



Investments
with **purpose**
for **profit**
by **people**
from Triple Point

D9 Digital Infrastructure

Environmental, Social and Governance (ESG)
Integration Policy

Updated as of April 2021

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COMMITMENT

Triple Point has made a clear commitment to sustainable business within our company mission. As part of this firm-wide commitment, each investment team has undergone a detailed investment-process review to create an individual ESG programme, capturing the specific ESG requirements of our different investment products, which have then been summarised in their respective ESG integration policies.

This policy applies to the ESG investment, ownership and reporting processes associated with Triple Point Digital 9 Infrastructure PLC.

Triple Point Digital 9 Infrastructure PLC	
Share class	Ordinary
Summary	To generate a total return for investors by investing in a diversified portfolio of resilient Digital Infrastructure Projects. Projects will provide key infrastructure for global data transfer (subsea fibre-optic networks, wireless networks and terrestrial fibres) and data storage (data centres), all of which contribute to facilitating global digital communication with a focus on provision of energy efficiency and the integration of green and cleaner infrastructure management.
Structure	Investment Trust
Launch	February 2021
Web	https://www.d9infrastructure.com/

Triple Point's company-wide Sustainable Business Policy is available at <https://www.triplepoint.co.uk/filedownload.php?a=909-601008f02a9e3>



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1. BACKGROUND AND CONTEXT

Founded in 2004, Triple Point has successfully invested in a range of businesses and organisations across both the private and public sectors. We strive to identify and unlock investment opportunities that have purpose, so we can help people and planet, while generating profit for investors.

In support of our commitment to sustainable business, Triple Point has designed and implemented a series of ESG Integration policies across its various investment strategies. The purpose of each policy is to identify, monitor and manage ESG issues to minimise the risk of Triple Point investing in ways that could undermine ESG principles. Such investing risks harm to wider stakeholders, undermining, and potentially reducing, the financial objectives of our investments.

The policies will be under continuous review, updated by the relevant teams and Triple Point's ESG Committee to drive ESG performance and help position us as a leader in the field of ESG.

Triple Point's overall commitment to sustainable business and approach to ESG is captured in its Sustainable Business Policy, which is overseen by the Triple Point ESG Committee. The committee comprises senior members of the Triple Point group who meet monthly and report to the Triple Point Management Committee.

In the view of the ESG Committee, successful ESG integration means:

- Dedicating resource at a strategy level to integrate, monitor and report on ESG issues
- Integrating ESG considerations throughout investment processes
- Ensuring decision-making captures ESG as a factor
- Learning from decisions and reporting to continually enhance ESG integration
- Pro-actively engaging with investors to understand their ESG requirements
- Challenging systemic issues which slow uptake of ESG practices by asking questions, offering alternative solutions, or engaging at a policy level.

An important aspect of Triple Point's approach to ESG is the adoption of the Principles for Responsible Investment ('PRI'), which we signed up to in 2019. The PRI principles are designed to guide and demonstrate best practice ESG integration, and to promote alignment between the objectives of investors and wider society. The principles, which are voluntary, are intended to be actionable and measurable.

2. RATIONALE FOR ESG INTEGRATION WITHIN OUR DIGITAL INFRASTRUCTURE INVESTMENTS

Triple Point is committed to being a sustainable and responsible investor; core to this commitment is to integrate ESG issues into investment analysis and decision-making. The purpose of our investments is to create value for our communities and the people who live and work in them. And the returns from those investments create profit for our clients. We believe that ESG integration is critical if we are to create these benefits. As such ESG is a fundamental part of the investment decision-making process for the Digital 9 Infrastructure Fund.

Digital Infrastructure is critical to global connectivity as key aspects of people's lives – work, education, healthcare, shopping, leisure and socialising – become more reliant on the transfer and storage of data. As Nations grapple with the Covid19 global pandemic, reliance on Digital Infrastructure has never been higher or more crucial. Demand for capacity is expected to increase exponentially (for instance, the volume of data in the world has increased by 3,300 per cent. in a decade) as earlier technologies begin to reach capacity or become redundant (for example, 11 of the 14 existing transatlantic cables are expected to retire in the next five years).¹

ESG: the long view

Digital Infrastructure assets are long-term in nature and hence particularly exposed to long-term themes synonymous with ESG integration. Extreme weather, environmental trends, gradual resource degradation, poor governance, deteriorating community relations and potential loss of the social licence to operate are all examples of ESG risks to an operational asset.

Conversely, ESG can help identify resource efficiencies, reduce the company's environmental footprint, drive innovation, improve community relations, protect the social licence to operate and support staff retention. In essence, good ESG integration for this Fund will help ensure the funding of the most resilient assets, and further increase the likely alignment to UN SDG, Goal 9.

Entwined in this need for greater capacity is also the need for greater digital access. Many vulnerable sections of society still don't have internet access. Recognition of the importance of this social utility is growing. The UN has declared that ensuring universal access to the Internet should be a priority for all States.²

Perversely, Digital Infrastructure both solves a problem and contributes to one. While it is becoming a basic need for citizens to fully participate in society, Digital Infrastructure is resource and energy intensive, at a time when energy use is under severe scrutiny, and Green House Gas Emissions must be reduced (for example the UK Government have committed to reducing Green House Gas Emissions to net zero by 2050).

Integration of ESG is key to ensuring we align to the social benefits of Digital Infrastructure while mitigating for its risks, in particular environmental footprint. In doing so, The Fund also has the opportunity to align to the UN Sustainable Development Goals, Goal 9: Industry Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

We believe taking these ESG issues into account throughout the investment process goes beyond responding to industry expectation. We believe it is critical for risk mitigation and when done well can contribute to enhanced returns as well as preserve value for our investors.

The Digital 9 Infrastructure Fund will be one of the first to provide investors in the UK public markets with the opportunity to participate in this key growth sector. We look to offer investors the reassurance that Triple Point's Digital 9 Infrastructure Fund provides access to the highest quality opportunities in this growing and essential market, both financially and from an ESG perspective.

¹ 'How much data is generated each day?' World Economic Forum, April, 2019, available at: <https://www.weforum.org/agenda/2019/04/how-much-data-is-generated-each-day-cf4bddf29f/>

² Report of the Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, Frank La Rue*, United Nations General Assembly, 2011, available at: https://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.27_en.pdf

3. APPROACH TO ESG

The Digital 9 Infrastructure Fund has a two-step approach to ESG combining broad and deep ESG integration with a purpose-driven overlay.

Step 1: Purpose-driven Overlay

The Fund looks to align to one of our purpose-driven themes in every investment made. In doing so we help ensure the broader potential social benefits of Digital Infrastructure are delivered while managing for the known environmental risk:

- I. Significantly increase access to information and communication technology through our platforms: investing in those assets who can demonstrate the ability to improve digital access, for all sections of society
- II. Decarbonisation of Digital Infrastructure use: target assets with the most advanced energy efficiency practices, or where strong improvement can be achieved

The overlay aligns to Sustainable Development Goal 9: Industry, Innovation & Infrastructure, specifically:

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Step 2: ESG integration

The aim of ESG integration is to bring value both to the investment decision-making process and to the investments which the Company makes. By applying a broad and deep analysis this helps the Company to build a clear picture of the sustainability credentials of a potential investment in addition to driving improvement through ongoing engagement:

- I. **Breadth:** To ensure a minimum level of assurance on the quality of the business across a range of core ESG expectations, we consider the performance of the company relative to industry best practice and in particular the 10 principles of the UN Global Compact.
- II. **Depth:** We complement this broad review with a deeper assessment which considers in more detail the individual nature of the target asset, for example, the size and type of asset, region, operational environment and stage of project cycle. We then assess against a range of tailored expectations to assess the asset's ESG performance. These expectations are drawn from industry best practice including the Sustainable Accounting Standards Board (SASB) and the expectations of the Sustainable Digital Infrastructure Alliance (SDIA).

Indicator 9.4.1: CO2 emission per unit of value added

Target 9.c: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
Indicator 9.c.1: Proportion of population covered by a mobile network, by technology

For each company we log alignment to one of these themes and wherever possible we agree data points with investee companies used to report on overall fund alignment in annual reporting (please also refer to the reporting section 4.2). Where an investment does not align to either of the purpose statements, and evidence of potential, or actual, negative alignment with no opportunity to create improvement exists for either one, then the D9 fund will not invest.

TRIPLE POINT DIGITAL 9 INFRASTRUCTURE PLC

Our Digital Infrastructure assessment will typically cover the following areas for all investments:

Environmental: Greenhouse gas emissions and air pollution, their creation, management and monitoring during build and asset life. Use, generation and intensity of Energy, and the nature of the energy (e.g. renewable) along with water use and its pollution. We also look at levels of waste generated, avoided and disposed of, approach to raw material sourcing and supply chain sustainability, and biodiversity and habitat management.

As part of our environmental assessment we apply an additional review of the climate risk exposure of the asset, this assessment aligns to the TCFD's framework of Governance, Strategy, Risk Management, and Metrics & Targets.

Social: the relevance and appropriateness of the asset to the locality. Assurance of good customer and stakeholder relations, including management

of land rights and social inclusion through access to the asset. We examine data security, client data protection and associated risks. We expect strong management and reporting of health and safety (during and after build) as well as good labour management including staff wellbeing, good diversity and inclusion practices, appropriate training, and presence of fair pay, including reassurance of the absence of modern slavery.

Governance: Management's responsibility and ability to promote a corporate governance structure that is accountable and responsive to stakeholders by addressing issues such as Boards & Trustees, pay structure, ownership and accounting practices. Reassurance on a company's business ethics, through evidence of best practice in approaches to tax policy, management of bribery and corruption, conflicts of interest and appropriate senior level ownership of ESG issues.

ESG ENGAGEMENT

An important part of our ESG strategy is to use our influence to work with investee companies to drive improvements in their ESG practice and outcomes. While we would not invest if there were any critical weaknesses identified, we also recognise that many companies who have good practice can still do more across the full breadth of ESG topics to become leading practitioners. We consider our commitment to ESG engagement a key benefit to this strategy, and important in our role as PRI signatories and members of the SDIA. Our approach is not to overlook, or argue away weaknesses, but understand them and help identify a pathway for improvement through target setting and tracking. We focus improvement on the ESG topics outlined above, with additional attention on the two topics of our purpose-driven overlay: access to information and communications technology, and decarbonisation of Digital Infrastructure energy use.

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4. IMPLEMENTATION OF ESG INTEGRATION

We have conducted a careful review of our investment processes to enable the implementation of practical, proportionate and material ESG integration. There are two key elements to our approach to implementation:

- I. **Management (Culture, Capacity & Governance)** – this refers to the allocation of appropriate resourcing, training and senior support to ESG integration. It demonstrates Triple Point’s actions have integrity aligned with the strategic position of the company and oversight from senior management.
- II. **Investment (Process & Reporting)** – this refers to action taken in the investment process to assess and improve ESG factors affecting the target asset, how these might affect an investment decision and how we capture decisions and changes to ESG factors during our asset ownership.

The details below provide insight on management of these two key areas of our approach. The details and examples are not exhaustive, but seek to provide clear evidence of the comprehensive nature of our integration process.

I. Management (Culture, Capacity & Governance)

Who	Action
Team	<ul style="list-style-type: none"> We have a programme of ESG training for the team, and team members are encouraged and supported to undertake appropriate training and learning opportunities All team members are expected to show ownership for good ESG throughout the Investment Process, and this expectation is explicitly shared with new hires Individuals are empowered to ask new questions of partners/counterparties to drive best ESG practice.
Investment Committee	All IC members receive ESG training
Board review	Introducing ESG training for the board
Triple Point ESG Committee	Reporting of key portfolio ESG information to the ESG Committee for critical review.
Prospects/Clients	Explicit reference to ESG in all new marketing materials.

II. Investment (Process & Reporting)

Investment Step	ESG Action	
	Intergration	Example
Origination / Sourcing	<ul style="list-style-type: none"> All investments are assessed for alignment to one of the purpose-driven themes We reference and raise the importance of good ESG with any co-investors. 	<ul style="list-style-type: none"> e.g. evidence which demonstrates leading carbon reduction practice for example a Data Centre with a Power Usage Effectiveness significantly below the average and with an improving trend
Due Diligence (DD)	<ul style="list-style-type: none"> Assessment of alignment to the 10 principles of the Global Compact, to ensure due attention to the key areas of Human Rights, Labour, Environment and Anti-Corruption. Bespoke analysis of industry specific ESG themes and topics (please also refer to the below table) Climate Risk Exposure assessment via the TCFD framework Results are captured in an ESG scorecard which forms part of the assessment and selection process, and includes a minimum ESG attainment threshold for investment. Areas of possible concern, or topics for engagement are identified and recorded. We track where a deal is rejected or explicitly selected, based on ESG factors 	<ul style="list-style-type: none"> e.g. require reassurance of Modern Slavery avoidance e.g. assessment of a wireless technology provider's approach to community consultation in tower construction e.g. climate assessment of an asset includes impact of extreme weather conditions on future viability

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Prep for approval	<ul style="list-style-type: none"> During the site visit we seek clarification on any areas of concern previously identified An on-site ESG check-list is completed We baseline current performance on key selected ESG areas. 	<ul style="list-style-type: none"> ESG factors may result in further information being requested before proceeding to IC e.g. biodiversity management approach, or evidence of the implementation of a robust health & safety policy
Investment Committee	<ul style="list-style-type: none"> IC papers include labeled ESG scorecard results, & draw attention to any strengths & weaknesses. 	<ul style="list-style-type: none"> We would highlight where ESG factors have influenced opinion on an asset e.g. energy efficiency benefits being offset by undesirable water discharge.
Board/external review	<ul style="list-style-type: none"> Board papers include labeled details on ESG. 	<ul style="list-style-type: none"> e.g. the need to request additional clarification, and outcome, would be noted.
Execution	<ul style="list-style-type: none"> Agree with investee company the ESG-linked improvements we require. Establish with the investee company the metrics required for future reporting 	<ul style="list-style-type: none"> e.g. increased procurement of renewable energy e.g. number of new users in rural communities
Monitoring & reporting	<ul style="list-style-type: none"> We analyse the ESG outcomes of each company by collating the pre-agreed metrics, and will publish KPIs and qualitative analysis Reporting will focus on the Fund's alignment to the ESG standards and purpose driven outcomes as outlined, including identified climate risks and opportunities in line with TCFD, and alignment with EU Taxonomy disclosure ESG reporting will be integrated within the Fund's Annual Report 	<ul style="list-style-type: none"> ESG factors may result in our requiring ongoing monitoring of an issue with an asset e.g. biodiversity management outcomes.
Holding & Exit	<ul style="list-style-type: none"> During our ownership we intend to drive ESG performance improvements which can be evidenced through KPI data comparison over time If an asset is decommissioned during our ownership we ensure best practice in any dismantling and component re-cycling We will take into account the nature of the buyer during exit process We will look to establish the ESG value-added during holding period, by inter-rogating ESG metrics. 	<ul style="list-style-type: none"> Indicative KPIs include: Increased digital service access in rural communities; in low income metropol Reduction in energy consumption achieved as a direct result of energy conservation and energy efficiency initiatives Water Usage Effectiveness and trend over time

To further illustrate the application of our ESG assessment at the due diligence stage, the table below provides examples of how ESG is analysed by investment type:

	Environmental	Social	Governance
Sub-sea fibre	e.g. strong and improving utilisation rates; review of environmental impact of developments on subsea bed	e.g. maintenance & worker safety approach and record	e.g. being a carrier-neutral provider of connectivity
Terrestrial fibre	e.g. strong & improving resource footprint	e.g. well developed & effective supply chain management	e.g. possession of right licenses, & evidence of going beyond minimum requirements
Data Centres	e.g. efficient use of power and plan for renewable energy	e.g. data security, & consideration of hardware manufacturer & political implications	e.g. strong management of bribery and corruption risks
Wireless	e.g. end of life management to limit e-waste	e.g. local community consultation for tower construction	e.g. strong management of customer privacy risks

5. POLICY STATEMENT

Triple Point is committed to continually strengthening and improving ESG integration. This policy is under continuous review by the aforementioned teams and the ESG Committee, and updated as appropriate.



Thor Johnsen
Head of Digital Infrastructure
April 2021