Entity and Product level disclosures: sustainability risks, principal adverse impacts and remuneration policy disclosures for the Sustainable Finance Disclosure Regulation

(SFDR level 1)

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BBGI Global Infrastructure S.A.

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BBGI is a global infrastructure investment company helping to provide the responsible capital required to build and maintain essential 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, sustainable and predictable shareholder returns.

Objective

This document specifically addresses SFDR Level 1 Articles 3, 4, 5, 6 and 7 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.

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.

[1] Social infrastructure is the provision of public infrastructure assets and services and includes schools, healthcare, blue light (fire and police stations), modern correctional facilities, leisure and community facilities, affordable housing, clean energy 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 (sustainability risk policy at entity and product level)

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Integration of sustainability risks into investment decisions

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

1. Investment opportunity identified
2. Research & due diligence
3. Preparation of report
4. Consideration by committee
5. Approval

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 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 investment 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 an 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, diversity 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, the ESG section for the investment committee paper is prepared. This contains a summary of the recommendation, the reasons why they are making a positive or negative recommendation, and the ESG due diligence findings. If any third-party reports have been obtained, these are summarised. The ESG section also includes a dedicated section headed "Sustainability risk screening", which includes a summary and analysis of the relevant issues.

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 principal adverse impacts (entity and product level disclosures)

ARTICLES 4 AND 7 OF SFDR

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

BBGI considers the principal adverse impacts of its investments on sustainability factors, as part of its investment decision-making, monitoring process and procedures. For sustainable investments this means targeting investments that do not cause any significant harm to any social or environmental sustainable investment objective and follow good governance practices.

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.

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

1 Sourcing

- Positive and negative screening to determine compatibility with BBGI's ESG policy
- Public data searched to identify ESG issues
- Screen potential new investments against a pre-defined exclusion list of certain types of activities that cause significant harm to society and/or the environment, without counterbalancing benefits.

  The exclusion lists below are based on:

Environmental grounds, such as:

- exploration, mining, extraction, distribution (including transportation, storage, and trade), or refining of coal and lignite;
- exploration, extraction, distribution (including transportation, storage, and trade), or refining of oil or any other form of liquid fossil fuels;
- exploring, extraction (including storage, and trade) of gas, or any other form of fossil gaseous fuels; and
- destruction of critical habitats in such a way that the area's ability to maintain its role is lost, causing irreparable damage and/or major degradation of tropical natural forests or high nature value areas.

Social grounds, such as:

- manufacture, trade of arms and/or controversial weapons (anti-personnel mines, nuclear weapons, cluster weapons, chemical weapons, and biological weapons);
- combat-related activities, except for investments in assets whose primary function is the provision of defence-related facilities (e.g. accommodation and training);
- breach of fundamental human rights (as defined by the Ten Principles of the United Nations Global Compact)
- modern slavery and human trafficking;
- adult entertainment;
- gambling businesses;
- alcohol production or distribution; and
- tobacco production or distribution.

Governance grounds, such as key stakeholders' involvement in:

- money-laundering activities;
- terrorism financing.

2 Due diligence

- Align responsible investing approach to the SDG framework and specifically focus on aligning any potential investment to at least one SDGs where BBGI's social investment portfolio has 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.
  - SDG 13: Climate action ('do no significant harm').
- Detailed proprietary ESG KPI survey covering SFDR principal adverse sustainability impacts indicators
- ESG assessment completed as part of Investment Committee papers
- Seek when necessary appropriate environmental, climate and technical due diligence carried out by independent third-party experts
- Anti-money laundering screening and counter-terrorism financing database checks

3 Stewardship

- Implement ESG policies at Portfolio Company level
- Review and monitor assets for ESG-related issues and performance
- Assess climate risk against a 'Paris-Aligned' RCP 2.6 scenario (~+1°C warming) and a 'High emissions' RCP8.5 scenario (~+3.7°C warming) across three time periods (2020, 2050, and 2100)
- Regular employees training regarding ESG
- Review staff's achievement of ESG targets and executive compensation tied to ESG
- Management Board's STIP and LTIP targets contain ESG and GHG reduction targets
- Seek to share ESG best practices internally and externally
- Share ESG information acquired during concession period with our public sector clients

4 Monitoring

- Annual ESG KPI monitoring for each investment
- Active ESG management at the Portfolio Company level through engaged board representation
- Regular health and safety audits, fire audits, or other similar monitoring
- Consider investing to improve energy efficiency and reduce GHG emissions/decarbonisation pathways
- Where a potential climate risk is identified, monitor if mitigation measures can be implemented over time
- Annual reporting of ESG initiatives
- Identify areas of improvement

5 Reporting

- Communicate results to stakeholders
- Annual reporting in line with ESG standards (SFDR, UN PRI, UN Global Compact, NZAM, and TCFD)
- Continuous improvement of process and reporting

6 End of investment life

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

Identification and prioritisation of principal adverse sustainability impacts and indicators

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.

All of BBGI's investments are screened on an annual basis against Principal Adverse Sustainability Impact indicators.

A summary of Principal Adverse Impact indicators is presented here:

Principal Adverse Impact	Principal Adverse Impact indicators
Climate and other environment-related indicators	
Greenhouse gas emissions	GHG emissions
	Carbon footprint
	GHG intensity of Portfolio Companies
	Exposure to companies active in the fossil fuel sector
	Share of non-renewable energy consumption and production
	Energy consumption intensity per high impact climate sector
Energy performance	Breakdown of energy consumption by type of non-renewable sources of energy
Biodiversity	Activities negatively affecting biodiversity-sensitive areas
	Natural species and protected areas
Water	Emissions to water
Waste	Hazardous waste and radioactive waste ratio
Social and employee, respect for human rights, anti-corruption and anti bribery matters	
Social and employee matters	Violations of UN Global Compact ('UNGC') principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises
	Unadjusted gender pay gap
	Board gender diversity
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
	Investments in companies without workplace accident prevention policies
	Lack of a supplier code of conduct
Human rights	Share of investments in entities without a human rights policy
Anti-corruption and anti-bribery	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption

Description of principal adverse sustainability impacts and of actions to address principal adverse sustainability impacts

ARTICLE 4(2)(b) OF SFDR

Principal Adverse Sustainability Impact indicators	How are the Principal Adverse Sustainability Impact indicators taken into account?
Climate and other environment-related indicators	
Greenhouse gas emissions and Energy performance	
1. GHG emissions 2. Carbon footprint 3. GHG intensity of Portfolio Companies 4. Exposure to companies active in the fossil fuel sector 5. Share of non-renewable energy consumption and production 6. Energy consumption intensity per high impact climate sector 7. Breakdown of energy consumption by type of non-renewable sources of energy	**General approach:** BBGI sets a goal of contributing to the objectives of the Paris Agreement: – By 2030, we aim 70% of our AUM ('Financed emissions[3]') to be net zero, aligned, or aligning to net zero by 2030. This means that by 2030, 70% of our Portfolio Companies (by value) will have a long-term goal to be net zero by 2050 or sooner. – By 2040, we have a goal to have 100% of our AUM to be net zero, aligned or aligning to net zero. The GHG emissions from our investments represent our 'Financed Emissions'. Our Financed Emissions targets cover Scopes 1, 2 and to the extent possible material Scope 3 (when they are material to the Portfolio Company). 100% of Portfolio Companies are requested to report Scope 1, 2 and to the extent possible material Scope 3. BBGI reports on its Financed Emissions in accordance with the GHG Protocol and PCAF guidance. If a Portfolio Company does not disclose this information or when the data is not available, it is estimated where possible. For building assets, as Portfolio Companies have no or very limited control of an asset's source of energy (as utilities such as electricity and fuel are within the control of the public sector client) we nevertheless endeavour to use our influence to encourage the switch to renewable energy sources where an opportunity presents itself. For transportation assets, the Portfolio Companies have some level of operational control over the procurement and monitoring of electricity, heating and cooling installations at the operator's site depot. Where this is the case, BBGI will continue to engage with Portfolio Companies to upgrade or replace equipment to more efficient ones. BBGI collects primary activity data from its Portfolio Companies in order to report on the GHG emissions for the entire portfolio. Each GHG inventory is to be consistent with the GHG Protocol and includes Scope 1, 2 and to the extent possible material Scope 3 emissions. The assumptions and conversion factors were either performed by or validated with an external advisor. BBGI's portfolio contains 'High impact climate sectors', which for BBGI's portfolio corresponds to transportation investments (under the NACE Code H52.2.1 - Service activities incidental to land transportation). **Engagement:** By 2030, we aim 90% of our financed emissions are subject to direct or collective engagement and stewardship actions. BBGI plans to engage with key high emitters in our portfolio and share the outcome of all GHG inventories with our public sector clients, the entity which typically has operational control over the emissions (particularly for building assets Scope 1 and 2 emissions), to discuss emission reduction strategies. Construction of new infrastructure or rehabilitation of existing infrastructure in high impact climate sector (maintenance of rail infrastructure, roads and bridges) can have high energy intensity. In this regard, BBGI encourages the increased use of renewable energy sources, and the decrease of the share of the share of non-renewable energy, either consumed or produced. **Exclusions:** BBGI's exclusion policy outlines the exclusion of activities with highly negative climate impacts (e.g. thermal coal, fossil fuels).

[3] GHG emissions of our portfolio companies ('Financed Emissions')

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Biodiversity	
8. Activities negatively affecting biodiversity-sensitive areas	**General approach:** While transportation assets provide economic benefits, aim to reduce traffic volumes, and support the safe and efficient movement of goods and people, BBGI recognises the impact that building, operating, and maintaining a social infrastructure facility can have on biodiversity-sensitive areas. All projects were initiated and procured by our public sector clients, in compliance with national and supranational environmental regulations. For a limited number of projects which are located near to biodiversity-areas, an Environmental Impact Assessment compliant with relevant environmental regulations was performed, and the required mitigation or compensation measures for protecting the environment and biodiversity were implemented. **Engagement:** BBGI aims to implement a biodiversity policy as part of its standard BBGI policies for its Portfolio Companies. The objective of this biodiversity policy is to set high-level principles and best practice standards for the preservation of biodiversity, ecosystems and natural habitats, directly affected and managed by our Portfolio Companies. While we recommend that the biodiversity policy be used as a standard policy at all Portfolio Companies, it is not always possible to achieve 100% adoption when we have co-shareholders. **Exclusions:** BBGI's exclusion policy outlines the exclusion of activities with highly negative impacts on biodiversity (e.g. irreparable damage and/or major degradation caused to tropical natural forests or high nature value areas).
9. Natural species and protected areas	**General approach:** All projects are required to comply with local and national regulations regarding the preservation of natural species and protected areas. All projects were initiated and procured by our public sector clients, in compliance with national and supranational environmental regulations. For a limited number of projects which operations may affect threatened species, an Environmental Impact Assessment compliant with relevant environmental regulations was performed, and the required protection or restoration measures for protecting the species were implemented. BBGI continues to monitor whether other protection or restoration measures will be required in the future. Such measures aim to contribute to eliminating the duration, intensity and/or extent of potential adverse biodiversity impacts, such as: – Measures to reduce noise and pollution. – Design to minimise impact on natural habitats and local species. – Wildlife crossing corridors. – Creating habitats for indigenous species (i.e.: bat boxes, butterflies, birds or waterfowl habitats, beehives, salmon spawning habitats, fish ladders). – Incorporating green spaces (planting trees or local species) into local environments. – Restoration measures aimed at improving degraded or removed ecosystems following an exposure to impacts that cannot be completely avoided or minimised. **Exclusions:** BBGI's exclusion policy outlines the exclusion of activities with highly negative impacts on biodiversity (e.g. irreparable damage and/or major degradation caused to tropical natural forests or high nature value areas).
Water and Waste	
10. Emissions to water	**General approach:** All projects are required to comply with local and national regulations regarding wastewater treatment. BBGI monitors whether any emissions to water have been generated by a Portfolio Company. **Engagement:** BBGI will continue to engage with the small number of Portfolio Companies in question, to monitor whether any water containing pollutants are potentially released to surface water, ground water or rivers without any prior treatment.
11. Hazardous waste and radioactive waste ratio	**General approach:** All projects are required to comply with local and national regulations regarding hazardous waste treatments. BBGI monitors whether any hazardous waste or radioactive waste could have been generated by the Portfolio Company.

	For a limited number of assets, we have identified the type of hazardous waste being generated at the asset, which, in all cases, is outside of the Portfolio Company's operational control. – Transportation assets: hazardous waste is either due to debris or spills following collisions which are either left on the road or spill into road gullies. – Major hospitals: hazardous waste is either due to cytotoxic, clinical, or pharmaceutical waste. At each asset appropriate containment measures or means of decontamination and disposal are in place. **Engagement:** BBGI will continue to monitor whether other containment measures will be required in the future. **Exclusion:** BBGI's exclusion policy outlines the exclusion of activities whose main processes generate radioactive waste (e.g. the manufacture of nuclear weapons).
Social and employee, respect for human rights, anti-corruption and anti bribery matters	
Social and employee matters	
12. Violations of United Nations Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	**General approach:** As a signatory to the UNGC, BBGI aims to act in accordance with the UNGC Ten Principles and is guided by international standards to assess the behaviour of its Portfolio Companies. The Ten Principles of the UNGC are derived from: the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. The Ten Principles of the UNGC are: (see table below) In its annual communication on progress, BBGI discloses the continuous efforts to integrate the Ten Principles into its business strategy, culture and daily operations, and contribute to United Nations goals, including the Sustainable Development Goals. BBGI's communication on progress can be found here: https://cop.unglobalcompact.org/view/9271 **Engagement:** On a daily basis, BBGI screens the key counterparties to the Portfolio Companies (vendor, equity partners, etc.) against the most up to date watchlists maintained by the UN, EU, FATF and national regulators with aim to ensure that they have not been exposed to any violations of the UNGC Guiding Principles and the OECD Guidelines for Multinational Enterprises. As part of our ESG monitoring, BBGI also monitors all its investments to verify that they have not been exposed to any violations of the Ten Principles of the UNGC. **Exclusions:** BBGI's exclusion policy outlines the exclusion of any investments in breach of fundamental human rights, according to the Ten Principles of the UNGC (e.g. forced labour, child labour).
13. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles	**General approach:** As a signatory to the UNGC, BBGI aims to act in accordance with the UNGC Ten Principles and is guided by international standards when assessing the behaviour of its Portfolio Companies.

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

and OECD Guidelines for Multinational Enterprises	Our commitment to these principles means that BBGI expects Portfolio Companies to formally commit to the respect of human rights, and are expected to apply a zero-tolerance approach for human rights violations and incidents. **Engagement:** BBGI aims to implement a Responsible Contractor Policy as part of the BBGI standard policies. The Responsible Contractor Policy describes the Portfolio Company's commitment to ensuring high standards of environmental, social and governance performance within its supply chain. While we recommend the Responsible Contractor Policy as a standard policy at all Portfolio Companies, it is not always possible to achieve 100% adoption when we have co-shareholders. BBGI will continue to engage with Portfolio Companies to implement adequate policies and monitor ongoing compliance. **Exclusions:** BBGI's exclusion policy outlines the exclusion of any investments in breach of fundamental human rights, according to the Ten Principles of the UNGC (e.g. forced labour, child labour).
14. Unadjusted gender pay gap	**General approach:** BBGI actively works to prevent any discrimination in all aspects of the business, employment policies and practices wherever possible, including with regards to compensation and benefits. It is impractical for BBGI to report on gender pay gap, as the majority of our Portfolio Companies do not have any employee, and among the remaining ones, most employ a small workforce. This makes calculating a gender pay gap infeasible, as the sample size is very small, and there are no instances where individuals of different genders perform the same role. **Engagement:** BBGI will continue to monitor fair remuneration practice as part of our ESG monitoring.
15. Board gender diversity	**General approach:** BBGI recognises the value of having a diverse workforce from different backgrounds and with different abilities, providing the Fund with a 'diversity of thought'. Diversity of thought is about recognising how different perspectives, skills, abilities, knowledge, attitudes, and information styles, or a combination of these, inform the Fund's approach to solving problems. This diversity can be influenced by many factors either visible or known, and thus measurable (nationality, race, colour, gender, age, ethnicity, civil partnership, education) or non-visible (physical or mental disability, sexual orientation, religious beliefs, cultural and socio-economic background). **Engagement:** BBGI's Supervisory Board membership is 60% female with a female Chair. BBGI acknowledges the challenges to improve diversity of its boards considering the limited size and very stable structure of BBGI asset managers who represent BBGI on our Portfolio Companies' boards. BBGI will continue to monitor diversity practices as part of our ESG monitoring.
16. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	**General approach:** Prior to any acquisition, potential investments are screened against BBGI's exclusion list which prohibits any investment in controversial weapons. **Exclusion:** BBGI's exclusion policy outlines the exclusion of activities involved in the manufacture or selling of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
17. Investments in companies without workplace accident prevention policies	**General approach:** BBGI endorses a zero-tolerance approach to occupational health and safety incidents. Our asset managers actively work with the Portfolio Companies to promote a strong health and safety culture, facilitating the sharing of best practices and promoting appropriate governance structures across our various Portfolio Companies. Additionally, in most cases, each Portfolio Company regularly conducts a fire or health and safety audit. **Engagement:** BBGI aims to implement a health and safety policy as part of the BBGI standard policies. Health and safety is on the agenda of every Portfolio Company board meeting and BBGI engages with its Portfolio Companies to implement health and safety audits. In cases where there is a lost time incident reported in one of our Portfolio Companies, an investigation is generally conducted to identify the root cause, and measures are implemented to reduce the possibility of it happening again.

18. Lack of a supplier code of conduct	**General approach:** As a signatory to the UNGC, BBGI acts in accordance with the UNGC Ten Principles and is guided by international standards when assessing the behaviour of its Portfolio Companies. A cornerstone of our active asset management approach is the establishment of a strong governance framework at each Portfolio Company. As part of our ESG monitoring, we ask our subcontractors to confirm that they act in compliance with our Responsible Contractor Policy or an equivalent one. **Engagement:** BBGI will continue to engage with the Portfolio Companies which do not have a Responsible Contractor Policy or have a similar requirement in place. In addition to the Responsible Contractor Policy mentioned above, BBGI aims to implement a code of conduct as part of the BBGI standard policies. The code of conduct describes the high-level principles and widely recognised ethical standards in the conduct of business of the Portfolio Company by every employee, director or board member. That code of conduct is also aligned with the code of conduct in place for the BBGI Group as a whole.
Human rights	
19. Share of investments in entities without a human rights policy	**General approach:** As a signatory to the UNGC, BBGI acts in accordance with the UNGC Ten Principles and is guided by international standards when assessing the behaviour of its Portfolio Companies. Our commitment to these principles means that BBGI expects Portfolio Companies to formally commit to the respect of human rights, and are expected to apply a zero-tolerance approach to human rights violations and incidents. **Engagement:** BBGI aims to implement an Anti-slavery & human trafficking policy (or equivalent Modern Day Slavery statement in the UK) across all its Portfolio Companies. On an annual basis, BBGI monitors the number of cases and incidents (if any) related to severe human rights issues across our Portfolio Companies. Those could be considered in comparison with the rights, freedoms and principles set out in UNGC Principles; and/or the OECD Guidelines for Multinational Enterprises; and/or the UN Guiding Principles on Business and Human Rights. BBGI will continue to engage with the Portfolio Companies which do not have an Anti-slavery & human trafficking policy in place (or equivalent Modern Day Slavery statement in the UK) in place. On a daily basis, BBGI screens the key counterparties to the Portfolio Companies (vendor, equity partners, etc.) against the most up to date watchlists maintained by the UN, EU, FATF and national regulators to identify any alerts relating to money laundering or terrorism financing concerns, criminal investigations or prosecutions, targeted financial sanctions or adverse media in relation to those counterparties. **Exclusions:** BBGI's exclusion policy outlines the exclusion of any investments in breach of fundamental human rights, according to the Ten Principles of the UNGC (e.g. forced labour, child labour).
Anti-corruption and bribery	
20. Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	**General approach:** As part of our commitment to upholding the Ten Principles of the UNGC, BBGI supports and upholds the principle of working against corruption in all its forms, including extortion and bribery. A cornerstone of our active asset management approach is to establish a strong governance framework at each Portfolio Company. **Engagement:** BBGI aims to implement a code of conduct as part of the BBGI standard policies and is committed to avoiding corruption in all its forms and to complying with anti-bribery, anti-fraud and anti-money laundering laws applicable to them. BBGI aims to implement an Anti-bribery and anti-corruption policy across all its Portfolio Companies. BBGI shall verify, on a best-effort basis, that the policies on anti-bribery and anti-corruption in place are in essence consistent with the UN Convention against Corruption. BBGI will continue to engage with the Portfolio Companies which do not have a code of conduct or Anti-bribery and anti-corruption policy in place.

Summary of engagement policies

ARTICLE 4(2)(c) OF SFDR

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 Portfolio Companies over time to promote good governance.

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. 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.

Engagement with local communities

The positive experience of the people who use 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/esg/case-studies/)

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 not 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

- 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.
- BBGI is a member of ALFI ('Association of the Luxembourg Fund Industry') in Luxembourg, which lobbies local government on topics such as ESG and relevant legislations.
- BBGI publicly supports the Paris Agreement. BBGI is a TCFD supporter since 2020, committed to supporting the goal of net zero GHG emissions by 2050 or sooner.
- BBGI will disclose the portfolio Scope 1, 2 and to the extent possible material Scope 3 emissions, in accordance with the GHG Protocol operational control approach.
- BBGI is a signatory to the Net Zero Asset Managers Initiative and publishes its net zero targets in line with the Paris Aligned Investment Initiative Net Zero Investment Framework.
- BBGI is a signatory of UN Principles for Responsible Investments since 2019 and publishes a Transparency Report. We apply the Six Principles in our responsible investing approach.
- BBGI is a signatory of the UN Global Compact since 2020 and publishes its Communication on Progress every year. We actively monitor the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption in our operations and across our Portfolio Companies. The Ten Principles of the UNGC are derived from: the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.
- BBGI aims, that the policies on anti-bribery and anti-corruption in place at Portfolio Companies are in essence consistent with the UN Convention against Corruption.
- BBGI screens the key counterparties to the Portfolio Companies (vendor, equity partners, etc.) against the most up to date watchlists maintained by the UN, EU, FATF and national regulators with aim to ensure that they have not been exposed to any violations of the UNGC Guiding Principles and the OECD Guidelines for Multinational Enterprises.

3. Remuneration policies (entity level disclosures)

ARTICLE 5 OF SFDR

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*[4]".

[4] Recital 22, SFDR

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