

Basalt ESG Policy and Process

ESG Overview

Basalt's mission is to deliver sustainable infrastructure that improves the quality of people's lives. Basalt seeks to ensure that each investment opportunity is critically reviewed for its impact on Environmental, Social and Governance ("ESG") matters. Screening will typically include the application of sustainability criteria to identify factors that are expected to positively impact the performance of an investment.

ESG Principles

Basalt has a fiduciary duty to act in the long-term interests of its stakeholders; including those investors to which it provides investment advice. In that role, Basalt shall seek to apply the six Principles for Responsible Investment:

- Incorporate ESG issues into investment analysis and decision-making processes;
- Incorporate ESG issues into asset management policies and practices;
- Promote the appropriate disclosure of ESG issues by portfolio companies;
- Promote acceptance and implementation of the Principles within the investment industry;
- Work together to enhance our effectiveness in implementing the Principles; and
- Report on our activities and progress towards implementing the Principles.

ESG Policy

Basalt seeks to provide a framework for consistently evaluating the ESG impact of investments made by the funds it advises, by seeking to:

- Identify ESG factors that may impact an investment at the due diligence stage;
- Include identified ESG factors in the 100-day plan, and where appropriate develop KPIs;
- Monitor ESG factors and KPIs through active asset management, taking action where KPIs fall short of expectations;
- Provide our investment professionals and management teams with the tools necessary to be stewards of our sustainability principles; and
- Keep investors and partners regularly informed of initiatives and progress.

Our Commitments

Basalt commits to work together with its stakeholders to achieve sustainable long-term partnerships based on transparency and open dialogue; and deliver long-term value to the Funds' investors through the responsible stewardship of the investment portfolio.

Basalt further seeks to:

Protect the environment

- Encourage portfolio companies to consider environmental impacts:
 - Prevent negative impacts on the ecosystem and biodiversity
 - Use sustainable materials
 - Contribute to the measures against climate change
 - Apply the same criteria when selecting suppliers and contractors
- Encourage portfolio companies to implement environmental management systems in order to:
 - Reduce environmental impacts such as waste, noise, harmful discharges to water, air pollution etc; and
 - Implement a system of performance indicators to report, monitor, and control environmental issues

Apply rules of good governance

- Encourage portfolio companies to:
 - Respect our business ethics
 - Promote diversity at the board level and within the company
 - Prohibit all types of corruption and disloyal practices
 - Respect applicable laws and regulations and contractual terms
 - Apply our ESG policy in their operations:
 - Take into account our environmental and social standards
 - Develop sustainable partnerships with stakeholders (key customers and user groups, central and local governments and authorities, regulators, contractors, suppliers, etc.)
 - Implement control measures and audits to manage ESG risks and to integrate these in their Risk Management

Respect fundamental rights and develop human capital

- Encourage portfolio companies to identify and manage social risks:
 - Appropriate social standards are considered when selecting suppliers and contractors
 - Respect of trade union rights and the promotion of a social dialogue (responsible contractor policy)
 - Prevention of all types of discrimination and promotion of equal opportunities
 - No use of child labour or of any type of illegal labour
 - Acceptable working conditions: remuneration, social security, prevention of violence at work, termination provisions (local workforce)
 - Promotion of health and safety in the workplace including the prevention of occupational accidents and diseases

Respond to expectations of the community

- Encourage open dialogue between portfolio companies and key stakeholders to understand and consider community expectations:
 - Optimise positive economic and social impacts (creation of local employment etc.)
 - Apply preventative measures to address potential risks on the local community
- Promote active dialogue with public authorities and stakeholders such as local residents; to address any concerns they may have on operations (noise, safety etc)

Value the human capital of Basalt

- Basalt values the diversity and the complementary elements of its human resources and commits to:
 - Develop the skills and competencies of its employees, encouraging career development
 - Reward efforts and communicate on remuneration policies and social protection
 - Promote social dialogue

Promote and Enforce the Policy

- Promote sustainable development to stakeholders
 - Further develop awareness among Basalt team members
 - Increase awareness among portfolio company management teams
 - Formalise compliance/ reporting of portfolio companies
 - Formalise and integrate Policy compliance in investor reporting
- Ensure compliance of Basalt internal procedures with the Policy
 - ESG performance criteria are integrated in our investment selection processes
 - ESG performance criteria are integrated in our investment and asset management activities