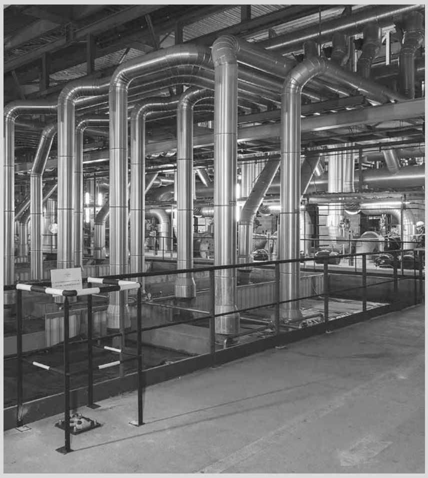
ANTIN
INFRASTRUCTURE PARTNERS

Responsible Investment Policy 2020



Signatory of:

Principles for Responsible Investment

initiative climat international
Private equity action on climate change

Seeing potential | delivering value

Responsible Investment Policy 2020

Founding principles and objectives

Antin is a long-term investor committed to using environmental, social, and governance (ESG) principles as a tool for value creation, in terms of both mitigating risks and seizing opportunities. The cornerstone of our Responsible Investment (RI) Policy hinges on integrating ESG considerations into our investment process. Throughout the investment cycle, engaging in ESG matters allows us to diminish business risks, increase the financial results of our portfolio companies, achieve higher valuations and, ultimately, meet our fiduciary responsibilities.

We also affirm that awareness of ESG topics amongst employees and stakeholders produces a real and positive change in the way people work. Establishing and maintaining trusting relationships with all actors in the investment process is of key importance to us, and going hand-in-hand with this notion is our belief that being a good corporate citizen is good business practice and creates long-term value for our investors.

For these reasons, ESG values continue to be one of the core aspects of our overall investment strategy and remain a priority in our investment committees, at portfolio review committee meetings, and in discussions with management, boards, and investors.

Our commitments

Antin frames its RI Policy around the six principles of the United Nations Principles for Responsible Investment (UN PRI), which we believe provide an important universal framework through which signatories can work together, learn from each other, and form a collective voice on ESG issues. As such, we commit to:

1. Incorporating ESG issues into our investment analysis and decision-making processes.
2. Being active owners and incorporating ESG issues into our ownership policies and practices.
3. Seeking appropriate disclosure on ESG issues by the entities in which we invest.
4. Promoting acceptance and implementation of the UN PRI within the investment industry.
5. Working with other investors to enhance our effectiveness in implementing the UN PRI.
6. Reporting on our activities and progress towards implementing the UN PRI.

Responsible investment governance

Responsible investment activities are overseen by Félix Héon, Antin's Sustainability Director.

Since January 2021, Félix reports monthly to the Antin Sustainability Committee, which was formed at the end of 2020. The Committee is composed of:

- Mélanie Biessy, Senior Partner and Chief Operating Officer;
- Sébastien Lecaudey, Senior Partner and Head of Investor Relations;
- Wendy Ng, Compliance Officer.

Every quarter, the Antin Sustainability Committee's monthly meeting is also attended by the firm's two Managing Partners, Alain Rauscher and Mark Crosbie.

Delivering on our commitments

1. Incorporate ESG issues into our investment analysis and decision-making processes

Asset selection and origination

Antin's strategy is to invest in brownfield infrastructure assets with potential for operational improvements and active capital management. This strategy leads us to invest in companies with existing operations, in industries where ESG issues are often already addressed through thorough monitoring and reporting (i.e. energy and environment, transport, telecommunications, social infrastructure).

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We maintain an exclusion list of areas we refuse to invest in, including weapons manufacturing, tobacco production and distribution, prostitution, coal-based businesses, gambling, pornography, drugs- and alcohol-related activities, and any operation involving serious or systematic human rights violations.

During the initial screening of potential investments, we ensure that a company does not operate in any of the sectors on our exclusion list. We then consider an asset's ESG performance. Because we are committed to working with companies to optimise ESG potential and enhance value creation, a deficient ESG track record will not automatically exclude a company from further consideration, especially if we believe that there is opportunity for substantial improvement, and if we see that a company's ESG management approach is aligned with ours.

ESG due diligence and deal execution

During the due diligence process, Antin's ESG team carries out an analysis to identify the ESG issues which are likely to have a material impact on the financial and operational performance of the target company. This analysis is based on our internal ESG materiality assessment framework, as well as various international standards such as the Sustainability Accounting Standards Board (SASB)'s Materiality Map – an interactive tool that compares ESG issues across different industries.

Due diligence is then performed by our ESG team, along with external consultants and lawyers where required, in order to identify specific business risks and opportunities, outstanding liabilities, and any compliance obligations associated therewith.

Results of that review are documented, shared with the Deal team, and presented at Investment Committee meetings.

When relevant, operating and capital expenditures relating to ESG issues are included in the target company's business plan (e.g. asset maintenance or upgrades to improve a company's environmental or safety performance). Contingency planning is also performed and documented for potential future ESG risks.

2. Be active owners and incorporate ESG issues into our ownership policies and practices

Business transformation and value creation

Antin takes an active role in the companies in which it invests. We aim to acquire majority stakes, and when minority stakes are acquired, we seek to acquire the same rights as larger investors by way of Board representation and a list of reserved matters to ensure we retain joint control over the company. Involvement at the highest level allows us to address ESG risks and opportunities directly with our portfolio companies and initiate change where required.

Post-closing, an in-depth ESG review is conducted by Antin's ESG team, in close collaboration with the Investment team and the portfolio company's Management team. During this review, we perform a thorough assessment of the portfolio company's performance in managing key ESG issues identified during the acquisition phase.

The results of that ESG review are used to highlight areas of progress and establish an ESG performance improvement action plan for the portfolio company. Progress towards implementing this plan is monitored by the Investment team throughout the holding period during regular Board meetings and on-site ESG reviews.

Exit preparation

Nearing the exit phase, Antin's ESG team assesses a portfolio company's ESG progress and achievements since acquisition by using the initial ESG review performed as a benchmark.

Where possible, the impacts of various ESG factors on the portfolio company's financials are also measured, and when relevant, this information is then incorporated into exit operations to demonstrate to prospective buyers the business value created through ESG.

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3. Seek appropriate disclosure on ESG issues by the entities in which we invest

During the holding phase, we constantly monitor the ESG performance of our portfolio companies as part of the risk management process. ESG issues are specifically itemised for discussion at our quarterly Portfolio Review Committee (PRC) meetings and addressed directly with our portfolio companies during each Board meeting.

Moreover, in 2011, we implemented a comprehensive ESG survey which must be completed by all of our portfolio companies annually. This survey, which is regularly revised and updated, includes both general and company-specific questions in a wide range of ESG areas, including climate change, resource efficiency, environmental pollution, health and safety, human capital management, stakeholder engagement, corporate governance, business ethics, data security, responsible sourcing, and societal impact.

In 2018, we implemented an online ESG reporting platform to improve the effectiveness of our ESG data collection and monitoring process. On this platform, portfolio companies can access our annual ESG survey, report their company's data, upload required attachments, as well as track and monitor progress.

4. Promote acceptance and implementation of the UN PRI within the investment industry

Antin actively engages with co-investors and sponsors on the rationale for responsible investment and the development of good practices. We have also communicated our RI Policy and ESG expectations to relevant stakeholders (i.e. investors, fellow shareholders, company employees, and other third parties), from whom we have received strong acceptance and support for our initiatives.

Furthermore, our participation in industry initiatives and groups such as Invest Europe, France Invest, and the International Climate Initiative (iCi) helps to promote the acceptance and implementation of the UN PRI.

5. Work with other investors to enhance our effectiveness in implementing the UN PRI

Antin continually collaborates with peers in order to inform, develop, and promote the widespread adoption of responsible investment strategies through various industry groups, such as the Global Infrastructure Investor Association (GIIA), Invest Europe, and France Invest. We are also an active member of the UN PRI community, regularly attending and participating in the organisation's events, conferences, workshops, and webinars.

Furthermore, in 2020, Antin took over leadership of the French network of the iCi, the world's first private equity-focused initiative on climate change, now endorsed by the UN PRI. Through this initiative, we have committed to measuring and gradually reducing the greenhouse gas (GHG) emissions of our carbon intensive portfolio companies and sharing best practices with other signatories.

6. Report on our activities and process towards implementing the UN PRI

Antin provides ESG data and information to its investors through acquisition, annual, and exit reporting. Our yearly ESG report includes information about our firm's progress towards implementing the UN PRI as well as the ESG performance of our portfolio companies.

We also provide an ESG update at our annual Investor Day and regularly communicate our RI Policy to relevant stakeholders (i.e. investors, fellow shareholders, and other third parties).

Responsible Investment Policy 2020 (continued)

A materiality-driven approach

We apply the concept of materiality when determining which ESG issues to address in our portfolio. This approach allows us to remain pragmatic and ensures that our ESG efforts are aligned with what matters the most to our portfolio companies' business and stakeholders.

To assess the materiality of an ESG issue, we consider the various risks that it could pose to a company's business as well as the value creation opportunities it might offer.

Examples of risks that we consider when assessing the materiality of ESG issues include, but are not limited to:

- Compliance risk – risk of financial penalties, legal issues or material business loss resulting from the failure to comply with ESG-related laws or regulations;
- Regulatory risk – risk of a change in ESG-related laws and regulations that could potentially lead to financial penalties, legal issues or material business loss;
- Business risk – risk of material business disruption or revenue loss resulting from inadequate or failed internal processes, people, and systems for addressing a given ESG issue (e.g. employee injuries, fatalities, strikes, environmental pollution incidents, business contract loss, etc.);
- Reputational risk – risk of possible damage to a company's brand and reputation resulting from the failure to address ESG issues perceived as highly important to key stakeholders.

Examples of value creation opportunities that we consider in order to assess the materiality of ESG issues include, but are not limited to:

- Reduction in carbon emissions costs;
- Reduction in operational costs associated with energy, fuel, and water use;
- Reduction in insurance premium costs associated with employee accidents or environmental or climate change-related threats;
- Reduction in uninsured costs associated with employee accidents (e.g. replacement costs, lost time, extra wages, sick pay, production delays, legal costs, site clearance, accident investigation, etc.);
- Reduction in employee absenteeism costs (e.g. wages paid to absent employees, high-cost replacement workers, administrative costs, etc.);
- Reduction in turnover costs (e.g. costs of recruiting, hiring, and training new employees);
- Improvement of brand value and reputation;
- Assurance of social license to operate;
- Enhancement of employee productivity, motivation, morale, wellbeing, and engagement.

Below is a sample of the ESG issues we assess across our portfolio and through our annual ESG survey:

Environment

Climate change
- GHG emissions
- Exposure to climate change-related risks (i.e. physical and transition risks)

Resource efficiency
- Energy management
- Water management
- Fuel management

Environmental pollution
- Air pollution
- Ecological impacts
- Noise pollution
- Waste management

Social

Health and safety
- Employee health and safety
- Subcontractor health and safety
- Customer health and safety

Human capital management
- Labour relations
- Employee wellbeing and retention
- Employee training and development

Community engagement
- Impacts on local communities

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Governance

Ethics and governance
- Bribery and corruption
- Fraud
- Conflicts of interest

Data security
- Cybersecurity
- Personal data protection

Responsible sourcing
- Supply chain ESG risks
- Third-party ESG impacts (e.g. suppliers, contractors, etc.)

Incorporating climate change into our investment strategy

As an infrastructure investor, we are aware of the potential impacts that some of our portfolio companies may have on the climate, as well as the various physical (i.e. physical impacts from changing climate patterns) and transition (i.e. policy, legal, technological, and market changes) risks they could be exposed to. Furthermore, we recognise that thoroughly addressing and providing solutions to climate change can be a source of opportunity. As such, climate change is an integral part of our responsible investment strategy. Our commitment to climate change action is further evidenced through our involvement in the iCi.

During the acquisition phase, our ESG due diligence process involves an extensive analysis of climate change-related risks, such as changing regulations and carbon pricing mechanisms, technical hazards, sea-level rise, and extreme weather events. We also assess opportunities that could derive from climate change, such as reducing energy costs by using more energy-efficient technologies.

During the holding period, we measure and monitor the GHG emissions of our carbon intensive companies as part of our annual ESG survey, and we work with them to develop and implement carbon reduction and climate change adaptation measures.

Assessing our contributions to the SDGs

All of our investments have a significant societal function, and we constantly seek to capture and maximise their positive impacts. We view the UN Sustainable Development Goals (SDGs) as an established standard through which we can measure companies' positive contributions. The SDGs also provide a universally recognised framework which we can use in order to work with companies to enhance their impacts. As such, we are committed to aligning our portfolio's activities with the SDGs. In 2019, we assessed how our portfolio companies might contribute to the SDGs and introduced new SDG-aligned KPIs into our annual ESG survey. We incorporated these KPIs into our 2019 Sustainability Report and will continue to collect SDG-based KPIs and related information going forward, so that we can systematically track our portfolio's societal impacts and contributions to the SDGs.

Modification

The subjects dealt with in this Policy are a constant subject of discussion, both within the Antin organisation and outside. Antin will periodically revise this Policy, at least every year and after any significant change in the insights on which it is based.

Contact

For additional information, please contact Antin's Sustainability Team:

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Disclaimer

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