

REICHMUTH & CO  
INVESTMENT MANAGEMENT

# Responsible Investment Policy 2020



# Responsible Investment Policy

## ESG Mission Statement

Our mission as a specialized investment firm dedicated to private infrastructure is to enable our clients to achieve their financial objectives through stable returns and long-term solutions. Sustainability is paramount in fulfilling that fiduciary duty and an integral pillar of Reichmuth & Co Investment Management's (thereafter "RIMAG") overall strategy. It is our core belief that the portfolio companies we invest in enjoy a competitive advantage and are more successful by adhering to sustainable business practices. For us, sustainability is essential to deliver on long term value creation. We recognize that our decisions and activities have an impact on the environment and the people and communities where we and our portfolio companies operate. As active owners of infrastructure assets, it is RIMAG's ambition to manage those impacts and promote sustainable business practices. This practice enables us to make better informed risk-adjusted return decisions in pursuing new investment opportunities and managing existing assets.

The assessment and integration of ESG factors is a crucial part of this commitment across our investment platforms for private infrastructure. Through embedding ESG into our investment process, we are convinced that our investments are enhanced in terms of their long-term value and better positioned to absorb risk. This will fundamentally help us to generate stable returns for our clients. Moreover we believe that the consideration of ESG factors is an important responsibility that is at the heart of many of our clients and stakeholders.

Being a member and active supporter of UN PRI is directly aligned with our firm belief that addressing ESG factors is a tool for value creation and prudent risk management. Throughout the investment cycle, managing ESG risks and opportunities allows us to reduce business risks and increase the performance of our portfolio companies.

## Our commitment to delivering lasting value

UN PRI provides a robust framework for signatories to work towards a common goal of achieving a collective voice on ESG. RIMAG is resolute in committing to the six UN PRI principles:

- 1) Incorporate ESG issues into our investment analysis and decision-making process
- 2) Be active owners and incorporate ESG issues into our ownership policies and practices.
- 3) Seek appropriate disclosure on ESG issues by the entities in which we invest
- 4) Promote acceptance and implementation of the UN PRI within the investment industry
- 5) Work with other investors to enhance our effectiveness
- 6) Report on our activities and process towards implementing the UN PRI

## Collective responsibility

We recognise that ESG considerations can impact the long-term future of a company and its viability. The RI policy applies across the RIMAG infrastructure portfolio although RIMAG's level of influence and method of engagement within the portfolio may vary. Our integration and engagement of ESG factors is continually evolving and we particularly welcome engagement with clients and the portfolio companies we invest in. We believe that we all have a shared responsibility towards advancing sustainability and we aim to foster an environment in which each professional at RIMAG is empowered to make a positive difference.

The implementation of our Responsible Investment policy (RI) at RIMAG is led by our CEO, Dr. Stefan Hasenböhler. However, it is the responsibility of each team to help advance matters of ESG. The execution and therefore the practical implementation of our ESG policies is shared and falls within the responsibility of the investment, operations, and investor relations teams. Our Investor Relations team liaises with relevant stakeholders internally and externally about our ESG progress.

## **1. Incorporate ESG issues into our investment analysis and decision-making processes**

RIMAG invests in infrastructure assets that have a proven business model and possess characteristics of scalability. This strategy leads us to invest in companies with existing operations, in industries where ESG issues are usually thoroughly addressed and already actively monitored and reported on (i.e. energy, transport). At the heart of our strategy are fundamental trends that define the state of today and will help shape tomorrow's world. Not least because of Switzerland's "Energy Strategy 2050", we have focused our efforts on sustainability through the lens of renewable energy supply, waste disposal, and mobile transportation. During the sourcing process, ESG factors make up the framework for identifying the risks and opportunities that may affect the value chain of the target project. During the due diligence process, further analysis is carried out by RIMAG's investment team to identify the ESG issues which are likely to have a material impact on the financial and operational performance of the target project.

## **2. Be active owners and incorporate ESG issues into our ownership policies and practices**

RIMAG takes an active role in the ownership of our infrastructure assets. At the infrastructure level, our involvement takes place at the highest level, which allows us to address ESG risks and opportunities directly with our portfolio companies and engage in a constructive dialog. Responsibility and accountability for managing ESG is shared and tasks are assigned to the appropriate team. We are committed to promoting and prioritizing ESG goals as part of our overall investment strategy and generating improvements within our portfolio companies.

## **3. Seek appropriate disclosure on ESG issues by the entities in which we invest**

During the investment management phase, we aim to monitor the ESG performance of our portfolio companies as part of the risk management process. ESG factors are specifically itemised for discussion at our monthly Portfolio Review meetings and addressed directly with our portfolio companies.

We are working towards implementing a comprehensive annual ESG survey which will be completed by all of our portfolio companies we invest in and affiliated parties we partner with. That survey will include a set of general and company-specific questions in a wide range of ESG areas, such as climate change, resource efficiency, environmental pollution, health and safety, human capital management, stakeholder engagement, corporate governance, business ethics, and data security. Furthermore, as part of our long-term ESG strategy, we will improve the effectiveness of our ESG data collection and monitoring process.

## **4. Promote acceptance and implementation of the UN PRI within the investment industry**

RIMAG actively engages investors and stakeholders on the rationale for responsible investment and the development of good practices. We communicate our RI Policy and ESG expectations to all relevant stakeholders (i.e. investors, shareholders, or company employees).

## **5. Work with other investors to enhance our effectiveness in implementing the UN PRI**

RIMAG aims to be an active member of the UN PRI community, regularly attending and participating in the organisation's events, workshops and webinars.

## **6. Report on our activities and process towards implementing the UN PRI**

Our reportings include a dedicated ESG report, which includes information about our firm's progress towards implementing the UN PRI as well as the ESG performance of our infrastructure assets. We also regularly communicate our RI Policy and the progress towards to relevant stakeholders (i.e. investors).

## Our approach – Materiality as a guide

Amid the recognition that ESG factors influence investor returns, we have to take seriously our fiduciary responsibility towards our clients to account for all factors that help us manage risk and improving our returns. Therefore, the integration of ESG into our investment process is imperative. Guiding us to identify the relevant ESG issues in our investments is the concept of materiality. This allows us to be selective and pragmatic in ensuring that our ESG initiatives are aligned with our stakeholders and the strategic objectives of our underlying businesses and responsibility we share.

Below are an indication of ESG issues that are assessed:

 <ul style="list-style-type: none"><li>▪ Climate change and mitigation impact</li><li>▪ Reduced emissions and energy efficiency</li><li>▪ Efficient use of natural resources</li><li>▪ Waste and pollution management and prevention</li></ul>	 <ul style="list-style-type: none"><li>▪ Civil and human rights</li><li>▪ Diversity and equal opportunities</li><li>▪ Education</li><li>▪ Global health and medical technologies</li><li>▪ Government and community relations</li><li>▪ Labor management relations</li><li>▪ Product safety and liability</li></ul>	 <ul style="list-style-type: none"><li>▪ Board composition, accountability, and compensation</li><li>▪ Ethics and compliance</li><li>▪ Lobbying and contributions</li><li>▪ Shareholder rights and stakeholder engagement</li><li>▪ Security</li></ul>
---	--	---

## Climate change as part of our investment DNA

RIMAG is a specialized investment manager that invests in private infrastructure and we are acutely aware of the impact that climate change may wield on our invested portfolio companies and vice versa. This concerns the physical as well as transitional risks some of our investment may be exposed to. Over their lifetime infrastructure assets will face all sorts of ESG-related issues. These will vary depending on asset type, sector, size, geographic location and stage in the life cycle. The ability to assess the risks that are posed by climate change will also provide opportunities for innovative solutions. This stands at the heart of our integral responsible investment strategy.

## Reporting

As active owners, we aim to promote our sustainable approach to investing through publications regarding our Responsible Investment Framework on our website and informing our clients through a dedicated ESG segment in our quarterly investment reports.

## Our ESG strategy going forward

Our ESG assessment will be guided by industry best practice, international standards and frameworks such as those published by the OECD and the UN Global Compact. RIMAG monitors and may develop its processes using a number of sustainable investment initiatives, including the Institutional Investors Group on Climate Change, the Paris Pledge for Action, and The Task Force on Climate-Change Financial Disclosure. ESG will be an integral part of our corporate and investment strategy going forward. It will also be a breathing and ever evolving body of work.