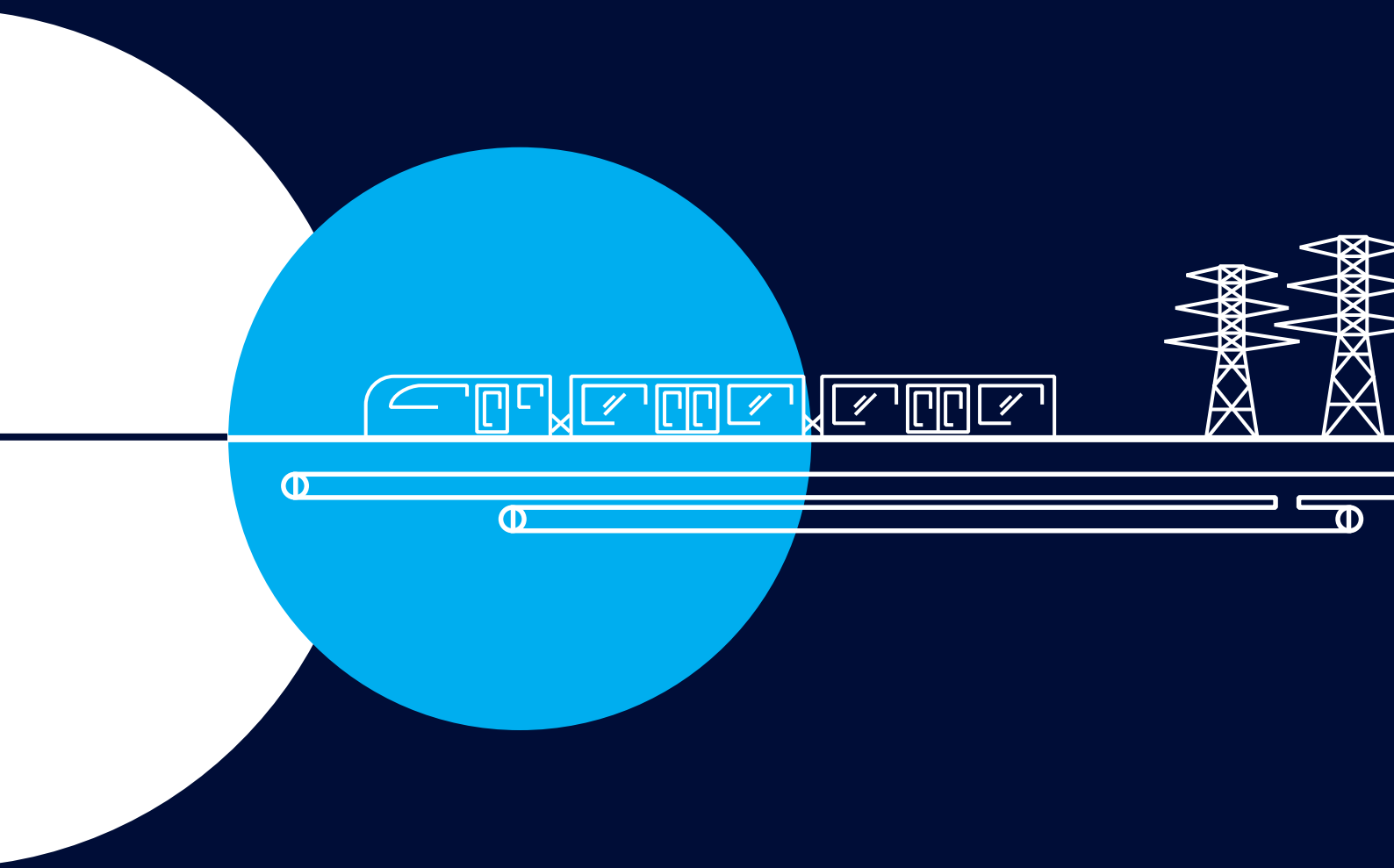


# Stewardship Policy

2024



## CONTENTS

<b>INTRODUCTION</b>	2
1. <b>PURPOSE, STRATEGY AND CULTURE</b>	3
2. <b>GOVERNANCE, RESOURCES AND INCENTIVES</b>	3
3. <b>CONFLICTS OF INTEREST</b>	4
4. <b>PROMOTING WELL-FUNCTIONING MARKETS</b>	4
5. <b>REVIEW AND ASSURANCE</b>	4
6. <b>CLIENT AND BENEFICIARY NEEDS</b>	5
7. <b>STEWARDSHIP, INVESTMENT AND ESG INTEGRATION</b>	5
8. <b>MONITORING MANAGERS AND SERVICE PROVIDERS</b>	5
9. <b>ENGAGEMENT</b>	6
10. <b>POLITICAL ENGAGEMENT</b>	6
11. <b>COLLABORATION</b>	7
12. <b>ESCALATION</b>	7
13. <b>EXERCISING RIGHTS AND RESPONSIBILITIES</b>	7

## INTRODUCTION

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society. Stewardship activities can include investment decision making, monitoring portfolio companies and service providers, engaging with investee Boards as a non-Executive Director or fulfilling responsibilities as a Board Director, engaging with management teams and holding them to account on material issues, collaborating with others and exercising rights and responsibilities.

At Dalmore Capital Limited (Dalmore) our culture, governance arrangements, investment process and internal policies aim to promote effective stewardship and long-term outcomes for our clients. Effective stewardship provides an opportunity for Dalmore to identify and influence pressing environmental, social and governance issues facing investors. Dalmore takes an active approach to stewardship throughout its investment and asset management processes.

Our commitment to responsible stewardship is demonstrated by our signatory status to the UN Principles for Responsible Investment (Principles). We have been committed to upholding the Principles since 2013 and are committed to aligning our work with the respective Principles of responsible investment and ownership.

The UK Stewardship Code 2020 (the Code) aims to enhance the quality of engagement between institutional investors and companies to help create long-term and sustainable value for clients and beneficiaries. Dalmore recognises the importance of the Code and although not a signatory aims to act in line with the principles of the Code where applicable to the type of investment activities that Dalmore undertakes (privately held equity and debt in respect of infrastructure assets).

This Stewardship Policy outlines how at Dalmore we meet our stewardship responsibilities, and in particular the principles of the UK Stewardship Code. The Stewardship Policy should be read alongside the Dalmore Responsible Investment Policy and ESG Framework.

## 1. PURPOSE, STRATEGY AND CULTURE

Dalmore is committed to making and managing investments in a responsible manner throughout the investment lifecycle. We believe that our responsible investment practices represent an important part of our fiduciary responsibilities and our ability to deliver attractive risk-adjusted returns over the long term.

Dalmore's asset management activities are focused around both value preservation and sustainable value creation, reflecting our investors' long-term investment horizon. Responsible investment practices and consideration of ESG factors at all stages of the investment lifecycle are a critical aspect of this long-term approach. ESG issues present opportunities as well as risks and are therefore integrated into both value preservation and value creation initiatives.

Dalmore recognises that the infrastructure investments we make and manage on behalf of our clients can have a material impact on the environment and the societies and stakeholders associated with those assets. We are committed to conducting our business in a manner that protects the environment, health and safety of our employees, customers and the communities in which we operate. We operate on the principle that we can make quality business decisions while conserving and enhancing resources for future generations.

## 2. GOVERNANCE, RESOURCES AND INCENTIVES

Accountability and day to day implementation of stewardship activities is shared at all levels of Dalmore. All of Dalmore's employees are encouraged to consider ESG actively in their roles, and this is included in the appraisal process. Dalmore is committed to ensuring that all employees have sufficient training and resources to comply with Dalmore's policies including the Responsible Investment Policy and ESG Framework.

Dalmore's senior management, ESG Committee and Executive Committee exercise oversight and are accountable for responsible investment practices and integration of material ESG factors into investment decision-making where appropriate. This includes stewardship activities. Dalmore's ESG Committee sets strategic ESG objectives and engagement themes based on its regular engagement and review of ESG metrics across its portfolio.

Members of the investment and asset management team are responsible for implementation of Dalmore's responsible investment policy and stewardship of assets during the investment evaluation, execution and asset management phases of the investment lifecycle. Where possible, Dalmore takes a board position and as a shareholder influences behaviour and decision-making to achieve positive ESG outcomes. Where Dalmore has significant control over an infrastructure asset, we ensure that the company implements relevant Environmental policies and standards. Where Dalmore has a minority investment, we are generally able to obtain board representation and appropriate governance rights.

Dalmore has established a MSA business called Resolis. Resolis offers Dalmore the opportunity to ensure long-term security of MSA services for the majority of its PPP portfolio companies and provides a platform for greater efficiencies and service improvements across our PPP portfolio as well as enhanced oversight.

### 3. CONFLICTS OF INTEREST

Integrity is at the core of Dalmore's values and Dalmore is committed to conducting all business in an honest and ethical manner. Dalmore will act in the interest of clients and treat them fairly by taking steps to identify, manage and mitigate conflicts of interest.

As a privately-owned independent fund management business focusing on long term investment in low volatility infrastructure, Dalmore does not encounter some of the conflicts faced by larger asset managers who deal with large volumes of clients and liquid assets. Dalmore has therefore determined that it is not appropriate to have a conflicts of interest policy that focuses on voting.

Notwithstanding this, Dalmore has a detailed conflicts of interest policy in place, stipulating that Dalmore has a duty to act in the best interests of its investors. Should a conflict arise, Dalmore's senior management will take appropriate steps to ensure fair treatment of all of investors, including disclosure of the conflict to affected investors.

### 4. PROMOTING WELL-FUNCTIONING MARKETS

We recognise that we have a role in shaping market improvements and developments, through collaboration with peers and discussions with policy makers and industry bodies. Through Dalmore's membership of industry bodies and signatory status of the UN-supported Principles for Responsible Investment we help to promote well-functioning markets.

Dalmore is committed to the following UN-supported Principles for Responsible Investment:

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Be active owners and incorporate ESG issues into ownership policies and practices;
3. Seek appropriate disclosure on ESG issues by the entities into which investments are made;
4. Promote acceptance and implementation of the Principles within the investment industry;
5. Work together to enhance effectiveness in implementing the Principles; and
6. Report on activities and progress towards implementing the Principles.

Dalmore works with other industry participants to promote the continued improvement of the infrastructure market and respond to industry-wide risks through our membership of the Long-Term Infrastructure Investors Association (LTIIA) and the Global Infrastructure Investors Association (GIIA).

We follow the ESG guidance and participate in the ESG-related activities of these associations, which includes engagement with other infrastructure industry participants and wider stakeholders on responsible investment topics.

### 5. REVIEW AND ASSURANCE

Dalmore ensures that all policies and practices are regularly reviewed to ensure that they remain up to date and appropriate. Policies are review and approved by the appropriate committees and governing bodies.

The Dalmore ESG Committee reviews all ESG procedures and practices, including the

Responsible Investment Policy and ESG Framework.

The Stewardship Policy is updated annually, or more frequently as required, and approved by the Executive Committee.

## 6. CLIENT AND BENEFICIARY NEEDS

Through Dalmore's Responsible Investment Policy we seek to ensure we create a positive impact for clients beyond commercial objectives and recognise that decisions we make in both the investment process and ongoing management of assets can impact our clients, end-users of assets and local communities.

Delivering long term success for our clients relies on not only pursuing market opportunities but also investing in stakeholder objectives and aligning objectives.

## 7. STEWARDSHIP, INVESTMENT AND ESG INTEGRATION

Dalmore typically focusses on investments in essential infrastructure which contribute to economic growth, the energy transition and security of energy supply, as well as improving access to and the provision of public services. We believe that seeking to maximise these socio-economic and environmental benefits enhances long term returns. It is this philosophy that guides our responsible approach to investment. As such we take a proactive approach to asset management and focus on the material ESG areas for each individual asset.

Our responsible investment activities are integrated throughout the investment cycle. There are a wide range of potential environmental, social and governance issues which can impact infrastructure investments. The issues which are relevant will vary from asset to asset depending on variables including the size and type of asset and its geographic location. As a result, we believe that it is not effective to take a 'one-size-fits-all' checklist approach to identifying, assessing, managing and monitoring material ESG risks and that each process must be tailored to each asset.

Our stewardship activities are prioritised according to regulatory requirements, material ESG risks that have been identified as part of our ESG Framework, and investor expectations. Prioritisation also depends on our ability to influence through the size of our ownership and/or our position on the board.

Where possible, Dalmore takes a board position and, as a shareholder, influences behaviour and decision-making to achieve positive ESG outcomes. Where Dalmore Capital has significant control over an infrastructure asset, we ensure that the company implements relevant ESG policies and standards. Our asset management team frequently engages with portfolio company management teams, and where appropriate, directly with stakeholder groups on relevant matters to understand risks and opportunities and drive improvements.

## 8. MONITORING MANAGERS AND SERVICE PROVIDERS

Third party operators are often engaged to provide operations and maintenance services to infrastructure assets managed by Dalmore. In some instances, all operational activities will be outsourced with the relevant asset having no direct employees.

We take a hands-on approach to monitoring the performance of service providers as part of

our ongoing asset management practices, with daily interaction being the norm for assets currently in the portfolio which involve third party service providers. All aspects of service delivery are monitored on an ongoing basis.

## 9. **ENGAGEMENT**

Engagement at Dalmore can be defined as both regular and thematic focused communication with key stakeholders with the objective of achieving transparency, consensus and accountability in addressing material issues.

Dalmore believes effective engagement and collaboration with clients, service providers and portfolio companies is essential to having a positive impact on both investment results and society.

Dalmore carries out its engagement activities:

- On a daily basis through active management of assets held.
- Active participation on boards for the majority of our portfolio companies
- Participation on subcommittees (such as audit and risk committee) where relevant
- By having regular investor meetings and a regular investor reporting cycle.
- Through direct engagement with industry working groups.
- As part of its regular discussions with project lenders.

Dalmore considers effective engagement to involve a two way mutually beneficial dialogue with the objective of improving business performance through effective discussion on expectations and encouragement of business practices which we believe promote long term value. We are committed to having constructive dialogue with our portfolio companies including feedback on actions and plans to solve existing concerns.

Dalmore annually monitors practices and performance metrics related to our ESG Framework focus areas across the entire portfolio of assets under management through the annual ESG Survey. The survey reviews portfolio companies performance across the nine themes of our ESG Framework.

Dalmore identifies engagement and stewardship topics through the results of this ESG Survey and considering areas of interest for investors and peers. Topics are identified by the ESG Committee and discussed to ensure that realistic and achievable actions and measurements of success are defined. It is recognised by Dalmore that our ability to enforce change will vary dependent on the shareholding we have. Engagement topics are then discussed with the boards of respective portfolio companies.

## 10. **POLITICAL ENGAGEMENT**

Dalmore Capital does not engage directly with political groups or policy makers, but where relevant chooses to collaborate with third-party organisation such as a trade association or non-profit organisation to maximise its stewardship and engagement activities.

A minority of our Portfolio Companies do engage with policy makers and regulators in response to requests for consultations. These engagements and consultation responses are reviewed by Boards to confirm they are aligned with our overall RI commitments.

11. **COLLABORATION**

Partnership and integrity are two of Dalmore's values which are reflected in how Dalmore operates collaboratively internally and externally, building long term relationships with aligned interests.

Dalmore takes an active role and exercises its ownership rights at various board level strategic discussions alongside other investors in an asset. Working collaboratively with other investors allows effective initiation of change and implementation of effective approaches to responsible investment and stewardship. Dalmore will always seek to work collaboratively with stakeholders in its engagement activities.

12. **ESCALATION**

For infrastructure assets with an internal management structure, upon acquisition Dalmore will ensure that appropriate governance structures are in place and that management devotes sufficient resources to managing issues that have been identified in the pre-investment phase and then on-going.

Through representation on the Board of project companies Dalmore is able to engage with the business on key matters, including ESG and safety matters, and ensure appropriate routes for escalation are in place.

The ESG Committee will discuss any instances where engagement topics are not being taken forward and given due care and attention by the portfolio company. The ESG Committee will consider whether further escalation is needed to the Executive Committee at Dalmore and propose actions to be taken.

It is not Dalmore's policy to use divestment as an escalation action, we will aim to use the resources at our disposal to continue engagement and focus on areas for improvement. Where we are co-shareholders in an investment with material issues and/or where engagement objectives have not been met, we will collaborate with co-shareholders to achieve a resolution where possible. Where we have 100% ownership of an asset, we will fully exercise our rights to escalate and to reach an agreed resolution. Given the nature of Dalmore's long-term investments our policy is not to divest in asset in the event of failed resolution but continue to collaborate and seek resolution where we can.

13. **EXERCISING RIGHTS AND RESPONSIBILITIES**

Dalmore believes in proactively exercising its shareholder and governance rights as long-term custodians of the assets in which it invests. Dalmore ensures there is active management through portfolio company board representation and uses those positions to exercise its governance rights, such as making ESG a standing agenda item at board meetings, to influence board behaviours and decision-making, and to achieve outcomes at each business consistent with Dalmore's Responsible Investment Policy.

Dalmore takes a tailored approach, and relevant ESG matters to each of the projects are monitored on a regular basis and reported to and discussed by the board of portfolio companies quarterly, taking into account the views of the client. As a result, and where practical, specific community improvement initiatives and actions may be encouraged.



To date, Dalmore has not invested in listed companies and therefore has no voting history to disclose.

**Version Control**

UK Stewardship code Policy	
Policy Owner	Compliance
Policy Approver	Executive Committee
Last Review Dated	May 2024