

Energy & Infrastructure

Approach to sustainability

Downing

At Downing, we believe that sustainable infrastructure plays a vital role in the road to Net Zero and the transition towards a way of living that protects our planet for future generations. Downing-managed funds have made around 150 investments into renewable energy generation projects over the past decade, and sustainable investing has been a long-term focus.

Central to Downing's ethos is a commitment to be a "Responsible Investor". Accordingly, we have published a firm-wide Responsible Investment Policy which sets out our ambition to be at the forefront of responsible investment through our guiding principles of integration, active ownership and transparency. This document outlines how we implement these principles in our Energy & Infrastructure practice.

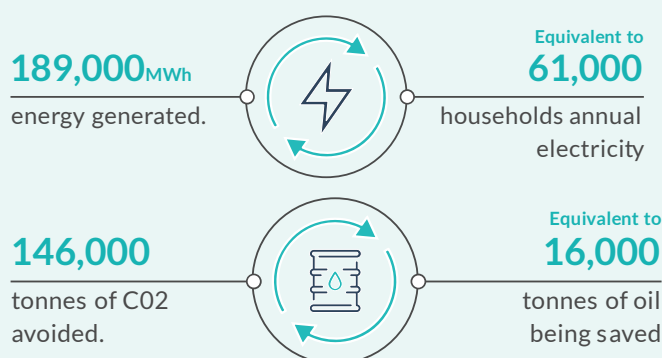
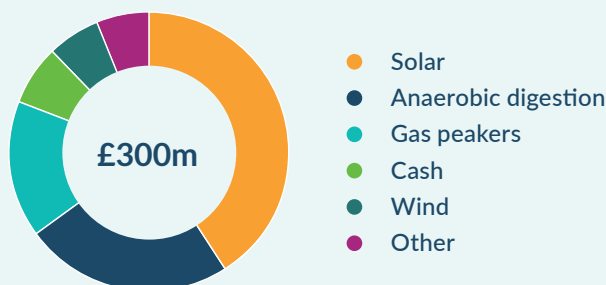
Our E&I portfolio and investment strategy

We aim to generate sustainable returns with an element of capital growth by investing in a range of renewable energy generation and infrastructure assets primarily in the UK, Ireland and Northern Europe. We invest at all stages of the project lifecycle, from development stage through to operations, noting the different ESG considerations at the different stages.

No investments will be made in companies which derive a significant portion of their revenues from fossil fuels unless the purpose of the investment is to transition those companies away from fossil fuels and towards a more sustainable future.

The current mix of assets is shown below along with other key sustainability statistics.

Assets under management at December 2020



Product

- We consult and take into account the needs and expectations of clients and beneficiaries when we create and review investment mandates.

Pre-investment

- We use a proprietary tool to assess material ESG risks and opportunities.
- Given their nature, investments may also require environmental or social studies which also inform our analysis.
- ESG matters are included in investment papers, discussed throughout the decision-making process and are a mandatory agenda item at Investment Committee (IC).

Stewardship

- Where material ESG concerns are identified, KPIs agreed with the IC will be closely monitored.
- We require compliance with relevant laws and regulations and a code of ethics and/or anti-corruption policy.

ESG integration throughout the investment life cycle



Reporting

- We report annually to the PRI and UNGC and this will be extended to the FRC on acceptance of our stewardship code application.
- We include material ESG factors & impact in our investor reporting.
- We are working towards TCFD compliant reporting from 2021.

Exit

- Where pertinent, we will disclose ESG information as part of our divestment package including KPI performance.
- We will endeavour to quantify and report on ESG impact.

Review

- We review our policies and procedures regularly to ensure they remain relevant in the context of our business, the Energy & Infrastructure marketplace and the evolution of the Responsible Investment agenda.

ESG integration in Energy & Infrastructure

We are committed to integrating ESG considerations through the life cycle of our investments in a way that best aligns to the nature of our assets under management or construction.

Behind this approach is a large team of highly skilled investment professionals, that share our values and passion for responsible investing and have many years of experience in infrastructure investment. The head of the team retains ultimate responsibility for this Strategy and its implementation.

Ongoing monitoring of sustainability KPIs is performed by our own in-house asset management team of 18 professionals who aim to add sustainable value through active asset management.

By having internal investment and asset management teams, we believe we can exercise a higher degree of influence and so better manage risks and realise opportunities in both our investment and ongoing monitoring processes. We believe that this will result in attractive returns for our investors whilst contributing to the successful transition to a net-zero carbon economy, resulting in a cleaner, greener future for us all.

Our commitment comes from the top of the organisation; our CEO, COO and Head of Investment's compensation is linked to the ESG performance of the portfolio. We are committed to high standards of disclosure and will report in line with Taskforce for Climate-related Financial Disclosure guidelines from 2021.

Material ESG factors in Energy & Infrastructure

Downing initially conducted an analysis of material ESG risks for each of our target sectors based on the Sustainability Accounting Standards Board (SASB) materiality map. This was further refined to take into account geopolitical factors and anticipated changes to regulatory regimes in the relevant locations.



Social

People

- Promoting high labour and Health & Safety standards across our teams
- Sustainable procurement of contractors, aligned to our internal social expectations
- ESG investment training programme for our own staff

Market & Products

- Ensuring high quality product design and development that promises and delivers positive outputs and meets target financial returns

Communities

- Considering local aspects and needs as part of each project including, in some circumstances, a contribution of energy or investment to local projects

Governance

Board & organisational structure

- Driving diversity, accountability and independence at board level
- Internal infrastructure asset management focused on maximising value

Risk Management & Compliance

- Strict and robust approach to risk management, including ESG factors
- Requiring compliance with relevant policy and regulatory requirements at all times including Environmental Impact Assessments

Business Ethics & Transparency

- Transparent reporting on the ESG performance of our assets in both annual fund/company accounts and regular investor reporting
- Strong conflict of interest policies and a committee with an independent chair

Environmental

Climate Change

- Maximising positive sustainability outcomes from our operations and supporting the achievement of net-zero targets
- Building resilient assets through consideration of climate change adaptation and mitigation requirements
- Facilitating the transition away from fossil fuels towards sustainable sources of energy

Resource Efficiency

- Procuring sustainable materials that can be reused or recycled at the end of the asset's intended life
- Protecting and (where possible) enhancing biodiversity and making efficient use of land

Impacts & Pollution

- Preventing negative environmental impacts, including pollution and waste related, through active management of identified risks
- Operating within the parameters of any environmental permit, licence or authorisation which may be required for the management of adverse impacts

WE SUPPORT



Downing LLP is committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour the environment and anti-corruption.

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Signatory of:



We support three main Sustainable Development Goals

