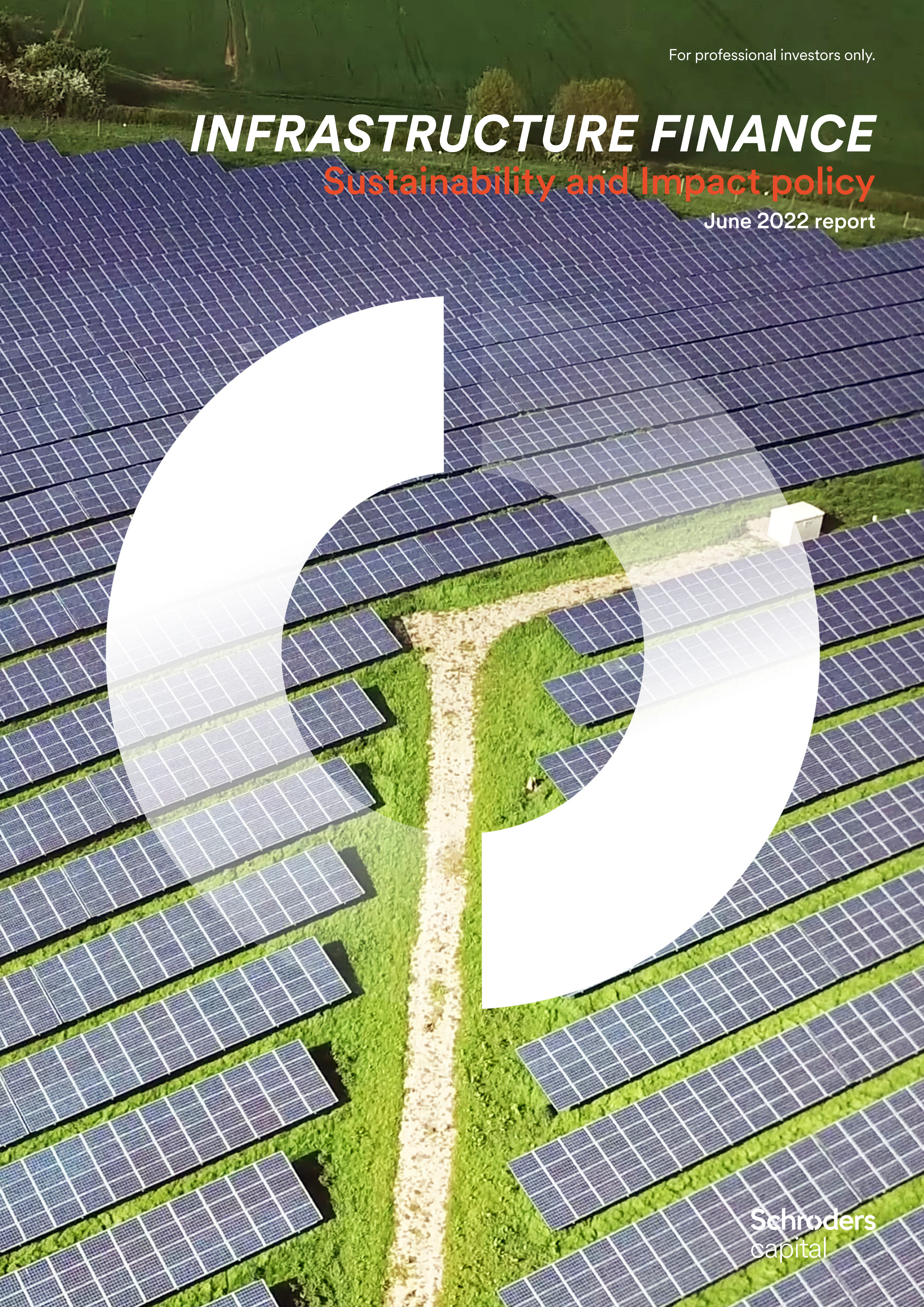
For professional investors only.

INFRASTRUCTURE FINANCE

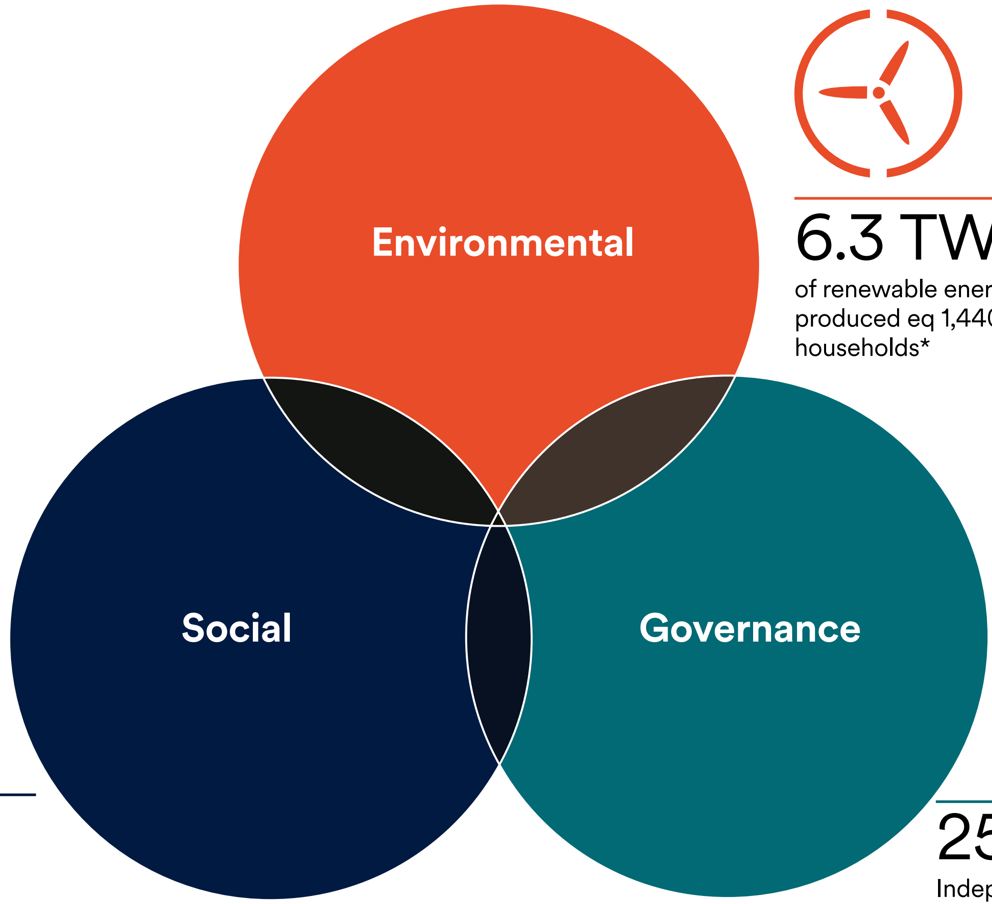
Sustainability and Impact policy

June 2022 report



Schroders capital

ESG Performance Indicators



6.3 TWH
of renewable energy produced eq 1,440,000 households*

77,950
Jobs supported

25%
Independent directors

Total debt and equity portfolio ESG key performance indicators, 31 December 2021, Source: Schroders.
*Assuming an average household (4 people) consumption of 4,400kwh.

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Section 1
Our Sustainability and Impact Philosophy

1.1 Sustainability at Schroders
Our experience and expertise

300+ years
Combined Investment Experience

10
Proprietary Investment tools and frameworks

Net Zero
Asset manager
Founding member of the initiative

A+
UN PRI annual assessment [1]

44
Dedicated ESG Specialists

UN
Global compact
Signatory

21+ years
ESG Integration

1st
Asset manager to tie their cost of capital to sustainability goals

13,000+
Companies covered by our portfolio-level sustainability reporting tools

Across
58
Countries Globally

With
2100+
Engagements in 2020

Fully
ESG Integrated
Across our managed assets

Source: Schroders, March 2022 unless otherwise stated. [1]PRI, 2015 - 2020 Assessment Reports. [2]For certain businesses acquired during the course of 2020 and 2021 we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.

Schroders is a world-class asset manager active in 32 countries worldwide. Schroders is committed to integrate sustainability across all asset classes and geographies and is a signatory of the Principles for Responsible Investments (the “PRI”). Schroders Group’s Sustainable Investment team produces thematic research on emerging sustainability trends and has an extensive network and access to third party resources. The Sustainable Investment team continues to support, and collaborate with, several industry groups, organisations and initiatives such as the PRI, Carbon Disclosure Project, European Sustainable Investment Forum and ShareAction, amongst others.

Schroders has also a long history of positively contributing to local communities through monetary donations and employee’s time. Total donations to charitable causes around the world amounted to £4.9 million in 2021.

Committed to going net zero carbon

In 2020 Schroders became a founding member of the Net Zero Asset Managers Initiative, a group of international asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. Our commitment was just one step on our decarbonisation journey. In 2021, we committed to the Science Based Targets Initiative (SBTi), committing to align all our managed assets to a 1.5°C pathway by 2040, with an interim target of 2.2°C by 2030. In 2022, Schroders became one of the first 20 financial institutions to have its goals formally validated by the initiative. For more information about our journey, please see our Climate Transition Action Plan (CTAP) and our SBTI verification announcement.

1.2 Schroders Capital

Schroders Capital provides investors with access to a broad range of private asset investment opportunities, portfolio building blocks and customised private asset strategies. With over $70 billion assets under management, we offer a diversified range of investment strategies, including real estate, private equity, secondaries, venture capital, infrastructure, securitised products and asset-based finance, insurance-linked securities and impact investing.

For Schroders Capital, sustainable and impact investing is effective in contributing meaningfully to resolving current environmental and social challenges.

Our ambition is to get closer and engage to the assets we manage, to maximize the potential long-term impact of our investments in private markets.

Sustainability and Impact (S&I) are at the heart of our investment process. Schroders Capital's vision is to have an innovative investment approach that incorporates S&I as a defining characteristic of our private asset offering.

Schroders Capital's approach to building change in a sustainable and impactful manner is based on three core attributes:

Intent: We strive to ensure that S&I considerations are well represented in the investment objectives and complement the achievement of financial returns. We aim to select partners that are like-minded in terms of the change we target.

Contribution: Our integrated investment process seeks to contribute S&I investing via a range of strategies and themes including sustainable cities, climate mitigation and adaptation, financial inclusion, healthcare, industry and innovation, job creation and economic growth, amongst others. Active ownership and engagement expand our principles and their implementation across the entire value chain of intermediaries and stakeholders with whom we work.

Measurement: Transparency and disclosure are fundamental to our approach. We collect an extensive range of sustainability and impact metrics to measure the effectiveness of our investments in achieving the goals we set for each strategy, theme, or sector. We track positive and negative changes generated over time to enhance the effectiveness of our active ownership efforts and inform future investments.

At Schroders Capital, we are in a unique position to lead the delivery of positive change in private asset (PA) markets. First, our multi-sector strategies can deliver S&I at scale across different environmental and social themes and asset classes. Second, our human capital, with a specialized S&I team in partnership with S&I experts within each sector and in close partnership with Schroders Group's sustainability team. Finally, the S&I team benefits from the impact track-record existing in-house (BlueOrchard).

1.3 Schroder AIDA

1.3.1 Introduction

Part of Schroders Capital, Schroder AIDA is specialized in infrastructure investing. It is regulated by the Alternative Investment Fund Managers Directive ("AIFMD") and licensed to manage Alternative Investment Funds ("AIFs"). Based in Paris, France, it is a core component of Schroder's global Private Assets platform. Schroder AIDA invests in debt and equity in various infrastructure sectors, such as transportation, conventional and renewable energy, telecom and social infrastructure stage.

Schroder AIDA's portfolio as of 31/12/2021 amounted to €3.020M of invested funds (split across €916M of advised debt, €1.077M of managed debt and €1.027M of equity strategies). The responsible investment strategy applies to the debt and equity activities.

1.3.2 Our 4 pillar mission statement

Social Value

- Creating to live better together
- Improving and adapting public services
- Convincing of our commitment and value in supporting essential infrastructures

Mitigating risks

- Anticipating and managing crises with resilient business models
- Facilitating the deployment of activities while controlling risks
- Inspire and build trust

Revealing and cultivating the value

- Sourcing the asset and extracting the essential value
- Developing and expressing potential
- Protect to grow up

Taking the long-term view

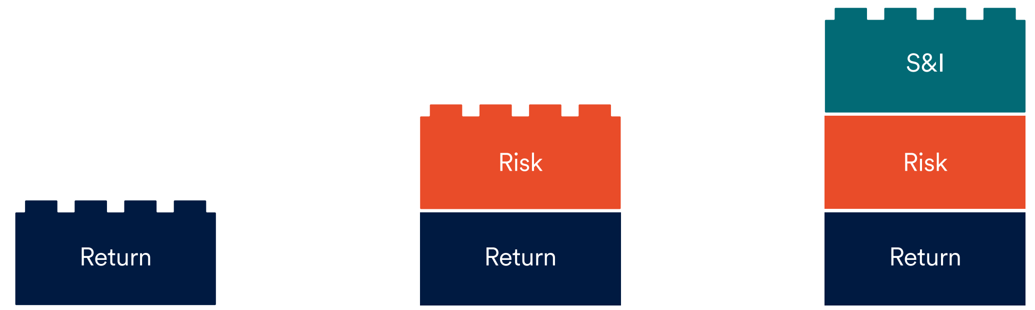
- Developing a proactive approach
- Integrating the charges of a world in transition
- Finding opportunities today that will be essential tomorrow

Essential Infrastructure – **Sustainable** Performance

1.3.3 Our ambition statement

Establish S&I as a defining characteristic of Schroder Capital Infrastructure and incorporate S&I as the third dimension of investing alongside risk and return.

Focus on diversified and selective investments within infrastructure to play an active positive role in the necessary transitions towards sustainability.



Asset Management 1.0 **Asset Management 2.0** **Asset Management 3.0**

1.3.4 Our mission for sustainable investments

The world needs more infrastructure, but not any infrastructure. To achieve the Paris Agreement and the Sustainable Development Goals' (SGDs) on an economic, social and environmental standpoint, infrastructure assets should be sustainable and climate resilient. Moreover, the long life of infrastructure assets and our long-term investment horizon (5 - 30 years) requires us to take into account environmental, social and governance (ESG) criteria in our investments and to ensure that the assets we invest in are compatible with actual and future expectations in the long term. At Schroder AIDA, we consider our role and contribution towards the Paris Agreement and SDGs, both as a debt and equity investor, as of utmost importance. For this, we believe that any asset can contribute to one of these objectives, and that all investments should therefore be considered as opportunities.

We are ready to support all projects, whatever the sector, as long as ESG impacts, risks and opportunities can be identified and meet our ESG expectations. We believe that any infrastructure business, whatever their size, needs to have healthy relationships with their stakeholders in order to thrive into the future. This includes employees, suppliers, customers, the environment, regulators and the communities in which they operate. These stakeholders assume different degrees of importance according to the company's specific business activities. We believe that strong governance and oversight of these stakeholder relationships is in the best interests of the company, its investors and funders. By integrating these ESG considerations into our investment process, we expect to see stronger long-term risk adjusted returns. Our ESG policy and practices reflect the experience and knowledge that we have built up in the infrastructure sector and the specific needs and considerations of infrastructure companies.

We utilise in particular a detailed scorecard that analyses the most material ESG considerations, monitor projects and companies throughout the life cycle of our investment and provide ongoing reporting that quantifies the impact we are having and how our investments are performing in this space. This responsible investment report describes our commitments and explains how we implement them throughout all Schroder AIDA investments.

1.3.5 A multiple pillar S&I Investment and monitoring approach

As part of our ESG risk assessment and ongoing monitoring of the performance of the portfolio we have developed a multiple pillar approach. The pillars are explained in details in Section 2.

1.3.6 Our day-to-day commitment

Schroder AIDA is committed in our day-to-day operation to minimise our carbon and ecological footprint. Schroder AIDA has a policy not to offer non ESG-friendly benefits to staff (no thermic company car). Schroder AIDA encourages staff to use ESG-friendly transportation means by subsidizing public transport costs and by covering 50% of the costs of buying a bicycle. Schroder AIDA staff is incentivised to:

- Prioritise soft (walking, cycling) and public transport (bus, metro, tramway) for home-work commute
- Limit business travel and use alternative virtual communication modes (conference calls, video conferences)
- Favour public transportation over taxis in business travels
- Favour train over plane when possible: for example, Schroder AIDA staff is not allowed to fly to London, Brussels, Luxembourg or Amsterdam (save for exceptional reasons)
- Rational use of paper printing and electronic means of communication

Schroder AIDA premises being part of the Schroders France office, team members have to comply with Schroders Group policies (including ESG policy) applicable in all its facilities. Schroder AIDA's ESG policy derives from a number of incentives put in place by the Group and the move to the new building at 1 rue Euler was an excellent motivation to modify some work habits and favour certain best practices developed by the Group in the London Office.

As part of this transfer, an ESG working group was created within the various structures hosted by the Paris Office (Schroder AIDA, Schroder Real Estate Hotels, Schroder IM Europe). This working group delivered its conclusions and proposed the implementation of certain initiatives, some of which have emerged since the move. In particular, employees were made aware of a "zero waste" and "eco responsible" approach:

- Analysis of their water consumption and use of plastic containers
- Recycling of materials and use of consumables used in their work: paper, coffee capsules, plastic cups, ink
- Use of certified Eco household products
- Dietary habits

1.3.7 ESG team and resources

Frédéric Brindeau has been the Head of Asset Management and ESG for Schroder AIDA since December 2019. Frédéric is responsible to define, implement and monitor our ESG policy with regards to Infrastructure debt and equity. Frédéric has more than 25 years of experience and has developed specific knowledge about ESG, Sustainability and Impact.

Frédéric is in close communication with the ESG teams both at Schroders Capital and at Schroders Group level who help us in conducting research and provide guidance around new regulations and the latest topics in the world of sustainability.

Overview of the Schroders Group Sustainable investment team

Sustainability is fundamental to our investment principles at Schroders and we have an experienced and well-resourced Sustainable Investment team, who are embedded within our Investment function. As at March 2022, the team comprises 44 dedicated ESG professionals with over 300 years' combined investment experience. We are a global team, spread across four regional hubs in London, Paris, Singapore and New York, ensuring that sustainability is embedded through our global investment teams and client functions.

The team is led by Andrew Howard, Global Head of Sustainable Investment who is also a member of our Group Management Committee. As team head, he oversees our approach to ESG integration, active ownership, our sustainability research and tools, and our reporting and product strategy.

Our Sustainable Investment team sits alongside investment teams rather than operating in a silo, which facilitates regular dialogue with our analysts and portfolio managers. It is organised into three pillars: 1) Sustainable Investment Management, incorporating integration, thematic research and models and data, 2) Active Ownership, encompassing engagement and voting and 3) Product, which entails our client, product and solutions activities. We also have regional sustainability specialists in Europe, Asia and North America, who work closely with our regional investment desks and clients globally.

To reinforce our internal ESG capabilities within Infrastructure, and in addition to trainings available at Schroders Group level, employees are offered to pass the CFA Institute Certificate in ESG Investing (the cost of such certification being fully borne by Schroder AIDA). The CFA certificate and learning materials were developed by leading practitioners for practitioners, and have been recognized by the UN Principles for Responsible Investment (PRI).

Section 2
Investment and Monitoring Process

2.1 Positive Screening

We first apply a positive screening to increase our fund's exposure to our main S&I investment themes, subject to existing concentration limits:

- Renewable energy, such as solar, hydro, wind and, directly-related businesses
- Infrastructure supporting the energy transition, such as electric vehicles, grid stabilization, and the substitution of coal or fuel by gas and hydrogen
- Infrastructure with social benefits, such as health and elderly care, clean water, waste treatment and education

2.2 Schroders Group CONTEXT qualitative due diligence

We leverage Schroders Group's ESG resources by using an internally developed proprietary tool called "CONTEXT" during our investment process. CONTEXT looks at how different sectors are affected by emerging ESG trends through a "stakeholder analysis" lens – the framework suggests that different trends will affect different types of stakeholders differently and all stakeholders will play a part in determining the long term sustainable performance of sectors and companies. This tool forms the qualitative due diligence questions for each investment and the questions will vary depending on the sector of the asset.

As an example, some of the questions raised for assets in the transportation sector are presented below. As a testimony to our ESG approach, the Schroders infrastructure practice led by Schroder AIDA has been one of the first team within the Group to receive internal accreditation by Schroders ESG Team following a dedicated internal audit.

Customers	– How does the company monitor the level of satisfaction among its customer base? – Has it faced sanctions for poor compliance?
Employees	– How is the company perceived by current and prospective employees? – Does it invest in training and development? – How effectively does it retain talent? – Does the company have policies and programs to increase awareness of health & safety?
Environment	– How does the company's Nitrogen Oxides (NOx) and Sulfur Oxides (SOx) pollution footprint compare to peers? – Does it have NOX and SOX reduction targets? – How exposed is the business to higher carbon prices? – Is the company investing in new efficiency technologies or targeting emissions reductions? – How energy efficient is the company? – Is the company actively investing in alternative fuel technologies?
Local Communities	– How much has it invested in local community development? – How much criticism has it faced from civil society groups?
Regulators & Governments	– How effective are the company's security processes? – Has it been heavily fined in recent years? – Has it faced significant lawsuits?
Suppliers	– How reliant is the company on ancillary services? – Does it monitor its suppliers regularly?

Example of CONTEXT questions on the transportation sectors, Source: Schroders.

2.3 Negative screening and exclusion policy

Based on the CONTEXT questions and our general views and objectives, the investment team may exclude investment opportunities due to the business model or sector before seeking Investment Committee approval. For example, in the past, we have rejected investments into coal-fired power plants, biomass power plants (where biomass was supplied from non-sustainable sources), nuclear plants, shale gas projects and oil and chemical storage company, based on ESG concerns.

In addition the investment team would not consider the following investment opportunities:

- The exploration, extraction and production of fossil fuels (coal, oil, gas, shale gas) and any infrastructure that are solely dedicated to such activities
- Military infrastructure such as military housing
- Nuclear power plants
- Alcohol, gambling, fur, pornography, sin, tobacco, weapons

Finally, Schroders has also established, at group level, a list of excluded countries and a list of countries under high risk for which the exception of compliance department must be obtained before any investment.

2.4 Specific coal exclusions/exit strategy

Schroder AIDA commits either as investment advisor or manager for both its debt and equity activities to exclude investments into any company:

- Generating more than 10% of their revenues in thermal coal and which do not have a credible exit strategy from its coal activities; or
- Developing new mining, power plant or infrastructure related to thermal coal

2.5 Due diligence and sustainability risks

Only investment opportunities that meet Schroder AIDA's financial, economic and ESG expectations are presented to the Investment Committee, which then decides whether or not to invest.

For each investment, a section of each Investment Memorandum is dedicated to ESG and covers the questions raised during due diligence including a review of the sustainability risks[1] (both physical[2] and transitional risks[3]) based on our dedicated internal guidelines. This section is reviewed and discussed systematically before an investment is approved. Any major findings and relevant updates are also reported in our quarterly communications to investors.

2.6 Engagement policy

We are taking a pro-active approach to managing our infrastructure equity and debt investments (advised and managed) and engage with our investees and counterparts (in relation to ESG topics) in a number of important ways, as summarised hereafter:

- Incorporating environmental considerations into general meeting resolutions, loan documentation, such as covenants to comply with environmental regulations (including waste and water management), manage pollution, and reduce carbon emissions
- Reporting as much as possible (i.e. subject to data availability) on environmental metrics such as carbon footprint, energy intensity and recycling ratios
- For unlisted equity interests only, exercising voting rights responsibly and taking account of the environmental consequences of voting
- Engaging with the management of our investees and counterparts to encourage them to adopt policies that would be beneficial for the environmental and reduce their impact on climate change
- Promote Sustainability Linked Loan and ESG margin ratchet in transitioning sector related investments

2.7 Risk and Impact Assessment Model (RIAM)

Please refer to the dedicated section for a complete description.

2.8 Sustainability opinion

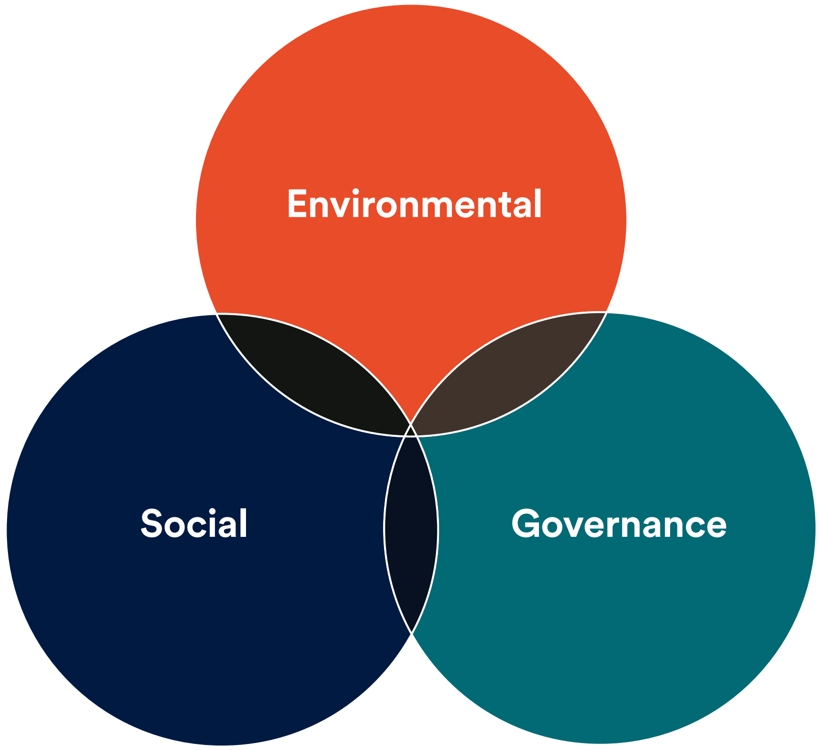
As a final step into our Investment Process, the Head of Asset Management and ESG systematically reviews the Investment opportunities and issues a sustainability opinion ahead of Investment Committee. This enables an additional view that is taken into consideration for any investment decision.

[1] Sustainability Risks is defined as an 'Environmental, Social or Governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment'
[2] Risks which arise from the physical effects of climate change and environmental degradation.
[3] Business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future.

2.9 Monitoring process

As part of the quarterly monitoring of each investment, a specific monitoring and report is produced on any noticeable ESG related update.

In addition, we annually collect information to monitor the ESG performance of each investment throughout the investment life. As such, we systematically collect data to monitor performance indicators across all assets and we consolidate them at portfolio's level.



ESG performance indicators, Source: Schroders.

Section 3
Risk and Impact Assessment Model (RIAM)

As a responsible investor, we believe it is important to present to our clients transparent reports on the ESG dimension of our funds. We therefore want to strengthen our ESG analysis capacities and have developed, since 2019, an assessment tool that allows us to measure the ESG quality of our projects.

This tool is based on a proprietary analysis, and has been designed to take into account ESG information relating to each infrastructure: the tool analyses both the “contribution to sustainability transition” and the “ESG Risk” of investments. The output of the tool is an ESG rating, calculated through the combination of contribution to sustainability transition and ESG Risk analyses. An updated version of the scoring tool (v2) was implemented in December 2021.

3.1 Contribution to sustainability transition analysis

(a) Infrastructure asset contribution to SDGs

United Nations Sustainable Development Goals, Source: UN.

We consider that investment into infrastructure assets can go beyond ESG compliance and move into the impact investing arena, with a clear objective to assisting the UN meet its "Sustainable Development Goals". Schroder AIDA aims to be at the forefront of this movement by targeting sectors and projects with a positive social or economic impact. Therefore, before investing, we first analyse the contribution of the asset with a particular (but not exhaustive) focus to the seven SDGs (Sustainable Development Goal) which are the most relevant for Infrastructure (cf. Table 1). We assess to what extent the asset contribution is positive or negative for each SDG analysed. A rating from 1 to 4 is obtained (cf. Table 2).

Table 1. List of SDGs which are most relevant for Infrastructure

Rating	Description
SDG 6.	Clean water and sanitation
SDG 7.	Affordable and clean energy
SDG 8.	Decent work and economic growth
SDG 9.	Industry, Innovation and Infrastructure
SDG 11.	Sustainable cities and communities
SDG 12.	Responsible consumption and production
SDG 13.	Climate action

€40m loan to a French water company servicing 6.7k+ municipalities through the production, treatment, supply and management of drinking water services. Additionally, the company contributes to the provision of clean water via the collection and treatment of wastewater and treatment of the by-products.

Provided a €40m loan to one of the largest managers of Spanish solar farms and advised on a €55m equity investment into a portfolio of French solar panels, assisting with providing clean energy in Europe.

€77m invested in one of the Nordics distribution network operator, which (i) has developed partnerships with local SMEs providing indirectly work to over 1,000 men-year (ii) takes care of safety, health and wellbeing of employees / partners and requires respect of ethical principles in all activities.

€100m loan provided to one of the largest independent wholesale operators of fibre-to-the-office network in France. The company connects businesses to high quality fibre, and therefore plays a role in bridging the digital gap in France.

€99.5m provided in a loan for a railway company connected two majors cities in Europe. The company is also commited towards Paris Agreement 2°C trajectory, with targets related to the reduction of GHG emissions.

€55m invested in a portfolio of hydrop plants and wind farms in Spain. The project participates to the energy transition and is essential for the energy independency of an non-interconnected territory.

Example of an investments contributing to UN SDGs, Source: Schroders.

Table 2. Contribution to SDGs rating

Rating	Description
1	The infrastructure has a positive impact on 3 or more SDGs
2	The infrastructure has a positive impact on 2 SDGs
3	The infrastructure has a positive impact on 1 SDG
4	The infrastructure has a zero positive impact on SDG

(b) Infrastructure asset alignment to taxonomy

In view of the evolution of regulations, and our willingness to contribute to sustainability transition, we then analyse the alignment of the asset with the European taxonomy. We analyse whether each asset is potentially alignment to the European taxonomy, according to the list of eligible sectors to date. A rating from 1 to 4 is obtained (cf. Table 3).

Table 3. Infrastructure asset alignment to the European taxonomy[1]

Rating	Description
1	The infrastructure asset is aligned to the taxonomy
2	The infrastructure asset might be aligned to the taxonomy
3	The infrastructure asset might not be aligned to the taxonomy
4	The infrastructure asset is not aligned to the taxonomy

(c) Contribution to sustainability transition

The scoring "contribution to sustainability transition" is the result of the weighting of the infrastructure asset contribution to SDGs (60%) and infrastructure asset alignment to taxonomy (40%). A rating from 1 to 4 is obtained (cf. Table 4).

Table 4. Infrastructure asset contribution to sustainability transition

Rating	Description
1	The infrastructure asset has a proven positive impact on sustainability transition
2	The infrastructure asset has a potentially positive impact on sustainability transition
3	The infrastructure asset has a marginal impact on sustainability transition
4	The infrastructure asset has a negative impact on sustainability transition

[1] Aligned with the regulation or guidelines available at November 2021.

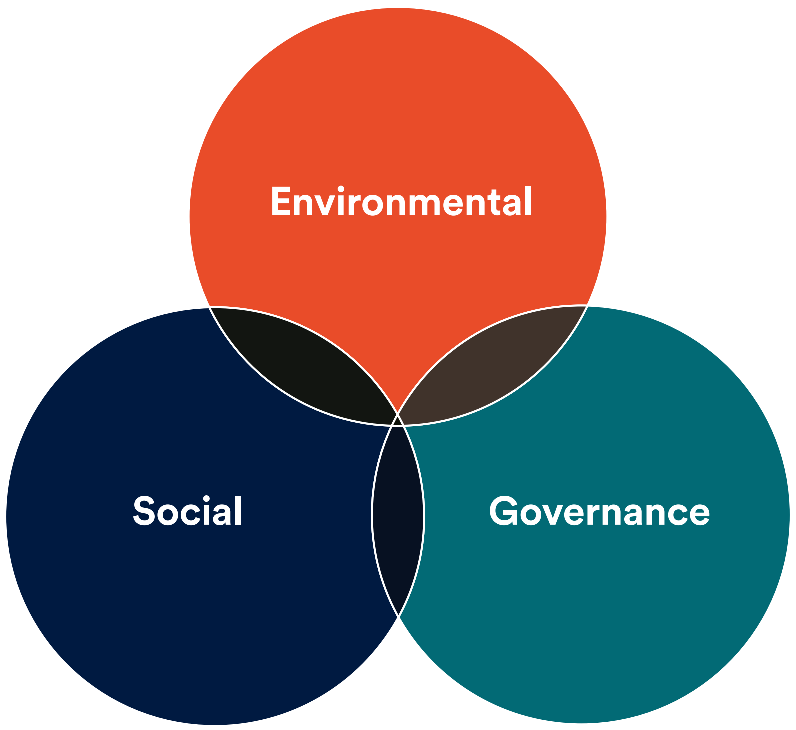
3.2 ESG risk analysis

Before investing, we also carry out an analysis of potential ESG risks and opportunities associated with the asset and underlying activities, at sector level. Based on the internationally recognized frameworks by the Sustainability Accounting Standard Board ("SASB") and the Commonwealth Development Corporation ("CDC Group"), the tool automatically generates, for each sector, the most material ESG risks and opportunities as per the below matrix:

The ESG Risk analysis is then conducted at asset level, based on a customized questionnaire generated by the tool, according to the investment sector. This questionnaire is completed with information collected from due diligence reports and interviews with the borrower/sponsor/advisor/target. For each theme (Environment, Social and Governance) and based on professional judgment, we assess to what extent the risk is: i) Insignificant, ii) Minor, iii) Moderate, or iv) High with a rating from 1 to 4 (cf. Table 5).

Table 5. ESG risk assessment

Rating	Rating	Description
Insignificant	**1**	The risk consequence severity is low (impacts may be safely ignored with the standard procedures) and the investee company has set-up several mitigation actions to monitor risk.
Minor	**2**	The risk consequence severity is low (impacts may be safely ignored with standard procedures) but the investee company has not set-up actions to monitor the risk.
Moderate	**3**	The risk consequence severity is high (significant medium and long-term impact) but the investee company has set-up several mitigation actions to monitor risk.
High	**4**	The risk consequence severity is high (significant medium and long-term impact) but the investee company has set-up actions to monitor the risk.



Example of ESG risk analysis, Source: Schroders.

3.3 ESG final rating

Based on the two analyses above, an ESG final scoring (from 1 (best) to 7 (worst) is calculated for each asset, taking into account:

- The asset contribution to sustainability transition (from negative to proven positive) – 1/3 of the rating and
- The ESG risk analysis (from insignificant to high) – 2/3 of the rating

Contribution to SDGs (60%)
Scoring from 1 to 4

Asset alignment to Taxonomy (40%)
Scoring from 1 to 4

Contribution to sustainability transition (1/3)
Asset contribution to SDGs (60%)
+
Asset alignment to Taxonomy (40%)
=
Scoring from 1 to 4

ESG analysis (2/3)
Risk based
Environmental, Social, Governance
Assessed through a sector-specific questionnaire
Scoring from 1 to 4

ESG
Final scoring
Contribution to sustainability transition (1/3)
+
ESG analysis (2/3)
=
Scoring from 1 to 7

Summary of RIAM, Source: Schroders.

Section 4
ESG regulations background and disclaimers

4.1 "Article 173[2]" of the "Energy Transition for Green Growth" act

Article 173-VI of the French "Energy Transition for Green Growth" act (Loi de Transition Énergétique pour la Croissance Verte) requires institutional investors to disclose information on the manner in which they incorporate environmental, social and quality of governance objectives into their investment and risk management policies and how they contribute to the ecological and energy transition.

Disclosures are based on a "comply or explain" principle: there is flexibility in choosing the best way to fulfil the law's objectives. All reportable data listed in the decree represents best practice and not an obligation. Reporting requirements under Article 173 may include:

- General approach to incorporating ESG criteria into investment and, where applicable, risk management policies
- Content, frequency and means used to inform clients (investors)
- Membership/support to charters, codes, initiatives and labels relating to the incorporation of ESG criteria
- Where applicable, a description of ESG risks, the business's exposure to these risks and the internal procedures used to identify and manage them
- Description of the type of ESG criteria taken into account
- Information used for the analysis conducted on ESG criteria
- Methodology and results of this analysis
- Description of the way in which the results of the analysis are integrated into the investment policy of the investment fund: changes made to the portfolios and engagement strategy with issuers and asset managers
- For the environmental criteria taken into account, explain the associated climate risks (transition and physical risks) and their contribution to the international objective of global warming limitation
- Contribution to the international objectives towards climate change by explaining the analysis of the consistency of the investment policy with these objectives and the internal objectives of the organization
- Changes made to the portfolios following the climate analysis (exclusion, engagement, investment in green assets or thematic funds, etc)

Schroder AIDA is fully compliant with this regulatory disclosure requirement as outlined in this Sustainability and Impact policy.

4.2 "Article 29" of the French "Energy Climate" law

Article 29 application decree of the French Energy climate law (dated 8 November 2019) was published on 27 May 2021.

Article 173 came as a forerunner of SFDR. Similarly, Article 29 complements and aims at going further to SFDR (i.e. French ESG goldenplating) notably on the following items:

- Climate (Paris agreement alignment in particular)
- Biodiversity
- Sustainability risks

We provide below a correlation table between the specific Art 29 requirements and our ESG-S&I policy.

Article 29 paragraphs	Reference
1° General approach of the entity	§1.1, §1.3.4, §1.3.5, §2.5, §2.9, §3.1, §3.2, §3.3, §4.7, §4.8, §4.9, §5.1, §5.3
2° Internal tools and workforce deployed	§1.3.6, §1.3.7
3° ESG policy of governing bodies	§4.3
4° Engagement strategy	§2.6, §4.5, §5.2
5° EU Taxonomy and fossil fuels exposure	§4.4, §5.6
6° Paris Agreement alignment strategy	§1.1, §5.4
7° Biodiversity alignment strategy	§5.5
8° Sustainability risks analysis and monitoring	§5.3

4.3 French Rixain law

French law n° 2021-1774 dated December 24, 2021 (Rixain law) promotes gender equality through balanced representation of Men and Women among the Investment decision bodies of Investment Management companies.

We consider that increasing the representation of women, particularly in senior management positions can contribute to the enhanced performance of the company. Indeed, great diversity of any kind can have positive effects in areas that contribute to the operation and organisation performance of companies: securing a pool of talent(1), fostering innovation(2), strengthening motivation and employee engagement(3), improving company reputation(4), etc.

We therefore believe that gaining a greater gender balance at the board level and in the investment committee within Schroder Aida is an important factor in this and are making every effort to achieve it.

Please also refer at Schroders Group commitments and reports.

(1). UNESCO Institute for Statistics, 2018.
(2). The Boston Consulting Group, Lorenzo R., Voigt N., Schetelig K., Zawadzki A.,Welpe I., and Brosi
(3). Taylor H. Cox and Stacy Blake, 1991. M
(4). European Commission, 2003, Cost and Effectiveness of Diversity

4.4 EU Sustainable Finance Disclosure Regulation ("SFDR")

The EU Regulation on sustainability (ESG) disclosures in the financial services sector (the Disclosure Regulation) came into force on 19 December 2019 and applied as of 10 March 2021.

The Disclosure Regulation requires financial market participants and financial advisers to provide investors with certain ESG-related information in relation to certain financial products.

In addition to the present Sustainability and Impact policy, we have issued several specific disclaimers (see 4.10).

4.5 Companies non-financial disclosure regulations: NFRD - CSRD

Under the European Green Deal, funding economic activities that support environmental, social and governance-related objectives is key to fostering sustainable growth. An important way to direct capital flows to sustainable investment is to improve data availability and companies' disclosure of non-financial information. This would make it easier to measure, monitor and manage companies' performance and their impact on society.

The adoption in 2014 of the Non-Financial Reporting Directive (NFRD) set the EU on a clear course towards greater business transparency and accountability on social and environmental issues. As per the NFRD, the companies under the scope are the 500+ employees public interest entities, with securities admitted to trading on a EU regulated market, and a balance sheet of more than €20m or a net turnover of more than €40m. These companies are required to disclose non-financial information as part of their annual public reporting obligations:

- Information about their business model, policies, outcomes, risks, risk management and key performance; and social responsibility and treatment of employees;
- Key Performance Indicators (KPIs) relating to four key sustainability issues: environment, social and employee issues, human rights, and bribery and corruption; and
- Financial materiality (e.g. how climate change impacts a company's financial position) and the environmental and social materiality (e.g. how a company impacts the climate).

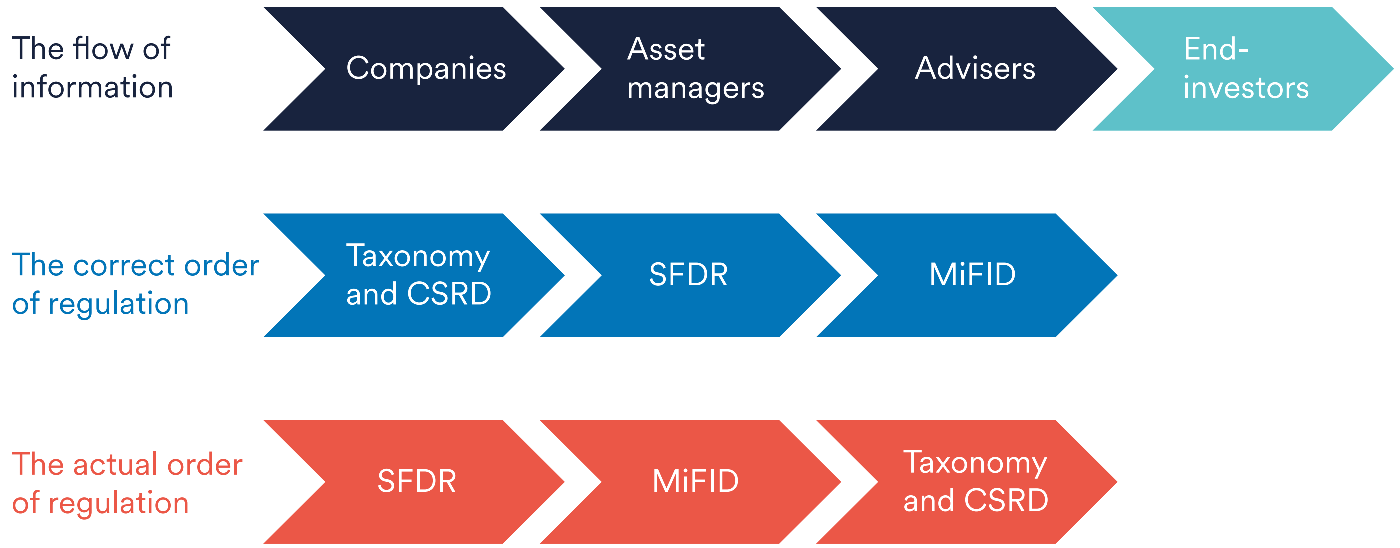
[2] pursuant to the provisions of Decree No. 2015-1850 of 29 December 2015 on the communication of "the methods of taking into account in the investment policy criteria relating to compliance with social, environmental and governance quality (ESG) objectives and on the means implemented to contribute to the energy and ecological transition.
[3] Law no. 2019-1147 of 8 November 2019 on energy and climate and its related Decree.

On 21 April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), which amend and precise the existing reporting requirements of the NFRD. The CSRD aims at, among others, extending the scope to a larger number of companies and introducing more detailed reporting requirements. A company caught by the CSRD will need to publish an annual statement containing the following:

- Its business model as well as its ESG strategy and how it is being implemented, including:
  a. Whether it is resilient to risks related to sustainability matters;
  b. The opportunities related to sustainability matters;
  c. Whether it is compatible with the transition to a sustainable economy and the international obligations under the Paris Agreement; and
  d. Whether it takes into account shareholders' interests
- The targets related to sustainability matters set by the company and the company's performance against these targets.
- The role of the management, administration and supervisory bodies with regard to sustainability matters.
- The company's corporate culture and responsibility as well as information related to lobbying or other political engagements.
- Information on the company's value chain, including its own operations, products, services, business relationships, and supply chain.

To that end, the CSRD envisages the adoption of EU sustainability reporting standards. The draft standards will be developed by the European Financial Reporting Advisory Group (EFRAG). The first set of standards are expected to be adopted by October 2022. This would mean that companies would have to apply the standards for the first time to reports published in 2024, covering financial year 2023.

CSRD looks promising to strengthen the transparency on non-financial information in the market. However, its timing lags behind SFDR, as illustrated below:



As of today, CSRD (the legislation around sustainability reporting applicable to companies) is not applicable as it is still under discussions at European Commission level. As a result, we have not been provided yet with extensive data for all investments in our portfolio. Besides, for the companies that release non-financial data, there are also some challenges around the type of data that they published, and how to compare these data among companies.

In light with the regulations applicable to us as asset manager (SFDR), we have identified 5 main topics, on which we would expect investee companies to report : (i) principal adverse sustainability impact, (ii) sustainability risks, (iii) taxonomy alignment, (iv) GHG / net zero alignment and (v) biodiversity.

In this context, we decided to submit a survey in Q1 2022, to each of the companies we are invested in, in order to assess their degree of readiness regarding the new reporting requirements. The survey questioned each company on their ability to release information related to the above 5 topics. This survey was also a way to remind and make all the companies aware that they soon will have to comply with the new sustainability report disclosure rules (and if not applicable to them under CSRD, that it will apply to us under SFDR).

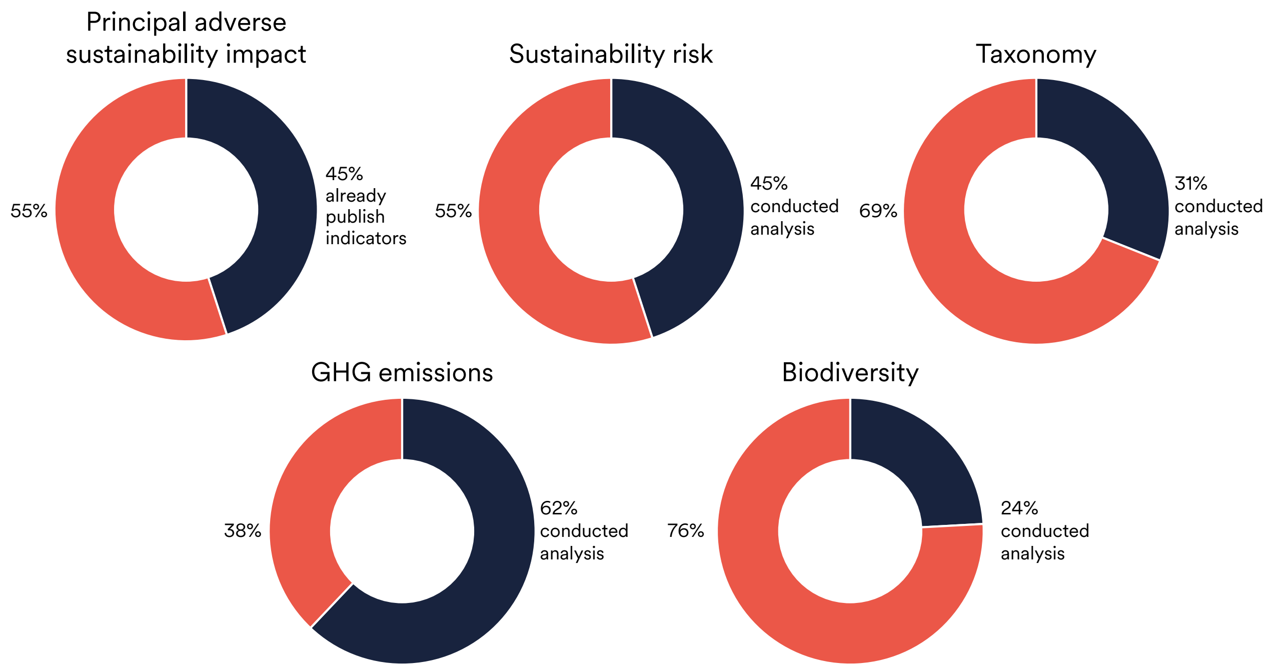
The survey was submitted to all our investees within our debt and equity portfolios. 52% of them provided their answers. The main take-aways are the following:

- 45% of respondents have already published principal adverse sustainability impact indicators, while 28% of them intend to do so in the near future.
- 45% of respondents have already established an analysis on sustainability risks.
- 31% of respondents conducted analysis on EU taxonomy alignment (most of them needing to be finalised following review of the applicable technical standards).
- 62% of respondents have already assessed their GHG emissions, 31% of respondents have taken net zero or Paris alignment commitment including 10% of respondents that have committed to SBTI targets.
- 24% of respondents have already established analysis on biodiversity.

Besides increasing the volume of available non-financial data, major works remains to be performed on the comparability of data themselves

Finally, this survey also gave us the opportunity to meet with the ESG teams of some of our counterparts and exchange more detailed views on these key topics. As a follow up to one of these discussion, we were (symmetrically) invited to contribute from our financier's standpoint to the materiality assessment exercise conducted by one of our counterpart among its stakeholders.

Results of our survey on non-financial information disclosure readiness (Q1 2022)



4.6 EU taxonomy regulation

The EU Taxonomy Regulation was published on 22 June 2020 and came into force on July 12, 2020.

Six environmental objectives have been defined:

- Climate change mitigation
- Climate change adaptation
- Sustainable and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The Taxonomy sets performance thresholds (referred to as ‘technical screening criteria’) for economic activities which:

- Make a substantive contribution to one of six environmental objectives
- Do no significant harm (DNSH) to the other five, where relevant
- Meet minimum safeguards (e.g., OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human Rights)

The performance thresholds will help companies, project promotors and issuers access green financing to improve their environmental performance, as well as helping to identify which activities are already environmentally friendly. In doing so, it will help to grow low-carbon sectors and decarbonise high-carbon ones.

The EU Taxonomy is one of the most significant developments in sustainable finance and will have wide ranging implications for investors and issuers working in the EU, and beyond.

Climate change mitigation

Climate change adaptation

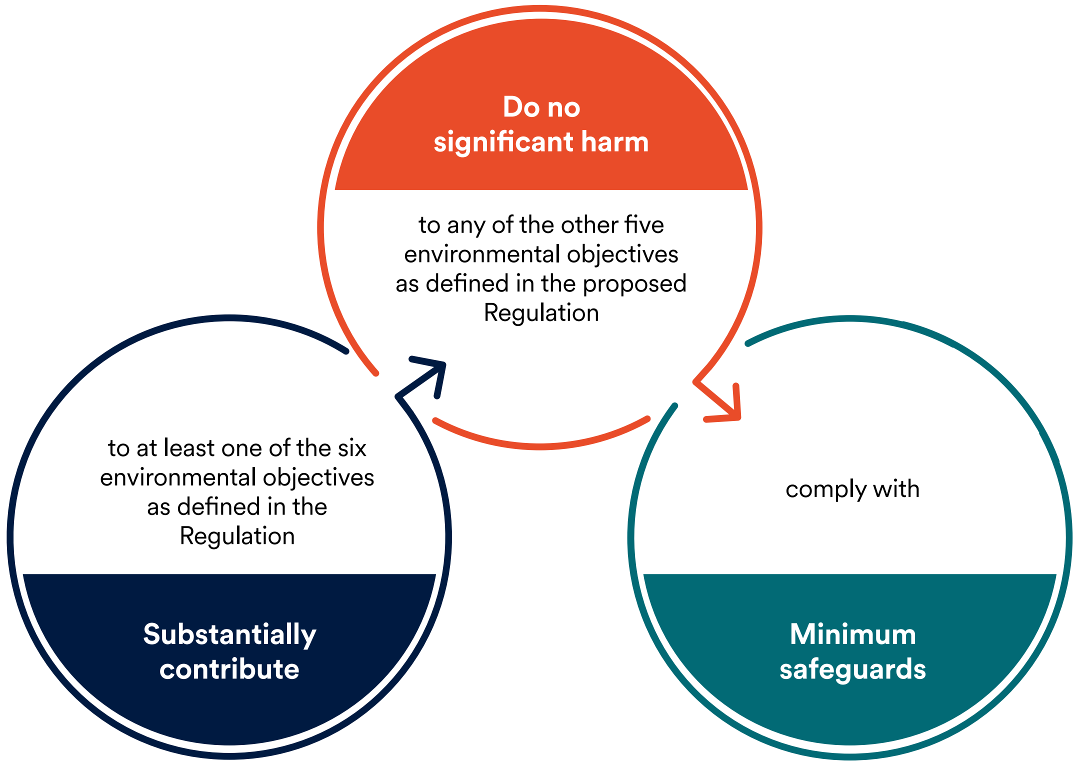
Sustainable and protection of water and marine resources

Transition to circular economy

Pollution prevention and control

Protection and restoration of biodiversity and ecosystems

Taxonomy overview, Source: EU Technical Expert Group on Sustainable Finance.



In practical terms, the Taxonomy Regulation provides a European methodology for determining economic activities falling within the “E” bucket of ESG.

We believe that these new regulations and standards will help strengthen ESG as a core topic in our industry, which we view very positively.

4.7 SFDR[4] classification

As a precautionary measure, all our existing funds (most of them being no longer open to commercialization) have been classified as art 6 which corresponds to the default classification when not meeting article 8 or article 9 characteristics.

We expect most of our future funds to be either article 8 or article 9.

4.8 SFDR article 8 specific requirement

According to Sustainable Finance Disclosure Regulation (SFDR), an article 8 fund “promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices”. Art 8 shall also include a binding criteria.

We have reviewed the regulations as it stands today and designed the following set-up for our art 8 funds:

We have reviewed the regulations as it stands today and designed the following set-up for our art 8 funds:

- All investments shall be based on our extensive ESG-S&I policy (which includes due diligence and analysis on good governance), and
- All investments shall have favourable ESG characteristics as sanctioned in the form of a maximum score of 5 under our proprietary Risk and Impact Assessment Model (SFDR binding criteria)

4.9 SFDR article 9 specific requirement

Article 9 fund has “sustainable investment as its objective”. An article 9 fund shall invest a wide range of its underlying investments in sustainable investments.

This constitutes the most demanding SFDR standard and requires a further sustainability focused approached and a reduced universe of investment.

4.10 SFDR disclosures

As part of the implementation of SFDR, we have produced and issued the following disclosures, which are available here

and more precisely as follows:

Sustainability risks (art 3) report here

Principal Adverse Impacts (art 4) report here

Sustainability risks integrated into the remuneration policy (art 5) report here

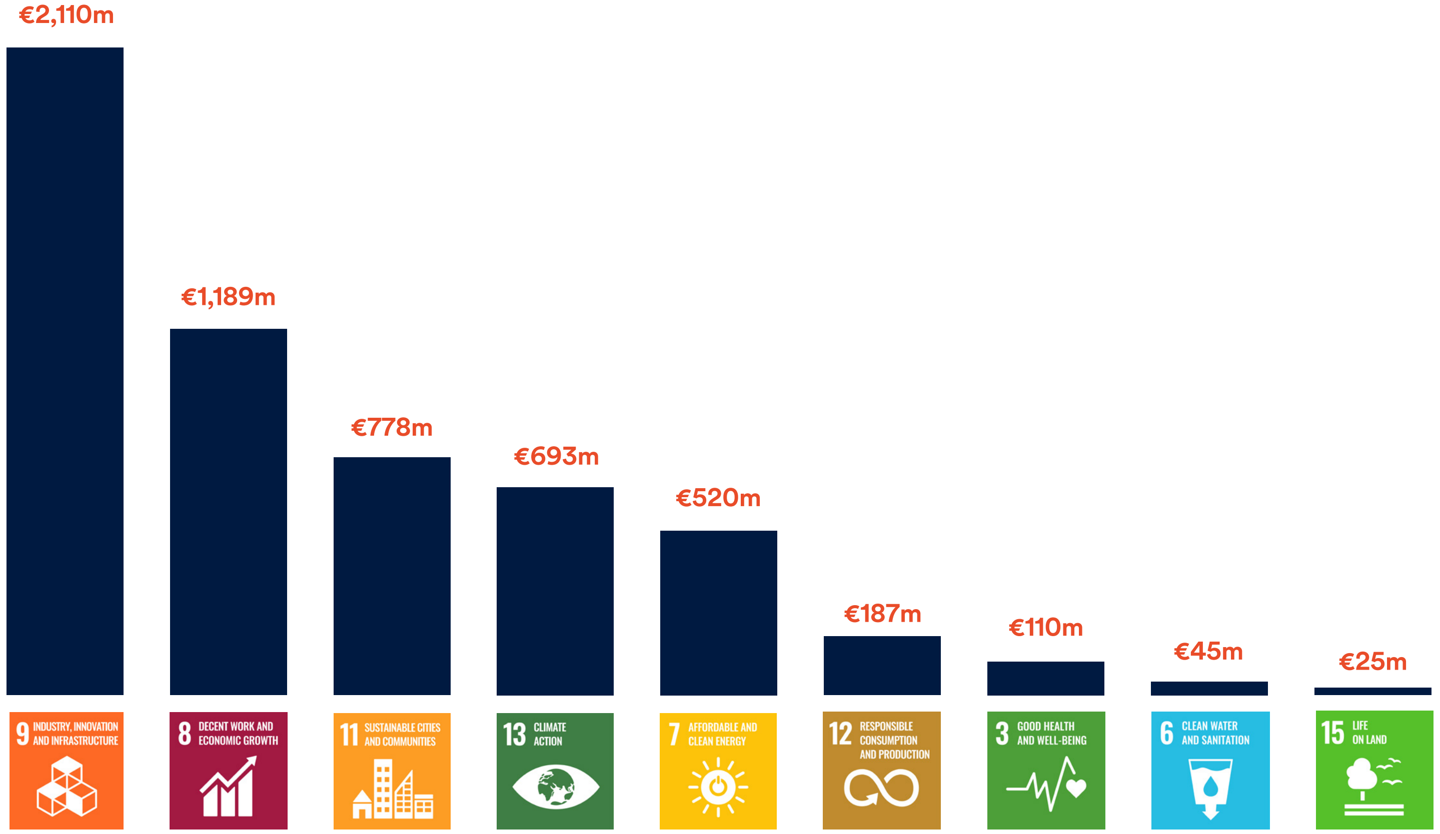
Finally, our Engagement/Voting policy and report are available here.

[4] 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.

Section 5
ESG Reporting

5.1 Impact and ESG risk analysis

The results presented in this section concern the overall consolidated portfolio of Schroder AIDA, representing investments across debt and equity investment vehicles as of December, 31 2021 (managed or advised). Individual fund results are sent to each investors. We present the contribution of the overall portfolio to the UN Sustainable Development Goals in terms of purchased nominal amount (expressed in million Euros) assuming if relevant, multiple SDG contributions per investment.



Schroders Portfolio overview – Contribution to SDGs, purchased nominal amount, in EUR, assuming if relevant, multiple SDG contributions per investment Source: Schroders, 31/12/2021.

5.2 Engagement activities and reports

At group level, Schroders has a significant Active Ownership activity, which can be reviewed in more details in the dedicated reports.

Our dedicated Engagement/Voting report for our Infrastructure equity activity is available here.

In the absence of control over the companies in which we invest, engagement offers in essence less opportunities on our Infrastructure debt activity especially as we act under buy and hold strategies. Nevertheless, we do our best to engage with our counterparts in the due diligence phase and during the monitoring period on ESG matters we feel most relevant and appropriate.

We are also engaging on certain transactions in specifically designing ESG covenants with associated margin ratchets that serve as direct incentives towards better ESG performance.

As illustrated in section 4.5, we have recently conducted a survey to each of the companies we are invested in, in order to assess their degree of readiness regarding the new non-financial reporting requirements. Besides increasing the readiness of our counterparts, this survey also gave us the opportunity to meet with the ESG teams of some of our counterparts and exchange more detailed views on these key topics.

Finally, we do not have any disposal of investments to report in 2021 as a result of our Engagement activities.

5.3 Sustainability risks review and integration

Sustainability Risks is defined as an 'Environmental, Social or Governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment'. When looking at the sustainability risks, our analysis thus considers successively (i) the environmental sustainable risks, (ii) the social sustainable risks and (iii) the governance sustainable risks.

We have recently updated our internal sustainability risks guidelines to enable a more thorough due diligence thanks to a check-list of such risks.

Ideally, we would aim for a risk mapping with relevant risks identified (depending on the specificities of each contemplated investments) including description of the methodologies retained for such risks, relevant KPIs to assess and monitor such risks, any action implemented to mitigate such risks and finally the quantification of any residual risk (and associated time horizon).

However, at this stage, it remains very difficult to have a precise quantitative view of the impact of such sustainability risks on the investment and the corresponding data and associated methodology. Besides, magnitude of such residual risks, if quantified would be extremely low (unless specifically flagged and addressed accordingly) in our investment universe. Therefore, to avoid any very unprecise quantification exercise, we currently focus our analysis on a more qualitative basis for a better relevance.

We nevertheless continue to review both internal standards within Schroders Group and market developments to reassess our guidelines accordingly.

5.4 Paris Agreement alignment strategy

As a business and an investor, we recognize that we have a responsibility to make sure we are on the journey to net zero and that we are delivering investment performance for our clients over the longer term by contributing to a sustainable future.

In 2020 Schroders Group became a founding member of the Net Zero Asset Managers Initiative, a group of international asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. Our commitment was just one step on our decarbonisation journey. In 2021, we committed to the Science Based Targets Initiative (SBTi), committing to align all our managed assets to a 1.5°C pathway by 2040, with an interim target of 2.2°C by 2030. In 2022, Schroders became one of the first 20 financial institutions to have its goals formally validated by the initiative. For more information about our journey, please see our Climate Transition Action Plan (CTAP) and our SBTI verification announcement.

Our Infrastructure debt and equity activities are part of this journey. Being able to rely on a consistent and systematic set of data remains a real challenge for our asset class, which we are currently tackling as a preliminary step.

5.5 Biodiversity

The Convention on Biological Diversity , adopted on June 5, 1992, has three main objectives: i) the conservation of biological diversity, the sustainable use of its components, and iii) the fair and equitable sharing of the benefits arising out of the utilisation of generic resources.

In 2021, Schroders Group became a member of the Natural Capital Investment Alliance. Our Group Environment Statement sets out our position in relation to the environmental management of our operations.

As far as our Infrastructure activities are concerned, we are currently is the process of identifying indicators (e.g. Mean Species Abundance[4]) and tools to measure biodiversity loss with a view to contribute to the reduction of the main pressures and impacts on biodiversity[5], as defined by the IPBES[6]. However and despite research conducted at Group level, few measurement tools are currently operational and adapted for the financial sector, namely the infrastructure sector, but developments are expected in a near future. We will analyse their relevance to our assets, and then decide how best to address this matter

5.6 EU Taxonomy

Considering our investment universe (Infrastructure in Europe) and our strong ESG focus, we believe that a good share of our investments should be considered aligned with EU Taxonomy requirements (in particular, renewables, rolling stocks and waste/water utilities). However, due to the stringent criteria (including detailed technical standards) and the lack of consistent data, we've not been able to classify extensively our portfolio yet.

[4] MSA compares the actual abundance of native species in a given ecosystem to their (estimated) abundance if the ecosystem would be in an undisturbed state.
[5] Habitat destruction, invasive species, pollution, climate change and over exploitation of species.
[6] An intergovernmental organization to improve the interface between science and policy on issues of biodiversity and ecosystem services (it belongs to UN).

Key risks

Interest rate risk for fixed-rate instruments:

interest rate volatility may reduce the performance of fixed-rate instruments. A rise in interest rates generally causes prices of fixed- rate instruments to fall

Deterioration of the credit quality of the bond:

caused by a change in the market environment (for commercial activities) or a change in law/regulation (for all infrastructure activities)

Risk of issuer default:

a decline in the financial health of an issuer can cause the value of its bonds to fall or become worthless

Sustainability risk:

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

Prepayment risk:

the capital may be repaid by the borrower before reaching maturity

Exchange rate risk:

where assets are denominated in a currency different to that of the investor, changes in exchange rates may affect the value of the investments

Illiquid and long term investment risk:

due to the illiquid nature of the underlying investments, an investor may not be able to realise the invested capital before the end of the contractual arrangement (which is likely to be long term). If the investment vehicle is required to liquidate parts of its portfolio for any reason, including in response to changes in economic conditions, the investment vehicle may not be able to sell any portion of its portfolio on favourable terms or at all

Capital loss:

the capital is not guaranteed and investors may suffer substantial or total losses of capital

Greenfield risks:

in contrast to 'brownfield' investments, investments in 'greenfield' infrastructure assets expose investors to additional risks, in particular construction risk (e.g. construction delays, cost overruns, etc.) and deployment risk (e.g. capital being deployed in several instalments during construction period rather than upfront for brownfield investments).

Trade cancellation risk:

trades and settlements are made on a bilateral, negotiated basis. A last-minute trade cancellation can occur in the absence of standard trade and settlement processes via clearing houses

Service provider risk:

investments can be at risk due to operational and administrative errors, or the bankruptcy of service providers.

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