



---

# ESG statement

September 2022

For institutional and professional clients only

**igneo**  
Infrastructure  
Partners

Part of the First Sentier Investors Group

# ESG statement

Igneo Infrastructure Partners' objective is to achieve attractive, sustainable, risk-adjusted returns over the long term for our investors. To deliver on that objective, we strive to build portfolios of mature, unlisted infrastructure investments that generate stable and predictable returns.

## Context

As a signatory to the Principles for Responsible Investment (PRI) and in accordance with best practice, we are committed to investing responsibly. As one of the longest established infrastructure investment managers, with almost 30 years of investment history, Igneo considers itself a leader in incorporating Environmental, Social and Governance (ESG) factors into its investment and asset management process.

Whilst ESG considerations apply to all businesses, we think they are particularly relevant to infrastructure businesses as they provide essential services that need to be managed with a long-term view. ESG is an essential component of their 'social licence to operate' (i.e. the reputation of the company to its customers, the public and other stakeholders, from whom ongoing support and societal acceptance is maintained) and paramount to long-term sustainability. As such, Responsible Investment and best-in-class ESG practices have been core to our investment philosophy since the launch of our funds.

## Our beliefs

Fundamentally, we believe that excellent ESG management is a pre-requisite to good investments. A best-in-class health and safety culture, strong governance, prudent management of environmental risks, high employee engagement, and satisfied customers are good for business, stakeholders and the environment. It reduces risk and improves long-term investment returns. This has long been at the heart of our approach to ESG.

## Approach pre-acquisition

We consider ESG in all stages of the investment process starting as early as the opportunity screening stage. Using a 'traffic light' assessment system we determine the materiality of potential risks/issues and their reputational, financial, operational, legal or regulatory impact.

*"Fundamentally, we believe that excellent ESG management is a pre-requisite to good investments"*

Our due diligence process may include the appointment of external expert advisors on specific ESG issues if required. In all subsequent stages we deepen our understanding, analysis and planning.

The investment selection process does not preclude investments in businesses that currently have sub-optimal ESG performance as this may present an opportunity to improve the business and create sustainable value.

ESG risks or practices, however, can be showstoppers. In general, we would not proceed with a transaction that had material ESG risks that we did not believe we could comfortably remedy within a reasonable timeframe or that could impair the ability to sustain the long-term value of the business. Conclusions from due diligence are presented to the Investment Committee in the Asset Paper and/or Investment Paper, describing the ESG risks, opportunities and proposals for improvement post-acquisition.

## Approach post-acquisition

There are three distinctive aspects to our ESG approach post-acquisition:

### Systematic implementation of Five Minimum Standards across all portfolio companies

Although our assets operate in different industries and jurisdictions, and may be different sizes or at various stages of development, as an owner we believe that a number of minimum ESG standards are applicable across all our assets.

We have identified the following Five Minimum Standards that we aim to be implemented in all our portfolio businesses:



**Improving health and safety** through setting zero accident targets and reporting accidents among employees and contractors using standardised metrics



**Improving environmental performance** through setting greenhouse gas emissions reduction targets, emissions reporting and improving other relevant environmental standards



**Improving diversity, equality and representation** throughout the organisation through setting out diversity priorities and reporting on representation



**Improving corporate governance** standards through independent and diverse board representation, implementing sound risk management techniques including risk registers, leading on relevant standards or certifications (for example, ISO certifications), carrying out regular customer satisfaction surveys, and conducting cyber-security and modern slavery risk assessments



**Encouraging employee engagement** through carrying out regular employee engagement surveys and putting in place apprenticeship and/or continuous development programmes.

These contribute to the following Sustainable Development Goals:



In addition to implementing and tracking these minimum standards, we encourage each business to set its own targets and action plans, and to report on progress with a focus on continuous improvement. Sharing best practice between portfolio companies and during asset management planning reviews is an integral part of the continued delivery of ESG excellence.

#### Action and result orientation

We seek to ensure our portfolio companies comply with all applicable laws and have all the required policies and certifications in place. We also encourage, where useful, the implementation of best-in-class and internationally recognised frameworks such as the United Nations Sustainable Development Goals (SDGs) and the Greenhouse Gas Protocol (GHG Protocol).

We believe, however, that having policies and frameworks in place is not enough, as all too often they are not adhered to. Instead of overloading

portfolio companies with policies, we focus on ensuring that key policies are understood by all, adhered to and that the right behaviours are encouraged throughout the business.

We aim for our portfolio companies not to 'tick the box' but to have the appropriate ESG mind-set in order to deliver results.

#### Top-down and bottom-up

ESG requires strong leadership from the board and the executive management team, but ultimately can only be successful if it forms an integral part of the company culture. As a consequence, even though we work a lot on ESG matters with the board and management teams we do our utmost for ESG to be 'owned' by the front line. It is only when embedded in the everyday working life and behaviour of all employees that ESG makes a sustainable difference.

#### **Important information**

This material is for general information purposes only. It does not constitute investment or financial advice and does not take into account any specific investment objectives, financial situation or needs. This is not an offer to provide asset management services, is not a recommendation or an offer or solicitation to buy, hold or sell any security or to execute any agreement for portfolio management or investment advisory services and this material has not been prepared in connection with any such offer. Before making any investment decision you should consider, with the assistance of a financial advisor, your individual investment needs, objectives and financial situation.

We have taken reasonable care to ensure that this material is accurate, current, and complete and fit for its intended purpose and audience as at the date of publication. No assurance is given or liability accepted regarding the accuracy, validity or completeness of this material and we do not undertake to update it in future if circumstances change.

To the extent this material contains any expression of opinion or forward-looking statements, such opinions and statements are based on assumptions, matters and sources believed to be true and reliable at the time of publication only. This material reflects the views of the individual writers only. Those views may change, may not prove to be valid and may not reflect the views of everyone at Igneo Infrastructure Partners or First Sentier Investors.

#### **About First Sentier Investors**

References to 'we', 'us' or 'our' are references to Igneo Infrastructure Partners or First Sentier Investors (as applicable). First Sentier Investors is a global asset management business which is ultimately owned by Mitsubishi UFJ Financial Group. Igneo Infrastructure Partners is an unlisted infrastructure asset management business and is part of the First Sentier Investors Group.

We communicate and conduct business through different legal entities in different locations. This material is communicated in:

**Australia and New Zealand** by First Sentier Investors (Australia) RE Ltd Limited, authorised and regulated in Australia by the Australian Securities and Investments Commission (AFSL 240550; ABN 13 006 464 428)

**European Economic Area** by First Sentier Investors (Ireland) Limited, authorised and regulated in Ireland by the Central Bank of Ireland (CBI reg no. C182306; reg office 70 Sir John Rogerson's Quay, Dublin 2, Ireland; reg company no. 629188)

**Hong Kong** by First Sentier Investors (Hong Kong) Limited and has not been reviewed by the Securities & Futures Commission in Hong Kong. First Sentier Investors and Igneo Infrastructure Partners are business names of First Sentier Investors (Hong Kong) Limited.

**Singapore** by First Sentier Investors (Singapore) (reg company no. 196900420D) and this advertisement or material has not been reviewed by the Monetary Authority of Singapore. First Sentier Investors (registration number 53236800B) and Igneo Infrastructure Partners (registration number 53447928J) are business divisions of First Sentier Investors (Singapore).

**Japan** by First Sentier Investors (Japan) Limited, authorised and regulated by the Financial Service Agency (Director of Kanto Local Finance Bureau (Registered Financial Institutions) No.2611)

**United Kingdom** by First Sentier Investors International IM Limited, authorised and regulated by the Financial Conduct Authority (reg. no. SC079063, reg office 23 St Andrew Square, Edinburgh, Scotland, EH2 1BB)

**United States** by First Sentier Investors (US) LLC, authorised and regulated by the Securities Exchange Commission (RIA 801-93167)

**Other jurisdictions**, where this document may lawfully be issued, by First Sentier Investors International IM Limited, authorised and regulated in the UK by the Financial Conduct Authority (FCA ref no. 122512; Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB; Company no. SC079063).

To the extent permitted by law, MUFG and its subsidiaries are not liable for any loss or damage as a result of reliance on any statement or information contained in this document. Neither MUFG nor any of its subsidiaries guarantee the performance of any investment products referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk, including loss of income and capital invested.