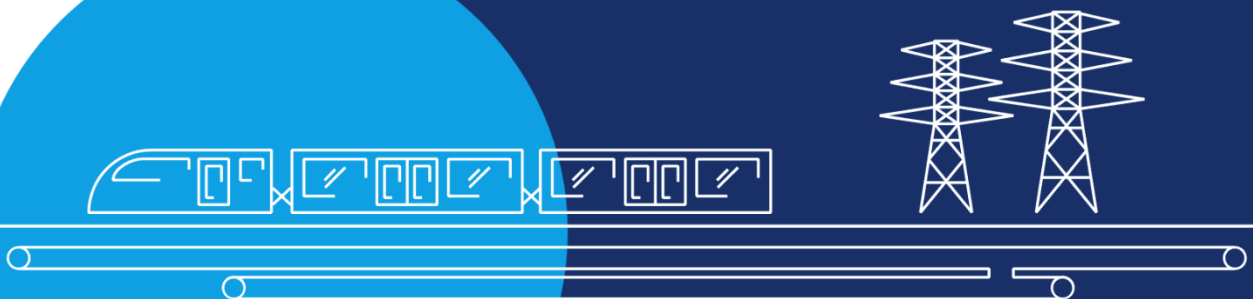




# Responsible Investment Policy

2025



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Responsible Investment Policy	
Policy Owner:	Sustainability
Policy Approver:	Executive Committee
Effective Date:	2020
Last Review Date:	June 2025

## Dalmore's Commitment

Dalmore Capital Limited ("Dalmore," "our," or "we") is a fund manager specialising in the acquisition, management and long-term ownership of essential infrastructure assets. We focus on low-volatility assets that are largely insulated from the economic cycle. With a typical holding period of 15 to 25 years, our buy-and-hold approach reflects a strong commitment to long-term value creation for our investors and stakeholders.

We adopt a pragmatic, purpose-driven approach to responsible investment — anchored in our fiduciary duty to act in our clients' best interests while delivering tangible, real-world outcomes.

Our diverse portfolio spans essential sectors such as energy and utilities, education, healthcare, transport, justice, defence and emergency services. These investments are vital to the functioning of society — supporting communities, enhancing quality of life and promoting sustainable economic growth.

We recognise that achieving a sustainable future requires both sustainable finance — which supports activities already aligned with environmental and social objectives — and transitional finance, which enables high-emitting sectors to evolve towards low-carbon, climate-resilient models. Our investments also include infrastructure that:

- Enables the transition to a low-carbon economy, such as renewable energy generation and transmission assets;
- Drives decarbonisation in high-emission sectors, including energy-from-waste facilities and gas distribution networks; and
- Improves climate resilience, both at the asset level and across broader socio-economic and environmental systems.

By aligning sustainability with financial discipline, we aim to generate long-term value for our clients, the economy, the environment and society. As trusted stewards of capital, we take deliberate, informed actions that seek not only to enhance financial returns but also to contribute to a more sustainable and resilient future.

Central to this approach is the integration of material climate and sustainability considerations into our investment and asset management decisions. This is not a matter of ideology—it is a strategic imperative that enables us to better manage risk, identify long-term opportunities and build portfolios resilient to global change.

This Responsible Investment Policy sets out our approach to integrating sustainability into every stage of our investment process. It affirms our belief that sustainability and financial performance are fundamentally interconnected. This policy also reflects our ongoing commitment to transparency, accountability and continuous improvement in how we manage capital on behalf of our clients.

## Purpose and Scope of Policy

Dalmore's Responsible Investment Policy sets out our commitment to responsible investing and active stewardship. It outlines how material climate and sustainability risks and opportunities are integrated into both investment decision-making and asset management practices. This policy is formally approved by the Dalmore Board and applies to all assets under management. Adherence is mandatory for all employees and is evaluated as part of the annual performance review process, which directly influences individual remuneration.

## Governance and Oversight

Dalmore Capital's Board and Executive Committee hold ultimate responsibility for the firm's governance, including the oversight of climate-related risks and opportunities. Their responsibilities include defining the organisational structure, assigning accountability, ensuring robust risk identification and management systems, implementing internal controls and making strategic decisions in the best interests of the firm. Michael Ryan, CEO of Dalmore Capital, leads the oversight of climate and sustainability initiatives throughout the business.

All sustainability-related policies are reviewed and updated annually to reflect evolving regulatory requirements, investor expectations, international standards and industry practice.

Dalmore's senior management is responsible for ensuring accountable investment and asset management practices, including the effective management of material climate-related risks and opportunities.

A central component of this governance is the Sustainability Committee, which reports directly to the Board. This Committee leads sustainability initiatives across both the corporate business and investment portfolios. It is chaired by Dalmore's Sustainability Director and includes representatives from key business functions, with Michael Ryan (CEO) serving as the Board's representative. In addition, other Dalmore committees have defined sustainability responsibilities, supporting a coordinated and integrated approach to sustainability governance across the firm.



## Exclusions

While Dalmore is not a European Development Finance Institutions (EDFI) member, as part of Dalmore's commitment to responsible and sustainable investment practices, we will not finance activities listed under the:

### EDFI Exclusion List:<sup>1</sup>

- Forced labour or child labour
- Illegal activities under local or international law
- Destruction of high conservation value areas<sup>2</sup>
- Radioactive materials and unbounded asbestos fibres
- Pornography and prostitution
- Racist or anti-democratic media
- Cross-border waste trade not compliant with the Basel Convention
- Projects where the primary business (more than 10% of revenue or portfolio) involves:
  - Alcohol (except beer and wine)
  - Tobacco
  - Weapons and munitions
  - Gambling or casinos

### EDFI Fossil Fuel Exclusion List:<sup>3</sup>

- Coal: Prospection, exploration, mining, processing and infrastructure primarily used for coal transport or power generation.
- Oil: Exploration, production, crude oil pipelines and oil refineries.
- Fossil Gas: Standalone exploration and/or production.
- Power Plants: New or refurbished coal-fired, Heavy Fuel Oil (HFO) or diesel-only power plants.

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<sup>1</sup> [https://edfi.eu/wp-content/uploads/2024/10/EDFI-Exclusion-List\\_-September-2011.pdf](https://edfi.eu/wp-content/uploads/2024/10/EDFI-Exclusion-List_-September-2011.pdf)

<sup>2</sup> Natural habitats that hold exceptional biological, ecological, social, or cultural significance.

<sup>3</sup> <https://edfi.eu/wp-content/uploads/2024/10/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf>

## Implementation Approach



Climate and other sustainability risks will be considered at every stage of our fund's operations, from formation to exit.

### Acquisition

All prospective investments undergo an initial screening against our exclusion criteria (see above). Following this screening, we conduct comprehensive sustainability due diligence, often with support from external advisers. This assessment focuses on:

- **Sustainability Objectives** - Evaluation of the target's climate and sustainability goals against globally recognised frameworks and taxonomies. These include:
  - EU Taxonomy for Sustainable Activities (EU Taxonomy).<sup>4</sup>
  - FAST-Infra Sustainable Infrastructure (FAST-Infra) Label.<sup>5</sup>
  - Climate Bonds Initiative (CBI) Climate Bonds Taxonomy.<sup>6</sup>
  - Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework.<sup>7</sup>
- **Environmental and Climate Risk Review** - Identification and analysis of environmental and climate-related risks associated with the target's operations.
- **Sustainability Governance** - Examination of the target's policies, procedures and social safeguards related to climate and sustainability.

Where material risks or opportunities are identified, we develop targeted risk mitigation measures. These findings are factored into the investment valuation as appropriate. In addition, all Investment Committee papers include a dedicated section on sustainability to ensure informed decision-making.

### Active asset management

Following acquisition, the effective management of material climate and sustainability-related risks and opportunities remains a core pillar of our approach to asset management. This is achieved through close collaboration between our Asset Management Team, Dalmore's Sustainability Function, portfolio companies and other key stakeholders. Our approach is tailored based on the level of control we hold:

- **Controlled Assets** - We implement tailored sustainability policies and standards that are specifically designed to address the unique context, risks and opportunities of each asset.

<sup>4</sup> [https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities\\_en](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en)

<sup>5</sup> <https://www.fastinfralabel.org/>

<sup>6</sup> <https://www.climatebonds.net/>

<sup>7</sup> [https://www.parisalignedassetowners.org/media/2024/06/PAII\\_NZIF-2.0\\_240624\\_Final.pdf](https://www.parisalignedassetowners.org/media/2024/06/PAII_NZIF-2.0_240624_Final.pdf)

- **Minority Investments** - Where we hold a minority position, we secure governance rights that allow us to actively influence and support improved sustainability outcomes.

In all cases, we ensure that material climate and sustainability-related issues are assessed and, where appropriate, integrated into ongoing valuation processes. This ensures that material climate and sustainability-related considerations are not only embedded operationally but also reflected in financial performance and long-term value creation.

## Metrics and Targets

Dalmore's climate-related financial disclosures include key metrics and medium- to long-term targets for Net Zero alignment and managing material climate-related risks and opportunities across our portfolio. In addition, our Sustainability Highlights report presents metrics that highlight the sustainability performance of our assets.

## Transparency and Disclosure

Dalmore is committed to upholding high standards of transparency and accountability in our responsible investment practices. We believe that clear, consistent disclosure is essential to building and maintaining trust with our stakeholders. To support this, we will publicly disclose our Responsible Investment Policy and other relevant sustainability-related policies. In addition, we will provide regular updates and disclosures to ensure stakeholders have a clear, comprehensive understanding of our responsible investment approach and stewardship activities.

### Stewardship Policy

Our Stewardship Policy details how Dalmore meets its stewardship responsibilities in alignment with the UK Stewardship Code. A key focus is active engagement with portfolio companies to promote effective climate-related risk management and support progress toward Net-Zero goals.

### Anti-Greenwashing Policy

Our Anti-Greenwashing Policy sets out Dalmore's commitment to ensuring all sustainability claims are accurate, credible and transparently reflect our actions and commitments, in line with the Financial Conduct Authority's (FCA) Anti-Greenwashing Rule.

### Equality, Diversity and Inclusion (EDI) Policy

Our EDI Policy reaffirms Dalmore's commitment to treating everyone with fairness, dignity and respect. It sets out a zero-tolerance approach to discrimination, harassment, bullying and victimisation and reinforces our dedication to fostering an inclusive and supportive environment for all.

### Modern Slavery Policy

Our Modern Slavery Policy outlines our commitment to understanding and preventing modern slavery in the workplace.

### Investor Relations

Investors frequently request on-demand climate and sustainability-related information about Dalmore and its investments to support their own disclosure requirements. This process is overseen by the Head of Investor Relations. To support these requests, Dalmore collects data on the sustainability performance of its assets through an annual ESG Survey, managed by our ESG Manager at Resolis. In addition, Dalmore provides quarterly investor reports that include commentary on the operational performance of portfolio companies and highlight any material climate or sustainability-related issues, where relevant. Dalmore also shares updates on its Responsible Investment activities during its annual Investor Day, reinforcing our commitment to transparency and stewardship.

## Climate-related Financial Disclosure

Dalmore publishes an annual TCFD Report in accordance with the FCA's Environmental, Social and Governance (ESG) Sourcebook. These reports outline:

- Dalmore's assessment of climate-related risks and opportunities across both its operations and investment portfolio, including the materiality of these issues; and
- How material climate-related risks and opportunities are integrated into our investment and asset management decision-making processes.

This report provides Dalmore's stakeholders with a clear and comprehensive view of how we manage climate-related risks and opportunities.

## Climate Strategy

Dalmore has established a comprehensive Climate Strategy to manage climate-related risks and opportunities while aligning with Net Zero ambitions and the goals of the Paris Agreement. This strategy is structured into three progressive phases:

- **Phase One – Strategic Foundation (2023)** - Dalmore defined its overarching approach to climate-related risk and opportunity management and set the strategic direction for achieving Net Zero. Phase One was successfully completed.
- **Phase Two – Active Engagement and Alignment (2024–2026)** - This current phase focuses on engagement with key portfolio companies to enhance asset level understanding and management of material climate-related risks and opportunities and alignment with Net Zero.
- **Phase Three – Integration and Acceleration (2026–2030)** - The final phase will focus on embedding robust climate-related risk management practices across all assets and intensifying engagement to ensure long-term alignment with Net Zero targets.

This programme was not only developed to meet regulatory requirements, investor expectations and international standards — it was also a strategic initiative to enhance the quality of our financial decision-making, both in capital allocation and in the active stewardship of our assets.

## Sustainability Highlights Report

Each year, Dalmore voluntarily publishes its Sustainability Highlights Report—a concise yet impactful reflection of the firm's ongoing commitment to sustainability. The report captures key achievements, initiatives and performance metrics that demonstrate how sustainability and responsible investment principles are embedded across Dalmore's operations and investments.

## UN PRI Transparency Report

Dalmore is a signatory to the UN-supported Principles for Responsible Investment (PRI) and as such commits to the following Principles:

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

We disclose our approach to responsible investment and the integration of sustainability factors into decision-making through Dalmore's PRI Transparency Report, which is publicly available via the PRI Portal. Our PRI Assessment Report is also published on the Dalmore website.



