




LEA 02	Monetary	Gateway
<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> Other: specify _____ 	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> Other: specify _____ 	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> Other: specify _____
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>	<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>	<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>
<p>Type of engagement</p> <p>Collaborative engagements</p>	<p>Type of engagement</p> <p>Collaborative engagements</p>	<p>Type of engagement</p> <p>Collaborative engagements</p>
<p>Type of engagement</p> <p>Service provider engagements</p>	<p>Type of engagement</p> <p>Service provider engagements</p>	<p>Type of engagement</p> <p>Service provider engagements</p>

RI TRANSPARENCY REPORT

2017

Dalmore Capital

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	-	n/a							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 17	Innovative features of approach to RI	✓	Private							✓
SG End	Module confirmation page	✓	-							

Direct - Infrastructure				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
INF 01	Breakdown of investments	✓	Private							✓
INF 02	Breakdown of assets by management	✓	Private							✓
INF 03	Largest infrastructure	✓	Private							✓
INF 04	Description of approach to RI	✓	Private	✓						✓
INF 05	Responsible investment policy for infrastructure	✓	Public	✓						✓
INF 06	Fund placement documents and RI	✓	Public	✓			✓			✓
INF 07	Formal commitments to RI	✓	Private				✓			
INF 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
INF 09	ESG advice and research when selecting investments	✓	Private	✓			✓			
INF 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
INF 11	Types of ESG information considered in investment selection	✓	Private	✓		✓				
INF 12	ESG issues impact in selection process	-	n/a	✓						
INF 13	ESG issues in selection, appointment and monitoring of third-party operators	✓	Public				✓			
INF 14	ESG issues in post-investment activities	✓	Public		✓					
INF 15	Proportion of assets with ESG performance targets	✓	Public		✓					
INF 16	Proportion of portfolio companies with ESG/sustainability policy	✓	Public		✓					
INF 17	Type and frequency of reports received from investees	✓	Private		✓	✓				
INF 18	Proportion of maintenance projects where ESG issues were considered	✓	Public		✓					
INF 19	Proportion of stakeholders that were engaged with on ESG issues	✓	Private		✓					
INF 20	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
INF 21	Examples of ESG issues that affected your infrastructure investments	✓	Private	✓		✓				
INF 22	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
INF 23	Approach to disclosing ESG incidents	✓	Private							✓
INF End	Module confirmation page	✓	-							

Dalmore Capital

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

30

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
-------	-----------	--------	-----------------	---------

OO 04.1 Indicate the year end date for your reporting year.

31/12/2016

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		1	752	600	000
Currency	GBP				
Assets in USD		2	231	419	950

OO 06

Mandatory

Public

Descriptive

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 How you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	0	0
Property	0	0
Infrastructure	100	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0

Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

OO 06.2	Publish our asset class mix as per attached image [Optional].
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Gateway asset class implementation indicators

OO 11	Mandatory	Public	Gateway	General
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OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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- Infrastructure
- None of the above

OO 12	Mandatory	Public	Gateway	General
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You will need to make a selection in OO 12.1 only if you have any voluntary modules that you can choose to report on.

OO 12.1	Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.
----------------	---

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

- Infrastructure

Closing module

- Closing module

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Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No

SG 01.6	Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]
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Dalmore is determined to protect and enhance its reputation, to build brand value and to promote high standards of business ethics and integrity. As a result of this commitment, Dalmore adopted an ESG policy in November 2013 that applies to all employees. Specifically, Dalmore is committed to promote within its day-to-day activity human rights, labour/workplace ethics, the environment and anti-corruption.

The ESG policy sets out procedures to be followed by Dalmore deal teams. Some principles are laid out below:

- i) Each deal should have a named deal sponsor with lead responsibility for supervising the relevant deal team and for implementing the CR policy in individual cases;
- ii) Deal teams must first of all apply a "materiality test". Even though, in any given case many CR issues will not be material, Dalmore's role means that all social and environmental issues are potentially material and might have an impact on the company's reputation. It is therefore imperative they are given regular consideration in the investment process, from initial appraisal through to exit. Deal teams should regularly consult the policy and seek appropriate guidance.
 - 1. Material CR issues (red) - directly affecting value-chain activities, making it mandatory to consult with Dalmore partners on ESG issues at each stage of the investment process.
 - 2. Potentially Material CR Issues (amber) - affecting the background climate or competitive environment for doing business. Issues should be highlighted to Dalmore partners.
 - 3. CR Issues Not Material Commercially or Reputationally (green) - no flagging required to Dalmore partners though deal teams must continue to operate with reference to ESG policies where these are relevant and complete the standard declaration (see below).
- iii) Initial and further investments, as well as divestments, categorised as "red" or "amber" must be reviewed by Dalmore's chief executive before proceeding to final approval. In some cases, deal teams may judge that CR issues are more material than the matrix suggests (e.g. by treating them as red, rather than amber) but they should never treat them as less material (e.g. green rather than amber).
- iv) Initial and further investments must be approved by the deal sponsor.
- v) Deal team members should maintain a clear audit trail of accountability and evidence-based decision-making on the CR aspects of deals in order to develop corporate and good practice and minimise errors of judgement.

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- We do not publicly disclose our investment policy documents

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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- Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

Dalmore is organised so as to minimise potential conflicts of interest. We are an independent fund manager, which focuses solely on making and managing investments in lower volatility infrastructure assets for institutional investors.

In addition to our fiduciary duties to our funds, any potential conflicts of interest are referred to the relevant Advisory Committee for determination

No

Objectives and strategies**SG 05****Mandatory****Public****Gateway/Core Assessed****General****SG 05.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

Governance and human resources**SG 07****Mandatory****Public****Core Assessed****General****SG 07.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)
- Other role, specify (2)

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

All staff are responsible for implementing responsible investment.
 The investor relations function is responsible for documenting instances of responsible investment.
 The senior management and investment committee is responsible for oversight and accountability of responsible investment

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

Number

0

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Implementation and re-inforcement of RI initiatives across all aspects of the business.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Regular engagement with the GIIA & LTIA and currently in the process of obtaining membership.
Implementation of ISAE 3402 controls report.

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Engagement with government at various levels and departments to advise them as to how to attract more capital into infrastructure. Liaison with LGPS schemes and their advisors as to how they may pool their infrastructure activities

- Other collaborative organisation/initiative, specify

Implementation of BEPS

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Engagement with industry bodies and advisors on joint responses to government consultations on implementation. Direct feedback to government departments on potential impact of BEPS under various scenarios

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

Site visits held with investors to show them ESG/RI aspects of investee companies.

Internal documents produced to highlight ESG instances within asset portfolio

Following the Thames Tideway Deal we've:

1. had conversations with regulators (OFWAT & OFGEM) about how low-cost efficient capital can be incorporated in greenfield projects in the water and energy sector;
2. contributed to academic research on infrastructure development and development of new models;
3. presented at conferences and events about Dalmore's approach to responsible investing;
4. and shared best practice with other managers and investors.

Implementation not in other modules

SG 12**Mandatory****Public****Descriptive****PRI 1**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify

Investments are subject to a review of key risk factors (incl ESG) as part of investment approval process and quantified as part of scenario analysis.

We do not execute such scenario analysis and/or modelling

SG 12.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

We do not consider ESG issues in strategic asset allocation

SG 12.3

Additional information. [OPTIONAL]

In selecting target sub-asset classes and target investment characteristics for investment by Dalmore managed funds, we consider what will be of most appeal to our investor base and what matches with our team's investment experience and our overall governance processes.

A similar approach is taken with respect to target geographic exposure. We particularly consider the range of opportunities, what will be of most appeal to our investor base and what matches with our team's investment experience. We also consider whether we can apply our active investment model and whether our governance processes are applicable to investment in other geographic markets.

Dalmore Capital

Reported Information

Public version

Direct - Infrastructure

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Overview

INF 05	Mandatory	Public	Core Assessed	PRI 1-6
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INF 05.1 Indicate if your organisation has a responsible investment policy for infrastructure.

Yes

INF 05.2 Provide a URL if your policy is publicly available.

<http://N/A>

No

INF 05.3 Additional information. [Optional]

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Fundraising of infrastructure funds

INF 06	Mandatory	Public	Core Assessed	PRI 1,4,6
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INF 06.1

Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

INF 06.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes

INF 06.3

Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar). [Optional]

While responsible investment, our ESG policy and adoption of the UNPRI are each referred to in PPMs issued by Dalmore, we go into further detail with potential investors in due diligence presentations and case studies. This allows us to go in to much greater detail with our investors and have a dialogue with them on the topics that are of particular interest to them. It can also provide a valuable feedback loop for us to consider things that they have learned from investments with other managers in the infrastructure sector

- No
- Not applicable as our organisation does not fundraise

Pre-investment (selection)

INF 08

Mandatory

Public

Gateway

PRI 1

INF 08.1

Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.

Yes

INF 08.2

Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection.

Although the nature of the assets in which Dalmore invests typically have a very strong and positive ESG impact, Dalmore still considers ESG issues in the selection of infrastructure investments.

As part of our pre-investment process, identification, quantification and mitigation of any environmental issues is undertaken through due diligence undertaken both by members of the investment team and as part of the technical due diligence undertaken by specialist third party firms. Investment opportunities may be rejected if environmental issues or risks are identified that cannot be adequately measured, managed and mitigated.

As the projects generally have very strong socially positive impacts through the provision of new and improved infrastructure assets for the delivery of essential public services, this aspect of ESG is less of a focus during the pre-investment process. However, Dalmore will assess the state of the working relationship with the public sector clients, the quality of the buildings and services provided to users and the inter-relationship of the project with other stakeholders.

Dalmore's investment strategy is based upon being able to deploy our significant experience and skills in the management and stewardship of the assets in which we invest. Part of this active management approach is ensuring in the pre-investment phase that the level of control and influence that Dalmore will have as a shareholder and through the appointment of non-executive directors will be sufficient to achieve this. We also consider who the other shareholders are before investing in the asset, and whether their interests will be aligned to ours as long-term investors in the asset.

On the Thames Tideway Tunnel project the following was considered as part of the investment selection:

1. This is an investment in a major new sewer, urgently needed to protect the tidal River Thames from pollution. This will benefit ecology, public health, the environment and the appearance of the Thames and will provide an economic boost by creating many thousands of skilled jobs and hundreds of apprenticeships. A cleaner and more useable river Thames will benefit London's reputation for those that live, work and visit the city and will also meet the demands of the European Urban Wastewater Treatment Directive.

2. The project supports a number of community investment projects, which aim to create enduring partnerships and shared interests across the workforce and the general public. This includes the Thames River Watch which is a citizen science project that aims to improve the understanding of the health of the tidal Thames and the challenges it faces. The project also runs local community investment programmes and a volunteering programme. Each Tideway employee has the opportunity to take up to five days paid community volunteer days. They can also have up to three days per year to volunteer as STEM (Science, Technology, Engineering and Maths) Ambassadors, working with schools, colleges and employers to inform and encourage young people to follow STEM-related careers.

No

INF 10	Mandatory	Public	Core Assessed	PRI 1,3
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INF 10.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.
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ESG issues

Environmental

List up to three typical examples of environmental issues

Specific external surveys are carried out before the expiry of a 12year latent defect period on buildings to identify construction defects and protect the project.

The current pollution levels and urgency to protect the tidal River Thames from further pollution was a major drive for the Thames Tideway investment decision.

Dalmore decided not to invest in a hospital project following transparency issues identified between the operator/shareholder to the public sector client regarding ESG issues.

Social

List up to three typical examples of social issues
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Part of the investment criteria for the Thames Tideway Tunnel was the consideration of impact of works to residents and how this was mitigated.

Dalmore declined to pursue some investment opportunities (particularly the renewables sector) where level of public subsidy is considered to be unsustainable over the long term.

Our due diligence process include the adoption and adherence to health and safety policies, covenants and other performance measures in place in the targeted projects.

Governance

List up to three typical examples of governance issues
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Dalmore tries to target projects in which it can get a significant share of ownership, in order to play an active role in project management

Dalmore aims at appointing at least one director per project it invests in and is an active participant in board meetings

The pre-investment phase includes thorough financial and tax analysis, enabling us to ensure projects have been run in a responsible way.

Selection, appointment and monitoring of third-party operators

INF 13	Mandatory	Public	Core Assessed	PRI 4
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INF 13.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.
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Yes

INF 13.2	Indicate your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.
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- Selection process of third-party operators incorporates ESG issues
 - For all third-party operators
 - For a majority of third-party operators
 - For a minority of third-party operators
- Contractual requirements when appointing third-party operators includes ESG issues
- Monitoring of third-party operators covers ESG responsibilities and implementation

No

Post-investment (monitoring and active ownership)

Overview

INF 14	Mandatory	Public	Gateway	PRI 2
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INF 14.1	Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.
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Yes

INF 14.2	Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.
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- We consider ESG issues in the monitoring and operation of infrastructure
- We consider ESG issues in infrastructure maintenance
- We consider ESG issues in stakeholder engagements related to our infrastructure
- We consider ESG issues in other post-investment activities, specify

INF 14.3	Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]
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The environmental focus during the post-investment phase is on ensuring adherence with environmental legislation, policy and best practise as it continues to evolve and develop. This may include implementing new procedures or monitoring practises, educating Dalmore staff and other stakeholders and participating in industry and government consultations.

Most recently, a construction industry wide issue has materialised regarding the passive fire proofing of compartments within buildings. Buildings regulations require that where compartments are compromised by pipes, cables and other services, that they should be protected and sealed so as not to impair fire resistance.

The construction industry has generally been slow to adopt these requirements and initial construction works and/or subsequent variations and maintenance works may not be fully compliant.

Infrastructure assets are no more affected than other buildings, but there has been an initial focus in this area, given the restricted mobility of users of certain infrastructure assets (ie hospitals) and that the terms of construction contracts used for infrastructure assets, usually require the contractor to be responsible for rectifying latent defects for a period of 12 years.

Since becoming aware of this issue, Dalmore has worked to understand the impact on its portfolio. Dalmore has appointed a fire-stopping consultant to work across the portfolio, to liaise with project companies and their sub-contractors to identify compliance with fire safety requirements, to commission surveys of buildings, to liaise with public sector clients and contractors to arrange for rectification of issues found and to ensure that the costs are met by the appropriate party.

The social focus during the post-investment phase is mainly on building and maintaining the relationship with the public sector client. This typically means responding to issues raised by the public sector client in a prompt and proactive fashion to ensure that they get best use of the facility within the terms of the agreement for the asset. In some instances there are opportunities to work with the public sector client make changes to facilities and or the level of services provided over the course of a concession. This may include providing additional facilities or changing the nature of facilities to meet the evolving need or to remove facilities as demographics or demand changes over time. The level and type of services may change over time too; in recent years there has been a focus on reducing government expenditure and project agreements have been changed to remove or downgrade services which were initially specified by the public sector, but which are now considered to provide less value.

The governance focus during the post-investment phase is mainly on proactively monitoring performance of project companies, intervening when necessary protect the interests of the project, investors and other stakeholders, escalating issues to Dalmore senior management, which require shareholder input. Aligned with this is external reporting to investors to make sure that they are kept apprised in a timely and transparent way as to the operational and financial performance of funds and individual assets. In addition to reporting on a quarterly basis to investors, Dalmore holds advisory committees, AGMs, investor days and site visits for investors to discuss reports, performance, to highlight particular issues and to discuss the general development of the infrastructure sector.

As part of the governance focus, Dalmore also participates in formal consultations and informal discussions with the government about aspects of the development of the infrastructure sector. Most recently, we have participated in government discussions and consultations to:

Encourage more pension funds and long-term investors to invest in the infrastructure sector;

Advise the government what the infrastructure investing industry and Dalmore specifically is doing on fire-stopping

Provide input on the implementation and effect on investors of the BEPS initiative

Encourage further inward investment into UK infrastructure assets

No

Infrastructure monitoring and operations

INF 15	Mandatory	Public	Core Assessed	PRI 2
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INF 15.1	Indicate the proportion of infrastructure assets where your organisation, and/or operators, included ESG performance in investment monitoring during the reporting year.
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- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

(in terms of number of infrastructure assets)

INF 15.2 Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

Environmental

List up to three example targets per issue

Lifecycle maintenance costs

Availability and service point deductions and whether passed down to sub-contractors

Buildings defects identified particularly related to fire stopping and wall ties and external surveys done before the expiry of a 12year latent defects period.

Social

List up to three example targets per issue

Relationship with public sector client

Service delivery and impact of this on clients and users of facilities.

Implementation of anti-bribery policy and keeping record of corporate gifts/events.

Governance

List up to three example targets per issue

Adherence with banking covenants – risk of lock-up

Financial performance against target

Risk of delay in distributions

We do not set and/or monitor against targets

INF 16	Mandatory	Public	Additional Assessed	PRI 2
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INF 16.1 Indicate if you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

Yes

INF 16.2 Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

- >90% of infrastructure investees
- 51-90% of infrastructure investees
- 10-50% of infrastructure investees
- <10% of infrastructure investees
- 0% of infrastructure investees

(in terms of number of infrastructure investees)

INF 16.3	Describe how your organisation, and/or your operators, contribute to the infrastructure investees' management of ESG issues. [Optional]
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Dalmore believes in proactively exercising our shareholder and governance rights as long-term custodians of the assets in which we invest and to developing and implementing strategies that enhance wider stakeholders as well as shareholders' experiences. We ensure that project investments have appropriate anti-bribery, health and safety and community engagement policies.

No

Infrastructure maintenance

INF 18	Mandatory	Public	Core Assessed	PRI 2
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INF 18.1	Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered.
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- >90% of active maintenance projects
- 51-90% of active maintenance projects
- 10-50% of active maintenance projects
- <10% of active maintenance projects
- N/A, no maintenance projects of infrastructure assets are active

(in terms of number of active maintenance projects)

INF 18.2	Describe your approach to ESG considerations for infrastructure maintenance projects. [Optional]
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Maintenance forms a significant proportion of the management time applied to the management of the assets in which Dalmore invests. This will be focused on two main areas being:

Proactive, reactive and preventative maintenance undertaken by sub-contractors to ensure that the building is provided in the best continuous state to facilitate the delivery of essential public services. In the event that facilities fall below required levels, then the public sector client may be entitled to levy a deduction in the revenue it pays which would typically be passed down to the sub-contractor that is responsible for maintenance. Dalmore will focus on monitoring and understanding areas of underperformance and liaising between contractor and public sector client to improve performance and resolve any disagreements. As part of this in the last year building surveys, some intrusive, were carried out across the whole of our portfolio to identify potential building defect and where issues were identified these were addressed in a timely manner while managing client expectations. External audits of contractors providing facilities management services on sites was also carried out during the year to ensure that these services were provided as per the required specifications and at a reasonable quality.

Lifecycle management, being the replacement of key components of a building that have a useful economic life of less than the concession length. Dalmore's focus will be on ensuring that lifecycle replacement budgets are sufficient to meet the needs of the project and that expenditure is targeted to be incurred at the right time and on a value for money basis. This needs-based approach to lifecycle maintenance is considered to be a significant improvement on the budget-led approach of traditional public sector expenditure. It should allow facilities to be maintained to a consistently high standard.

Communication

INF 22	Mandatory	Public	Core Assessed	PRI 6
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INF 22.1	Indicate if your organisation proactively discloses ESG information on your infrastructure investments.
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- Disclose publicly
- Disclose to clients/beneficiaries only

INF 22.5	Indicate the type of ESG information that your organisation proactively discloses to your clients/beneficiaries.
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- ESG information on how you select infrastructure investments
- ESG information on how you monitor and manage infrastructure investments
- Information on your infrastructure investments' ESG performance
- Other;specify

INF 22.6	Indicate your organisation's typical frequency of disclosing ESG information to the your clients/beneficiaries.
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

INF 22.7	Describe the ESG information and how your organisation proactively discloses it to your clients/beneficiaries. [Optional]
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Full financial and operating performance information, including aspects relating to ESG, are disclosed to investors in quarterly investor reports.

- No proactive disclosure to the public or to clients/beneficiaries