as price. Investee companies and related parties are also required to meet these policy standards.

Land acquisition is a key pillar to the ThomasLloyd ESG investment strategy. It is implemented and managed in partnership with the local development and operational partners of ThomasLloyd, under the review and oversight of the ESG Stewardship Committee.

Specifically policy guidelines include:

- no deforestation,
- no inhabitation,
- no stress on local water resources and
- no change of use from food to energy production.

Specifically for solar, land must be identified by total Solar Irradiance (GHI) and then by location, contour, shape, contiguity and soil type to determine its suitability for the installation of photo-voltaic (PV) solar panels.

The determination of land ownership must be undertaken with appropriate care and diligence. Not all titles are electronically held and in some cases of ancestry there can be multiple owners of the same land. Land can be held in very small parcels and all owners must be identified and adequately compensated in return for ceding title.

To ensure that the current landowners have clear and proper title, title search must evidence previous ownership over 20 prior years. The company may where appropriate work with a credible land aggregator, who may, subject to the terms of the agreed contract, take full responsibility for ensuring title search documents are gathered, negotiate with the landowners and ensure registry is completed in the name of the project company as per the local regulations and practices. Through this entire process, the investee company is supported by legal counsel to ensure all regulatory and social impact requirements are respected. To ensure compliance with all environmental restrictions on land acquired, TL and the investee companies must secure all environmental impact and associated licences and consents. All investee companies and investments must conform to the IFC/World Bank performance standards and to the eligibility criteria of the LuxFlag Environment Label.

The land acquisition policy is consistent with the 'Do No Significant Harm' (DNSH) principle of the EU Sustainable Finance Disclosure Regulation (SFDR) and aligns to the United Nations' Declaration on the rights of indigenous people (UNDRIP) and its framework for Free, Prior and Informed Consent (FPIC).

Further references:

<https://www.thomas-lloyd.com/en/social-responsibility/responsible-investing/our-policies/responsible-investment-policy/>

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019R2088-20200712>

<https://www.fao.org/indigenous-peoples/our-pillars/fpic/en/>

<https://www.fao.org/3/i3496e/i3496e.pdf>

https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf