



STEWARDSHIP POLICY

Our commitment

Our Stewardship Policy embeds our investment philosophy into a practical framework of engagement with investee companies who must address and manage the environmental and social factors that affect their operations and are material for their business. Our stewardship policy reflects our view of best practice and is aligned with the UK Stewardship Code.

We place [ESG factors](#) and climate change at the heart of effective stewardship. This is because infrastructure investment is vital for economic and social progress; helping build resilient communities and supporting purposeful activity. We also believe that the incorporation of climate-related risks and opportunities in investment decision making is essential to create long-term attractive returns for our investors. Materiality analysis helps identify the most important issues and agree priorities. The agreement of realistic targets with investee companies is managed by both internal and external experts.

WHAT IS STEWARDSHIP?

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, investors and society. We believe that through positive and direct engagement with our investee companies we can create optimal long-term value for our investors and for the communities in which we invest.

Our philosophy

■ Supportive relationships with investee companies

- Use our influence and expertise to implement positive change at investee companies and guide them towards better environmental, social and governance (ESG) related outcomes and contribution to the [UN Sustainable Development Goals](#) (UN SDGs).
- Continually assess and scrutinise management performance and alignment of investee companies' behaviour with our core values and the objectives of the organisations to which we are signatory, including the [UN Principles for Responsible Investment](#) (UN PRI).

■ Regulatory compliance

- Adhere to the legal, regulatory and governance frameworks of the fund jurisdiction, the investment jurisdiction and to regulatory compliance in the social and environmental domains.
- Adhere to the IFC/World Bank performance standards and to the eligibility criteria of the [Lux Flag Environment Label](#) (for example the requirement to evidence the socio-economic impact of an investment).

■ Value and transparency for investors

- Create optimal long-term value for our investors and the communities we invest in through embedding international best practice at the investee company level. Inform our investors of the outcome of our stewardship practices with utmost transparency.

Our engagement strategy

We have internal ESG and stewardship experts within the investment team using formal frameworks during the initial investment process and for regular reviews with investee companies through the continual monitoring and oversight processes.

Our stewardship priorities fall into the following two distinct categories:

- Strategy and governance; with focus on company strategy, performance, risk, capital structure and corporate governance
- Optimal ESG outcomes and contribution to UN SDGs

■ Building relationships with co-investors

ThomasLloyd seeks to build strong relationships with other co-investors. This is particularly important where collective engagement is likely to be more successful than unilateral engagement. However, this is not the only factor when determining whether to collaborate with co-investors; confidentiality is also a determinant in deciding whether or not to engage collaboratively.

■ Dealing with conflicts of interest

We have a policy and framework in place to manage conflicts of interest and maintain and operate effective organisational and administrative arrangements and we take all appropriate steps to identify, prevent and manage conflicts of interest.

■ Outside engagement

The company's board, senior directors and senior management engage either directly or through membership of trade associations to help shape policy discussions, to raise standards and to promote best practice in renewable energy. Engagement is not intended to unduly influence the political process. We believe public policy engagement aligns with our signature to the UN-supported PRI, which recommend participation in 'the development of policy, regulation and standard setting'.

We are committed to using our control to influence and vote in accordance with the best long-term interests of our clients, our stakeholders and the associated local communities.

