SFDR Disclosures

Disclosures for the Sustainable Finance Disclosure Regulation (SFDR)

June 2021

BBGI INVESTING IN GLOBAL INFRASTRUCTURE

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BBGI is a global infrastructure investment company helping to provide the responsible capital required to build and maintain critical social infrastructure[1] in the countries where we do business.

These are the important infrastructure assets that citizens rely on every day. They are building blocks of the local economy, and as a long-term custodian, we partner with the public sector to help deliver and manage them. In doing so, we follow a low-risk, globally diversified and internally managed investment strategy to deliver long-term and predictable shareholder returns.

At BBGI, sound ESG practices are integral to building a resilient business and creating long-term value for our investors and other stakeholders. Investing sustainably and responsibly in social infrastructure is central to BBGI's business model.

Objective

This document specifically addresses Articles 3, 4, 5, 6, 8 and 10 of EU Regulation 2019/2088, known as the Sustainable Finance Disclosure Regulation ("SFDR" or "the Regulation" [2]). They are made by BBGI Global Infrastructure S.A. ("BBGI" or "the Company"), being a *société d'investissement à capital variable*. The Company is an internally-managed alternative investment fund ("AIF") under the EU Alternative Investment Funds Managers Directive 2011/61/EU.

SFDR came into force on 10 March 2021. The Regulation requires firms like BBGI to provide information to investors and the public with regards to the integration of sustainability risks, the consideration of adverse sustainability impacts, remuneration and other matters.

More information on BBGI's approach to ESG (Environmental, Social, Governance factors) and Responsible Investment in general, can be found on BBGI's website (click here or copy the following hyperlink in your browser: https://www.bb-gi.com/responsible-investing/), including:

- ESG and Sustainability Risk Policy
- Terms of Reference for our ESG Committee
- Further ESG information for each individual asset in our portfolio
- Modern Slavery Act statement
- Whistleblowing policy
- ESG Report (click here or copy the following hyperlink in your browser: https://www.bb-gi.com/media/2023/bbgi-esg-report-21_final-300321-v2_lores.pdf)

[1] Social infrastructure is the provision of public infrastructure assets and services and includes schools, healthcare, blue light (fire and police stations), modern justice facilities, leisure and community facilities and transport (rail, roads and bridges). In exchange for the provision of these assets and services BBGI receives a revenue stream that is paid directly by the public sector.

[2] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

Contents

1. Considering sustainability risks

ARTICLE 6(1) OF SFDR

Article 6(1) of SFDR requires the Company to make certain disclosures on the subject of sustainability risk. BBGI uses the definition of sustainability risk as described in Article 2 (22) of the Regulation: *"an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment"*. The terms ESG and sustainability are used interchangeably in this document.

Integration of sustainability risks into investment decisions

BBGI has fully integrated sustainability risk assessments into its investment decision-making process, as further described below:

a) Through a robust internal due diligence process, we seek to ensure that we identify and give appropriate consideration to all relevant and material risks before making an investment decision.

b) This includes sustainability risk, otherwise known as ESG (environment, social, governance) risk. In this regard, we are conscious of the increasing importance being placed on ESG risks by investors, regulators, governments and other stakeholders, with climate change in particular being regarded as a fundamental issue. We therefore ensure that we give appropriate consideration to ESG risks in our due diligence process, considering these risks alongside more traditional financial criteria to understand when financially material sustainability risks might have a meaningful impact, and if so, the extent of the potential impacts on the investment's value and performance.

c) BBGI believes that the integration of sustainability risk considerations in the investment decision-making process is an important part of the risk management. Sustainability risk is potentially relevant to the Company having regard to the types of investments that may be made in accordance with our investment policy and objectives. In particular, the Company is exposed to the sustainability risks referred to in the section of the Prospectus entitled "Risk Factors", including in particular under the headers "Environmental Liabilities", "Termination of Project Agreements", "Major Events" and "Corrupt Gifts".

d) The impacts following the occurrence of a sustainability risk may be numerous and may vary depending on the nature of the specific sustainability risk, together with the region and asset class concerned. In general, where a sustainability risk crystallises in respect of an investment, there could be a negative impact on, or even entire loss of, its value, whether on a temporary or permanent basis.

e) The Company also specifically considers climate change related risks and has integrated the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

f) We therefore consider sustainability risk alongside all other relevant factors, taking a holistic approach. By way of a summary, the following is noted:

- Key relevant information is gathered as part of the due diligence process. This information facilitates the Management Board's understanding as to the extent of the sustainability risks and how these risks should be considered - i.e. what are the main risks, how could/should they be monitored, managed and mitigated in practice, and (overall) how sustainability risks may affect performance or returns/value. We conduct a detailed analysis of the information gathered to form a view as to the material ESG risks that could arise for the Company if it were to proceed with the investment proposal, and the impact on potential returns and performance.

- Where applicable, we review internal policies and procedures of the target company to enable us to take a view as to the robustness of the internal frameworks. As part of this process, we assess the target against some key governance areas such as, but not limited to, the soundness of management structures, employee relations and remuneration of staff (if any), codes of conduct, tax compliance, anti-slavery, anti-discrimination, cyber security, health and safety, and whistle-blowing among other areas.
- We may engage external third parties to conduct technical due diligence on certain investment opportunities where appropriate; e.g. if the investment is proposed in a company exposed to environmental risk, we may commission a site assessment to consider the environmental condition of any relevant land, to consider specific environmental risks (e.g. exposure to the risk of floods, cyclones, rising sea levels, extreme weather events, etc), and/or to consider energy efficiency issues.
- Where available, we will check available ESG ratings and scores obtained from independent ratings agencies; e.g. BREEAM or LEED.
- Beyond this, we will use and consider other relevant sources of information, including publicly available studies and other resources that may contain an analysis of environmental issues or risks relating to the location of the relevant asset.
- Once all relevant information has been compiled and assessed, an investment committee paper is prepared. This paper includes a final recommendation supported by a summary of the findings from the various due diligence workstreams including the outcome of the ESG due diligence. If any third-party reports have been obtained, these are summarised. The paper includes a dedicated section headed "Sustainability Risks", which includes a summary and analysis of the relevant issues.
- If a decision is made to proceed, a monitoring, management and engagement strategy is put in place to ensure relevant risks, including sustainability risks, are monitored, managed and mitigated to the extent possible.

Assessment of likely impacts of sustainability risks on returns

The Company is required to describe the results of its assessment of the likely impacts of sustainability risks on the returns of the Company. In particular, where our sustainability risk assessment leads to the conclusion that those risks are relevant, it is required to disclose the extent to which those sustainability risks might impact the performance of the Company. For this purpose, the following points are noted:

a) The Company's conclusion is that it cannot rule out the risk that one or more sustainability risks may crystallise, and as a result, have a negative impact on the value of the Company, and therefore returns and performance. It also cannot rule out the risk that the potential impact could be material.

b) However, the Company has a robust approach in place to seek to mitigate the impact of sustainability risk on its returns, including (among other things) by integrating the consideration of such risks into its investment decision-making process, and through monitoring and management where relevant, in each case, as described above.

2. Considering environmental and/or social characteristics

ARTICLE 8(1) OF SFDR

Article 8(1) of SFDR requires that certain disclosures be made where a financial product promotes environmental and/or social characteristics. It is also necessary for the companies in which investments are made to follow good governance practices. The Company takes the view that it falls within the scope of Article 8.

What environmental and/or social characteristics are promoted by the Company?

Our purpose is to help provide the responsible capital required to build and maintain important social infrastructure.

a) BBGI helps provide the responsible capital required to build and maintain critical social infrastructure and invests in and actively manages for the long-term a diversified, low-risk international portfolio of social infrastructure investments across highly rated investment grade countries with stable, well-developed operating environments.

b) The investment policy is to invest in essential social infrastructure projects that have been developed predominantly under the Public Private Partnerships (PPP) or similar procurement models.

c) The Company's aim is to invest responsibly. Its philosophy on responsible investment can be summarised as follows:

- The Company's investment focus is in essential social infrastructure such as schools, healthcare, blue light (fire and police stations), modern justice facilities, leisure and community facilities and transport, procured using availability-based investment models.
- Stewardship, strong corporate citizenship and sustainable growth guide our business decisions.
- We have implemented a robust framework to integrate ESG into all aspects of our investment cycle, from initial screening through to end of investment life. ESG outcomes also affect the variable compensation paid to our identified staff.
- We are active owners and incorporate ESG issues into our ownership policies and practices.
- We seek appropriate disclosure on ESG issues by the entities in which we invest.

d) The Company continues to align its investment portfolio to contribute to selected UN's Sustainable Development Goals (SDGs), recognising the important role that investors can play in helping to meet global sustainable development priorities.

These practices are mandatory under the Company's internal policies and procedures.

How are those characteristics met?

a) The Company will invest predominantly in infrastructure projects whose revenue streams are public sector or government-backed, meaning at least 75% of the portfolio value.

b) The Company's policies and procedures require compliance with the practices referred to above; for example, a due diligence process that includes a consideration of relevant environmental, social and governance factors before a decision is made to proceed with a particular investment.

What policies do we use to assess the good governance practices of investee companies?

We have policies and procedures in place to obtain a reasonable degree of comfort that relevant portfolio companies have and maintain good governance practices, as follows:

a) We ask to see internal policies and procedures to enable us to take a view as to the robustness of the internal approach to governance; in particular, considering governance matters such as the soundness of management structures, employee relations and remuneration of staff (if any), codes of conduct, tax compliance, anti-slavery, anti-discrimination, cyber security, health and safety and whistle-blowing among other areas.

b) We consider governance issues in our due diligence process, used before making an investment, and will not make an investment unless we are able to form a positive view.

c) If a decision is made to proceed, an oversight and engagement strategy is put in place to ensure the position on governance is monitored and maintained, including reporting and regular meetings with the board and/or executive management team, and regular reviews of the environmental, social and ethical policies that the investee companies have in place and their adherence to these policies in the delivery of their services.

d) The Company also seeks to have, in the vast majority of cases, at least one appointed Company board representative on each investee company. The Company's appointed director at the investee company's board level then reports back to the Company and to the Company's management board at least on a monthly basis on areas such as governance at the investee company level.

Additional product-specific information

More product-specific information can be found on the Company's website at www.bb-gi.com.

3. Considering principal adverse impacts

ARTICLE 4 OF SFDR

Article 4 of SFDR requires the Company to make certain disclosures where it considers the principal adverse impacts of investment decisions on sustainability factors.

Description of policies to identify and prioritise principal adverse sustainability impacts and indicators

Sustainability impact assessment is central to our long-term oriented investment approach, which integrates environmental, social and governance factors into our strategy, investment approach, risk management, due diligence process, asset management, and reporting.

BBGI is committed to having a robust internal approach in place to ensure we identify and properly consider how our investment decisions may have positive and/or negative impacts on the environment, people and society.[3]

We consider this in the areas of:

- **Climate and other environment-related impacts:** what impact does a company have on the planet and what risks does the business pose with regards to climate change or the depletion of ecosystems?
- **Social and employee matters, respect for human rights:** how does a company manage its relationships with its employees, suppliers and customers, and ensure the dignity of every human being and the wellbeing of people and communities everywhere it operates?
- **Governance, anti-corruption and anti-bribery matters:** Does a company's leadership ethically manage the business in a way that promotes accountability, legality, and transparency?

Our approach combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long term returns for investors, and to benefit society by influencing the behaviour of BBGI and its portfolio companies.

Due diligence policies regarding principal adverse sustainability impacts

BBGI identifies and considers any existing or potential principal adverse sustainability impacts before a decision is made to invest in a particular portfolio company; and once an investment has been made, puts in place appropriate measures to monitor, manage and mitigate such impacts where possible. This is done pursuant to robust processes that require extensive due diligence before an investment is made.

A high-level summary of our internal due diligence process is outlined below. For more details please consult our ESG & Sustainability Risk Policy (click here or copy the following hyperlink in your browser: https://www.bb-gi.com/media/2039/20210310-esg-and-sustainability-risk-policy-sfdr-final.pdf#page=9).

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[3] Article 2(24), SFDR: this includes principal adverse impacts on sustainability factors, which means "environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters".

The effectiveness of our overall approach is assessed periodically by our dedicated ESG Committee, who has formalised BBGI's commitment towards ESG as part of its business strategy. The Company firmly believes that ESG initiatives must be part of our corporate culture and not simply a reporting exercise, in order to successfully embed ESG factors into the Company's operating model. Accordingly, the Company pursues its business activities in a manner that integrates ESG factors, and as such, it is the Company's philosophy to:

- Incorporate ESG factors as part of our fiduciary duty to our clients and beneficiaries;
- Embed ESG in the investment review and decision-making process;
- Ensure ESG objectives are integrated into policies, conduct and practices which inform such decisions;
- Seek appropriate disclosures on ESG issues relating to our investments;
- Promote adoption of ESG principles amongst stakeholders; and
- Monitor and report on ESG initiatives.

Key elements of BBGI's due diligence policies can be summarised as follows:

Sourcing and Screening Framework

- Search public data to identify ESG issues;
- Screen potential new investments against adverse sustainability impacts; and
- Screen against a pre-defined exclusion list i.e. adult entertainment, alcohol production, arms production, arms trade, fossil fuel businesses, gambling businesses, nuclear energy production, nuclear weapons production, or tobacco production.

Due Diligence and Approvals

- Conduct appropriate ESG due diligence including sustainability risk assessment. This may include the engagement of independent third-party experts;
- Anti-Money Laundering screening and Counter Terrorism Financing database checks; and
- Prior to acquisition, ESG assessment to be included in Investment Committee papers.

Stewardship

- General review and monitoring of investments for ESG issues, including adverse sustainability impacts;
- Complete proprietary ESG KPI questionnaire for all portfolio companies;
- Engage with stakeholders to solicit their views on which ESG matters are most important and prioritize based on stakeholder expectations and feedback. This includes a mitigation strategy as regards adverse sustainability impacts where this is considered necessary or desirable;
- Implement appropriate policies and procedures at BBGI Group and portfolio company level;
- Implement regular health and safety audits on BBGI Group and portfolio company level;
- Introduce ESG bonus targets for senior staff on BBGI Group and where appropriate on portfolio company level;
- Seek to share ESG best practices inside and outside of the Company;
- Assess sustainability risk using proprietary climate resilient infrastructure assessment tool for all portfolio companies;
- Consider investing in GHG emissions/energy efficiency initiatives within our portfolio companies where appropriate;
- Encourage staff to reuse and recycle waste and to implement energy savings initiatives where possible; and

- Start measuring BBGI's carbon footprint and considers plans to reduce and off-set its carbon footprint once a suitable baseline is obtained.

Monitoring

- Active ESG management at portfolio company level through engaged board representation;
- Monitor compliance with and regular update of policies and procedures;
- Monitor investment performance against proprietary ESG KPI questionnaire for portfolio companies, address gaps and improve performance where possible;
- Discuss ESG at monthly BBGI Management Board meetings and quarterly at Supervisory Board meetings;
- Identify areas of improvement on BBGI Group and portfolio company level;
- Monitor outcome of health and safety audits on BBGI Group and portfolio company level;
- Monitor climate risk mitigation performance through a climate resilient infrastructure assessment tool on portfolio company level; and
- Improve data collection processes for energy, water, waste and carbon over time and set ambitious and yet available targets for portfolio companies where BBGI has operational control. For portfolio companies where BBGI does not have operational control, to the extent possible we will use our influence to mitigate any negative climate related impacts.

Reporting

- Semi-annual external reporting of BBGI on ESG matters;
- Disclosure of additional ESG related information on website;
- Align with recognised standards/guidelines:
  - UN PRI;
  - UN Global Compact;
  - SFDR; and
  - TCFD.
- Align approach to responsible infrastructure investment with the UN's 17 SDGs and specifically focus on five SDGs where BBGI's social investments portfolio has the greatest impact:
  - SDG 3: Good Health and Well-being;
  - SDG 4: Quality Education;
  - SDG 9: Industry Innovation and Infrastructure;
  - SDG 11: Sustainable Cities and Communities; and
  - SDG 16: Peace, Justice and strong institutions.
- Assess regularly the benefit of following any voluntary frameworks;
- Transparent disclosure regarding:
  - Sustainability risk;
  - Principal adverse impacts (PAI); and
  - ESG approach positioning.
- Aspire to continuous improvement of process and standard of reporting.

End of investment life

- Hold investment for duration or realise value through exit.
- Responsible and collaborative approach to asset hand back to public sector.

Identification and prioritisation of principal adverse sustainability impacts and indicators

Our policies on due diligence require us to regularly consider the types of potential adverse sustainability impacts that may arise in practice, given the nature of our investment activities. Such policies also require our internal team to conduct due diligence on any particular proposed investment to identify, consider and investigate potential adverse sustainability impacts. This due diligence is then considered by the Investment Committee, with the members of this committee bringing their skills and experience to bear to ensure relevant potential issues have been identified and thoroughly considered.

At all phases in our due diligence process, any issues that are identified are required to be prioritised based on an assessment as to the likelihood of impact and the scale/level/implications of any such impact.

As regards indicators, BBGI is working to develop and refine its approach in the coming months; in particular, as to the types of indicators it wishes to consider in relation to principal adverse impacts and when/how data on such indicators will be captured. In the interim, it is adopting a case by case approach tailored to the circumstances of individual investments.

Description of principal adverse sustainability impacts

By way of example:

- We acknowledge that investment in new transport infrastructure, particularly roads and bridges, brings negative environmental impacts - e.g. they create a considerable amount of **greenhouse gas emissions** - while at the same time enabling society's functioning on a daily basis.
- Many **energy-intensive activities** occur in healthcare buildings, the main sources of energy consumption being lighting, air conditioning, heating system, medical equipment and hot water. Potential energy savings in these large buildings functioning on a 24-hour basis are substantial.
- The **health and safety of our supply chain partners** is a priority, especially in the asset classes we invest in. We endorse a zero-tolerance approach to occupational health and safety issues, but this remains a potential adverse sustainability impact we have identified.

Detailed reporting requirements in relation to adverse sustainability impacts are due to come into force from 1 January 2022. BBGI is developing an approach in relation to these requirements to ensure full compliance from that date, and will update its disclosures in due course.

Description of actions to address principal adverse sustainability impacts

ARTICLE 4(2)(b) OF SFDR

The second part of this provision requires us to describe the actions we have taken (or plan to take) in respect of the principal adverse impacts we have identified.

Quality social infrastructure investments can bring positive benefits to local communities as sources of good quality employment, new skills, and access to improved services. On the other hand, infrastructure projects could be the source of health, safety and environmental risks typically associated with large engineering works, as well as potential socioeconomic risks related to corruption, bribery and human rights abuses.

BBGI addresses adverse impact in its investment considerations through a wide range of methods ranging from Exclusions, ESG integration, Adverse sustainability impact assessment, Creating positive impact initiatives, and Stakeholder engagement.

a) Approach to exclusions

Our purpose is to help provide the responsible capital required to build and maintain important social infrastructure. As such BBGI believes that some products and business practices are detrimental to society and incompatible with our values.

We systematically screen against a pre-defined exclusion list and will as such never invest in adult entertainment, alcohol production, arms production, arms trade, fossil fuel businesses, gambling businesses, nuclear energy production, nuclear weapons production, or tobacco production.

Our investment strategy is deployed in stable, well-established developed operating environments where governments and local authorities maintain support for availability-based models to finance public infrastructure. This provides focused exposure to highly-rated investment grade countries, across the UK, North America, Australia and Continental Europe.

b) Approach to ESG integration and adverse sustainability impact assessment

Social and employee matters, respect for human rights, governance, anti-corruption and anti-bribery matters

Before an investment is made, we carefully consider the policies and procedures of any relevant portfolio company, to ensure we are comfortable with the robustness of their internal compliance and risk management framework.

By way of example:

- one of the overall goals of this process is to ensure we are comfortable that any decision we make to invest in the portfolio company will give rise to no corruption or bribery issues. We have a zero-tolerance approach to bribery, including facilitation payments, and require any portfolio company to adopt equally stringent policies. Wherever possible BBGI will implement its Code of Conduct Policy;
- we conduct Anti-Money Laundering screening and Counter Terrorism Financing database checks and the BBGI AML/CFT Policy will be applied;
- before an investment is made, we must be comfortable that appropriate health and safety policies are in place and if this is not the case BBGI will ensure the implementation of such policies. 100% of our portfolio companies have health and safety policies, and health and safety is on the agenda of every portfolio company's board meeting; and
- our due diligence process attempts to ensure we do not invest in a portfolio company involved in any form of slavery, human trafficking or forced labour. Portfolio companies in the UK also must fully support the UK Modern Slavery Act and in other parts of the world we require the same or similar policies. Wherever possible BBGI will implement its Anti-Slavery Policy.

Climate and other environment-related impacts

We screen all investments using a proprietary climate-resilient infrastructure questionnaire and assessment tool[4] helping us assess the vulnerability of our assets to climate-change related risks such as extreme weather, flooding, sea level rise, geophysical hazards, tsunamis and wildfires. It allows us to consider the environmental impact as an input to the planning and decision-making process, thus ensuring early consideration of measures to avoid, minimise or mitigate environmental impacts and enhance environmental quality.

When necessary, we will seek appropriate environmental and technical due diligence from independent third-party experts.

We are in the process of adopting new decision-support tools (such as scenario planning analysis) to test the robustness of critical infrastructure systems and to implement the TCFD recommendations.

[4] This screening tool is based on the OECD 2018 report on Climate Resilient Infrastructure and the World Climate and Disaster Risk Screening policies.

c) Approach to positive impacts

Quality social infrastructure assets should seek to maximise positive impacts of investments while preventing or mitigating negative ones. They should be respectful of the health, safety, rights and needs of workers that contribute to building the infrastructure, and to the communities that are affected by it (and not just those that they intend to benefit). All workers should have equal opportunity to access jobs created by infrastructure investments, develop skills, be compensated and treated fairly, with dignity and without discrimination. It is also crucial that governments promote responsible business conduct that guards against the adverse impacts of investments on society and the environment.

Furthermore, the benefits of quality social infrastructure should be inclusive and accessible to everyone, in particular vulnerable and underserved groups such as women and children, the elderly and people with disabilities. Open access to infrastructure services should be secured in a non-discriminatory manner for society, through meaningful consultation and inclusive decision-making with affected communities.

Having joined the IMP+ACT Alliance, we will be reviewing all of our assets according to the Impact Classification System to explore further how our portfolio of social infrastructure assets will have a positive impact on people and planet.

d) Approach to stakeholder engagement

Please refer to the following section “Summary of engagement policies” for the description of how we approach stakeholder engagement.

Summary of engagement policies

ARTICLE 4(2)(c) OF SFDR

Article 4(2)(c) of SFDR requires the Company to provide brief summaries of its engagement policies, where applicable.

We responsibly serve multiple stakeholders, including our people, our public sector clients, our suppliers and partners, our communities and users, and our investors. We regularly and actively engage with our key stakeholders on ESG; including with our investors, our staff, our supply chain partners and our public sector clients.

We believe that by engaging with the companies in which we invest, we can improve our understanding of them and ultimately protect and enhance the value of the investments we make, delivering better long-term performance. We also believe that good standards of corporate responsibility make good business sense and help protect and enhance investment returns. Our investment process therefore seeks to assess this on an initial and ongoing basis, and monitor and engage with investee companies over time to promote good governance.

a) Direct engagement with portfolio companies

Engagement is demonstrated through a number of different activities, including the following:

- Where we invest in a portfolio company, adequate oversight and engagement measures are put in place to ensure the position on governance is monitored and maintained, including reporting and regular meetings with the board and/or executive management team.
- We generally seek to have a seat on the board of a portfolio company – whereby the representatives report back to the Company and to the Company's management board at least monthly.
- A cornerstone of our active management philosophy is regular attendance at Board of Directors meetings of our portfolio companies. Where we do not have a board seat, we engage with a portfolio company’s management via regular meetings.

- We exercise our right to vote at shareholder and board meetings of our portfolio companies, focusing in particular on issues that materially affect the long-term sustainable value of a company in which we have invested.
- In our engagement, BBGI focuses on issues such as strategy, performance, financing and capital allocation, management, acquisitions and disposals, operations, internal controls, risk management, the membership and composition of governing bodies, boards and committees, sustainability, governance, remuneration, climate change, and environmental and social responsibility. We will determine the level and nature of engagement based on the circumstances, the size of our holding, and the potential impact of the relevant issue, with a focus on issues material to the value of the portfolio company's interests.
- We conduct extensive monitoring, reviewing reports provided to us on an agreed basis by portfolio companies, as well as their financial statements, periodic reports and similar materials.
- We seek to share ESG best practices with portfolio companies where possible.
- Our asset managers actively work with our portfolio companies to promote a strong health and safety culture, facilitating the sharing of best practices and promoting appropriate policies and procedures. In most cases, we regularly engage independent third parties on a voluntary basis to conduct health & safety audits at portfolio companies (annually or bi-annually depending on the circumstances). We also encourage a culture of continuous improvement – e.g. if a serious incident occurs, we investigate the causes, share the knowledge broadly and take steps to prevent a recurrence.

b) Engagement with local communities

The positive experience of the people who use our assets and the communities who live near our assets are vital to ensuring our success as a responsible global infrastructure investment company. Our social infrastructure facilities typically offer a wide range of community activities, we support and encourage the funding of community initiatives or make donations to charity projects around the projects' locations.

For each of our assets we maintain an ESG factsheet presenting the most recent community initiatives. Please see our website for more information, click here or copy the following hyperlink in your browser: https://www.bb-gi.com/our-portfolio/our-assets/.

c) Engagement with policy makers

BBGI's Code of Conduct or an equivalent framework promotes our high ethical standards and ensures we operate responsibly. The Code of Conduct must be observed by the members of the Supervisory and Management Boards, the management of all BBGI companies and all BBGI employees . It is also expected that all other associated persons of BBGI, including subcontractors, consultants and service providers, will act in principle in accordance with these core values.

- **Political Donations:** As set out in our Code of Conduct, the Company will under no circumstances make donations to political parties, their associated organisations and members, or to other organisations or individuals who embrace political activism or values of any sort.
- **Policy consultations:** As an investor in critical social infrastructure, we see part of our stewardship efforts to participate constructively in the policy debates around sustainable finance policy and legal interventions. As such we may respond to policy consultations in regions where we operate. The key focus area of our advocacy efforts when engaging policy makers could be around:
  - Supporting the implementation of the TCFD recommendations in corporate disclosures;
  - Encouraging strong and progressive initiatives on company-setting ESG targets; and
  - Any other specific ESG matter relevant to our asset classes.

- **Collaborative engagement:** While on some occasions we may engage with policy makers through public consultations, we recognise it's better to work together to achieve common goals. In order to provide the support of our voice, we may conduct engagements in collaboration with our peers around a particular topic for a particular period of time. We join initiatives via platforms which advocate good stewardship practices, like the PRI Collaboration Platform (https://collaborate.unpri.org).

Adherence to responsible business conduct codes and internationally recognised standards

ARTICLE 4(2)(d) OF SFDR

This requires the Company to include a reference to its adherence to responsible business conduct codes and internationally recognised standards for due diligence and the degree of our alignment with the objectives of the Paris Agreement.

a) Memberships:

Our policy is to participate actively in the initiatives/working groups we are supporting[5]. Through our membership, we look to provide a voice relevant to our asset class.

- BBGI is a member of the Association of Investment Companies (AIC). As members, we are represented in any responses to policy consultations coordinated by AIC to regulators and government departments in the UK (www.theaic.co.uk).
- BBGI is a member of ALFI (Association of the Luxembourg Fund Industry) who lobby local government on topics such as ESG and relevant legislation (www.alfi.lu).
- BBGI is also signed-up as an active member of the IMP+ACT Alliance working group, striving to increase transparency and help investors identify funds that are socially and environmentally responsible (www.impactalliance.co.uk).
- BBGI joined the UN Global Compact Climate Ambition Accelerator to help us progress towards setting science-based emission targets aligned with the 1.5°C pathway and create a clear path to address our transition to net zero. (https://unglobalcompact.org/)

b) Frameworks:

- BBGI is a proud signatory to the UN PRI and has applied the Six Principles since 2019. We submit a Public Responsible Investment Transparency Report each year.
- BBGI has been a supporter of the TCFD recommendations since 2020.BBGI has been a signatory to the UN Global Compact since 2020 and actively supports the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. We have publicly expressed our intent to implement those principles and are committed to making the UN Global Compact and its principles part of our strategy, culture and day-to-day operations. We submit a Communication on Progress each year.

c) Recognised standards:

- We attempt at all times to align our investment portfolio to selected UN's Sustainable Development Goals (SDGs).
- BBGI publicly supports the goals set by the 2015 Paris Agreement.
  - Climate change is one of the great challenges of our generation, and as a responsible company, we have a role to play in the transition to a lower-carbon economy.
  - Our investment objective does not involve an express or specific focus on environmental matters, however we consider the potential impact of our investment decisions on the environment as explained above. We are also conducting further work internally on such matters to evolve our approach, and will update this disclosure over time as we develop further initiatives.
  - We are committed to better understanding the carbon footprint of ourselves and our portfolio companies, and where we have operational control, setting targets and disclosing our progress against these targets. Where we do not have direct operational control, we will use our influence to work with our portfolio companies to support them in setting targets and disclosing progress.

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[5] Any policy consultation, collaborative engagement participation or membership change is subject to prior approval by the ESG Committee.

4. Remuneration policies

ARTICLE 5 OF SFDR

In terms of Article 5 of SFDR, the Company is required to: include in its remuneration policies information on how those policies are consistent with the integration of sustainability risks - as noted above, this means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment"; and publish that information on its websites.

Sustainability risk

The Company appreciates the desire of regulators to ensure firms consider all current and future risks when making decisions pertaining to variable remuneration, including sustainability risk where relevant.

We believe that our remuneration policies and procedures represent a robust approach to this issue. For example:

a) variable compensation is linked to, among other things, the following:

- sustainability factors aligned with Company policy and strategy. These factors promote sound and effective risk management on various subjects including sustainability risk, and ensure that compensation is linked to risk-adjusted performance;
- we differentiate individual compensation based on quantitative and qualitative criteria, such as delivering on financial and growth targets, maintaining a sound governance structure, regulatory compliance and performance including in respect of ESG factors, to reflect employees' contributions;

b) the evaluation of variable compensation takes into consideration long-term performance as well as the current and future risks associated with that performance and the lifetime of the assets under management;

c) a meaningful portion of any variable compensation for identified staff is provided in the form of equity, with deferred vesting, to link long-term shareholder value creation to the interests of management and enhance alignment with risk outcomes. This also results in encouraging relevant staff to avoid an unduly short-term approach.

To the extent sustainability risks are or become material risk inputs, they are therefore integrated into our approach in the same way as other more traditional risks such as market risk, credit risk and operational risk. This aligns with a relevant policy objective underlying SFDR, which refers to *"the remuneration policies of [relevant firms], that promote sound and effective risk management with respect to sustainability risks whereas the structure of remuneration does not encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance[6]".*

[6] Recital 22, SFDR

5. Methodologies

ARTICLE 10(1)(B) OF SFDR

The Company is required by Article 10(1)(b) to publish on its website "information on the methodologies used to assess, measure and monitor its environmental or social characteristics, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics".

Methodologies

To demonstrate how we deliver social value, we have aligned our investment strategy with the UN's Sustainable Development Goals (**SDGs**). The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries in a global partnership to improve among other things health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests. As BBGI is an investor in essential social infrastructure the Company uses the SDG methodology to assess, measure and monitor its performance against selected focus SDGs (**Focus SDGs**) as set out under the section "Sustainability indicators" below.

Data sources

See the data sources referred to in sections 2 and 3 above.

Our approach to independent data providers

a) How we use them

To the extent considered useful from time to time, we may utilise inputs from independent ESG consultants, and research, ratings and analytics firms. This includes ESG ratings and scores, where available and appropriate. This is used (where available) to determine general or specific sustainability risks.

In relation to an investment, independent data providers may measure:

- Exposure: the degree to which an investment's value is exposed to material ESG issues.
- Management: a company's preparedness and track record in managing its exposure to material ESG issues through an assessment of policies, programs, management systems and controversies.

b) Selection and oversight

Due diligence is applied to any independent data provider we use or rely on to a material extent, and is reviewed periodically. The selection criteria used in the selection process includes, amongst others, the following:

- competence;
- expansive coverage.

Screening criteria for the underlying assets

All investments must at least offer benefits to stakeholders and have a significant positive impact on one or more Focus SDGs.

Sustainability indicators

The Company will use the Focus SDGs to measure whether it achieves the required "social" characteristics. To illustrate this, the Company confirms its view that its current portfolio of social infrastructure investments currently offers benefits to stakeholders and has a positive impact on the following SDGs.

- **SDG 3:** The Company has investments in 41 hospitals and health facilities in Australia, Canada and the UK
- **SDG 4:** The Company has investments in 34 schools and colleges in Germany and the UK.
- **SDG 9:** The Company's investment strategy generally helps to deliver this target by developing quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.
- **SDG 11:** The Company has investments in 17 essential transportation projects in Canada, the Netherlands, Norway, the UK and the US and 1 leisure and community centre in the UK.
- **SDG 16:** The Company has investments in 4 police facilities and 4 modern justice facilities and a strong governance structure in place in relation to non-discriminatory policies.

It should be noted, however, that regulatory expectations and market practice in respect of Article 10(1)(b) of SFDR are not yet clear, and are expected to evolve over the coming months. The Company therefore reserves its right to periodically update its position on these matters via its website.

6. Other disclosures for SFDR

The Company is required to publish certain other information for the purposes of SFDR.

a) The Company is required by Article 3(1) of SFDR to publish on its website information about its policies on the integration of sustainability risks in its investment decision-making process. This information is set out in section 1 above.

b) As noted above, the Company takes the view that it falls within the scope of Article 8 of SFDR (i.e. that, in general terms, it promotes environmental or social characteristics), and is therefore required by Article 10 of SFDR to publish and maintain on its website the following information (as relevant):

- a description of the relevant environmental or social characteristics - this is included in section 2 above;
- information on the methodologies used to assess, measure and monitor the relevant environmental or social characteristics, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics - this is included in section 5 above;
- the information referred to in Article 8 - this is included in section 2 above;
- the information referred to in Article 11 - in due course, this will require certain information to be included in our periodic reports for the purposes of SFDR, and will therefore be inserted into this document or otherwise published on our website in due course.

It is confirmed that this disclosure dated 30 June 2021 replaces the disclosure dated 10 March 2021 previously made by the Company in relation to SFDR. The Company also reserves the right to make further updates from time to time.