John laing
making infrastructure happen

Sustainability policy

August 2023

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Owner	Head of Sustainability

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1. Responsible investment approach

John Laing is a leading international investor in, and active manager of, core infrastructure assets. We finance, develop, acquire and manage infrastructure projects and businesses across several sectors, including transportation, energy and utilities, telecommunications and social infrastructure.

We create sustainable core infrastructure by investing across greenfield and brownfield PPPs to develop, finance, operate and maintain infrastructure that provides public services. We also invest in core infrastructure businesses and platforms providing a range of services, including access to healthcare and specialised accommodation for retired people.

John Laing's core mission is to create value for all our shareholders and broader stakeholders by investing in, developing and managing infrastructure projects that respond to public needs, foster sustainable growth and improve the lives of communities around the world. **As investors, we see the management of our assets' sustainability impact as critical to fulfil our fiduciary duty to create and protect long-term value.**

This is why our sustainability strategy has become integral to our business strategy. By embedding sustainability in our investments, operations and supply chain, we aim to help our assets, clients and partners achieve their sustainability objectives and future-proof our business.

2. Sustainability strategy

Our sustainability strategy is structured around six pillars, which shape our organisation and our investment approach. They enable us to direct our initiatives and measure our impact. They keep our sustainability strategy focused and help us identify ways to further improve our assets and our organisation.

These sustainability pillars were formed in consultation with industrial partners and shareholders by reviewing the **material sustainability topics in the sectors and geographies we invest in**. John Laing conducted a detailed review of current climate and ESG-related regulatory trends as well as sustainable infrastructure labelling and certification criteria. These criteria are informed by sector standards, such as the EU Taxonomy – a classification of green activities – and frameworks such as Task Force on Climate-related Financial Disclosures (TCFD), Taskforce on Nature-related Financial Disclosures (TNFD) and International Sustainability Standards Board (ISSB).

These six pillars (

Figure a) feed into our positive and negative screening of investment opportunities. They have also informed how we assess our current assets' existing approach to managing ESG risks and opportunities, as we developed a proprietary ESG maturity framework.

Figure a – John Laing sustainability pillars

Climate Change

The positive impacts we work to achieve

Build projects resilient to climate change and aligned with 1.5°C pathways

What we work to mitigate or avoid

Minimise greenhouse gas emissions and avoid exposure to fossil fuels

Resource Use

The positive impacts we work to achieve

Promote the efficient and sustainable use of resources

What we work to mitigate or avoid

Avoid non-hazardous construction and demolition waste going to landfill

Biodiversity

The positive impacts we work to achieve

Protect and restore biodiversity and ecosystems

What we work to mitigate or avoid

Avoid negative impact on biodiversity-sensitive areas

Communities

The positive impacts we work to achieve

Build local capacity and contribute to enhanced livelihoods and social wellbeing of communities

What we work to mitigate or avoid

Prevent and address adverse impact on communities

Diversity, Equity and Inclusion

The positive impacts we work to achieve

Advance diversity, equity and inclusion and promote the non-discriminatory use of infrastructure services

What we work to mitigate or avoid

Ensure equality of opportunity and treatment in employment

Responsible Business

The positive impacts we work to achieve

Uphold best-in-class moral, ethical, governance and labour standards

What we work to mitigate or avoid

Implement effective anti-corruption measures and respect human rights

3. Responsible investment process

John Laing integrates ESG considerations at all stages of our investment lifecycle, from due diligence to asset management (see Figure b below).

*Figure b – **ESG integration in our investments***

A. Due diligence: integration of sustainability into investment decisions

During the investment stage, **we use our ESG framework to identify both value creation opportunities and potential risks**. We have implemented positive criteria to increase transparency and seize opportunities where ESG tailwinds are strongest, from sustainable transport to renewables. We also developed screening criteria to avoid projects that are environmentally and/or socially harmful and where no mitigation is possible.

ESG impacts are considered in our early due diligence, and those **investment opportunities that we deem harmful to society or misaligned with our sustainability pillars are restricted by our ‘gating issues list’ and screened out**. This, for example, includes coal or oil assets. Gas-related infrastructure is only considered if a clear transition path is available. We also assess the feasibility of decarbonisation in line with our net zero commitments. If such decarbonisation is not viable, a potential transaction would be highly unlikely to proceed to the next stage of the investment process.

We believe the infrastructure sector has a critical role to play in decarbonising the world economy and achieving the transition to net zero. Before any non-binding bid approval, **we also consider the overall sustainability of an investment and how it aligns to our sustainability pillars**. This includes whether the investment is included in the EU Taxonomy.

Investment opportunities that progress to binding bids are subject to full due diligence, often by expert third parties, to assess the specific ESG risks and impacts. Enhanced ESG due diligence will be required for investment opportunities related to vulnerable groups, such as children, the elderly or indigenous peoples. All findings, including sustainability risks and opportunities, are included in the investment documents and presented to the Investment Committee for scrutiny as part of its decision-making. In some limited cases, **due diligence will lead the Investment Committee to**

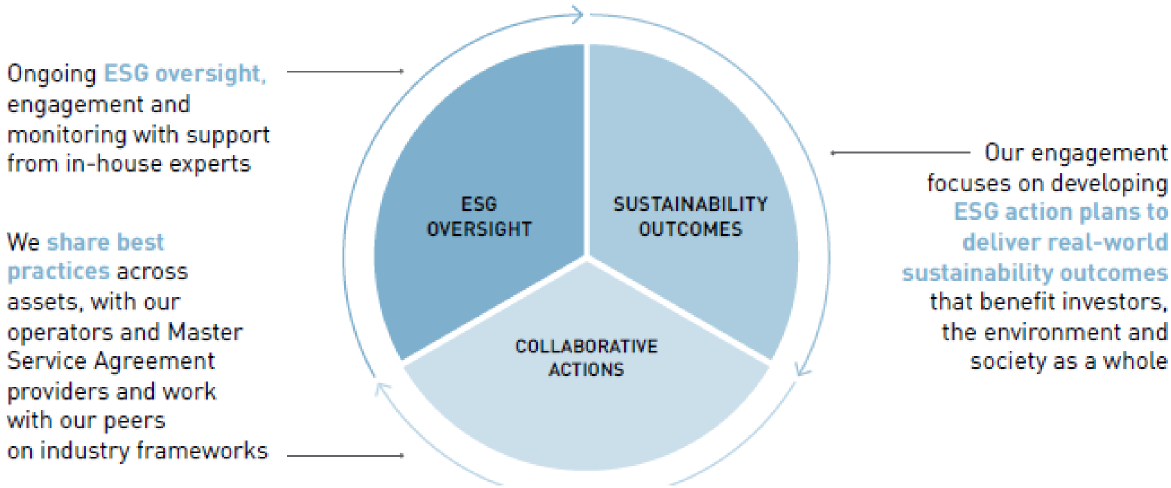
decline an investment opportunity because the risk of an adverse impact is too high or because mitigation efforts have not been successful.

ESG risks, opportunities and impacts are included in a '100-day plan' that outlines the strategic and operational initiatives that will be implemented in our first 100 days of ownership of an asset.

B. Ownership phase: approach to engagement and stewardship

Our active approach to the management of our assets and projects is a distinctive feature of our strategy that distinguishes us from many other infrastructure investors.

Figure c – Our approach to engagement.



ESG action plans to deliver sustainability outcomes

ESG risks, opportunities and impacts are addressed as part of the 100-day plan. During these first 100 days, our asset managers or management teams conduct an asset-specific materiality assessment and start work on their decarbonisation plan.

Our engagement focuses on developing ESG action plans to deliver real-world sustainability outcomes that benefit investors, the environment and society as a whole. They prioritise initiatives that reduce ESG risks and impacts and maximise value creation opportunities. They are specific to each asset, but should align with John Laing's approach to responsible investment and reflect the priorities of clients, regulators, industrial partners and other stakeholders.

Our aim is for all new assets to set an ESG action plan agreed by all parties within a year of acquisition with clearly delineated short- and long-term targets aligned with the UN Sustainable Development Goals (SDGs), the Paris Agreement and national sustainability strategies.

Ongoing ESG oversight, engagement and monitoring with support from in-house experts

Our experienced asset managers and board appointees take the lead on our post-investment engagement. They implement the ESG action plans at asset level, with the support of the Head of Sustainability. Both teams engage with our clients, partners and subcontractors to align on our sustainability priorities and how to improve the sustainability profile of our assets.

Monitoring and engagement are guided by a business controls list that includes our health and safety, environmental, stakeholder management and governance requirements. ESG opportunities are included in our value enhancement delivery process, which is reviewed quarterly by the Portfolio

Review and Valuations Committee (PRVC). Critical ESG-related risks or issues are escalated internally to the PRVC, and if required to the Board. Direct communication at corporate level between John Laing and our industrial partners can also be a path to escalate most critical ESG issues.

Through our annual ESG questionnaire, we request data on a wide range of indicators and metrics, which reflects sector standards, such as the EU Taxonomy and frameworks such as Task Force on Climate-related Financial Disclosures (TCFD), Taskforce on Nature-related Financial Disclosures (TNFD) and International Sustainability Standards Board (ISSB) among others.

The maturity of our assets is thereafter monitored through a proprietary ESG maturity framework, which assesses how mature the asset is across the six pillars of our sustainability strategy and helps us to identify ways to further improve our assets.

This proprietary framework also enables us to understand practices across the portfolio, identify areas where portfolio-wide initiatives can build long-term value. We compile best practices for key sectors to support our asset managers with the tools they need to develop ESG action plans for the most material risks, impacts and opportunities.

Working with our partners and peers

Collaboration is crucial to delivering sustainable infrastructure. Our success is partially dependent on the technical expertise and long-standing relationships we have with our clients, partners and subcontractors.

For that reason, we undertake thorough due diligence on contractors and operators before any investment. We seek to influence business relationships through contractual arrangements and engage with them on our assets and at a corporate level, through their ESG functions to align priorities and exchange on best practices.

We also work closely with several infrastructure and investor associations including:

- Initiative Climat International (iCI)
- Global Infrastructure Investor Association (GIIA)
- Association for the Improvement of American Infrastructure (AIAI)
- Infrastructure Partnerships Australia (IPA)

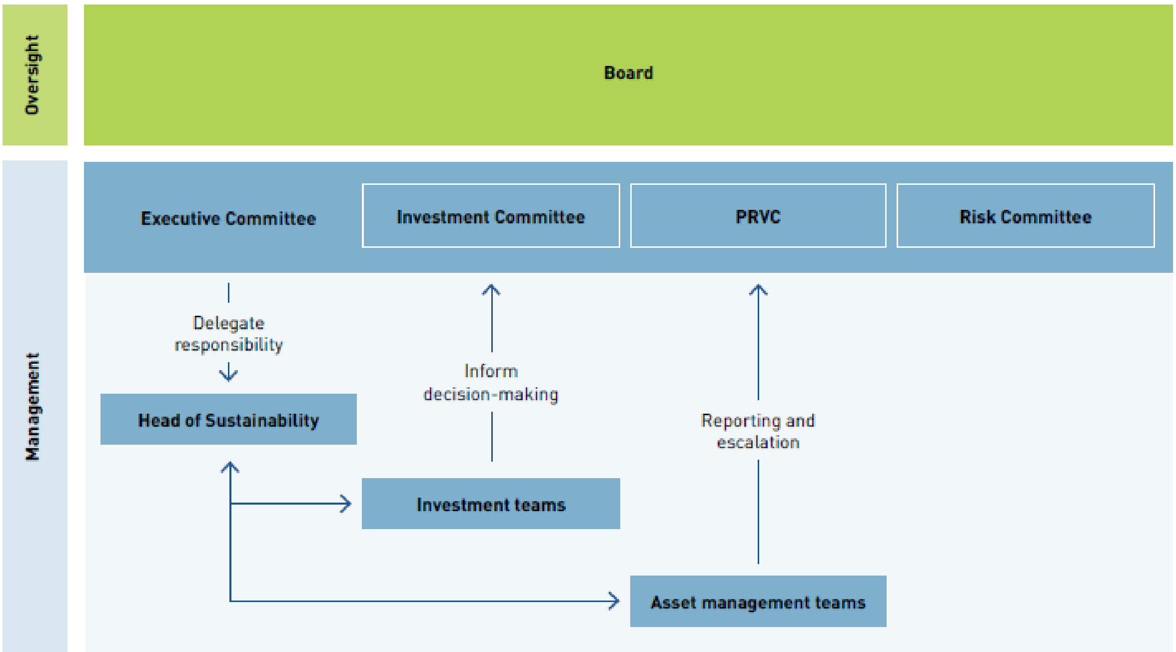
We do not make political contributions and any engagement with trade associations is consistent with our sustainability commitments and goals.

Engagement activities must comply with the John Laing Global Compliance Policy and the John Laing Antitrust Compliance Manual, in particular regarding ABC and antitrust practices. Any conflict of interest will be managed as per the John Laing Global Compliance Policy. This policy is intended to identify any existing or potential material conflicts of interest and help manage them by avoiding, controlling or disclosing them.

4. Sustainability governance

ESG considerations should not be considered in isolation: they are embedded throughout our investment processes, asset management process, and risk process through three executive committees and a dedicated Head of Sustainability.

Figure d - John Laing Governance Structure



Board. Ultimate responsibility for our ESG performance rests with the Board, which is responsible for considering sustainability-related risks and opportunities as part of the business strategy and risk management. The Board is updated quarterly on sustainability risks and opportunities. It oversees our sustainability-related target setting and monitors progress against goals, including whether and how related performance metrics are included in remuneration policies.

Group Management Team. Our Group Management Team, including the CEO, CFO, COO and Global Head of PPP, is responsible for the operations of the company and the implementation of the company's strategic objectives, risk strategy and progress against goals and targets, including those on sustainability. It may delegate or act through our Head of Sustainability who provides updates and advice to relevant committees such as:

- **Investment Committee** (IC) – regarding risks, opportunities and impacts related to new investments
- **Portfolio Review and Valuations Committee** (PRVC) – monitoring of the assets
- **Risk Management Committee** (RMC) – regarding material risks for John Laing

To embed ESG into our company culture, corporate sustainability-related objectives are included in Management's performance review and remuneration.

Sustainability disclosure is subject to an increasing array of regulation, frameworks and enhanced expectations. We report in reference to Global Reporting Initiative (GRI) Standards and seek to align with other emerging disclosure best practices.