



Annual **ESG** Report **2022**

Resilient Infrastructure,
Responsible Investing

BASALT
INFRASTRUCTURE PARTNERS

The Story of 2022

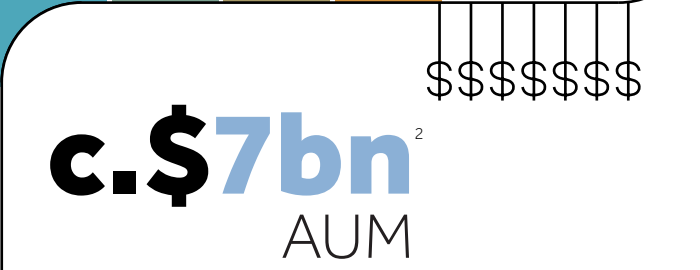
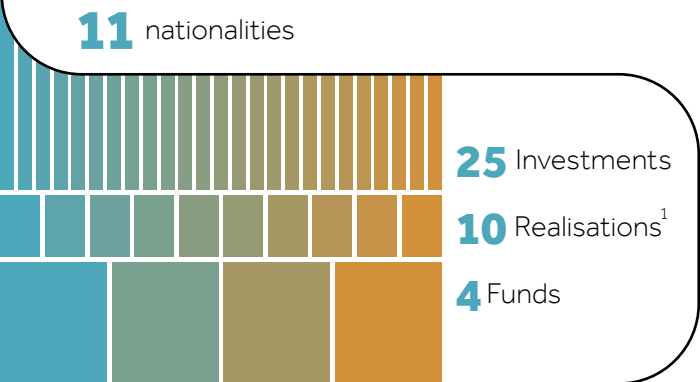
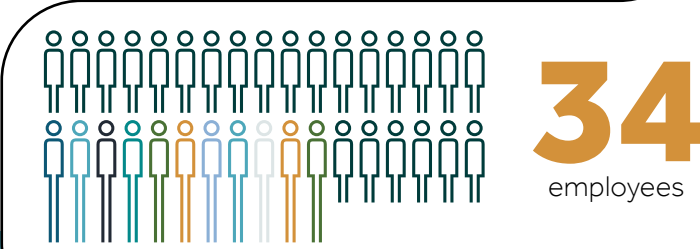
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Our Fundamentals

About Basalt Infrastructure Partners

Basalt Infrastructure Partners LLP (Basalt) is a dedicated infrastructure investment firm, with a transatlantic focus on mid-market infrastructure and a differentiated approach to deal sourcing.

Signatory of the UN's
Principles for Responsible
Investment (PRI)

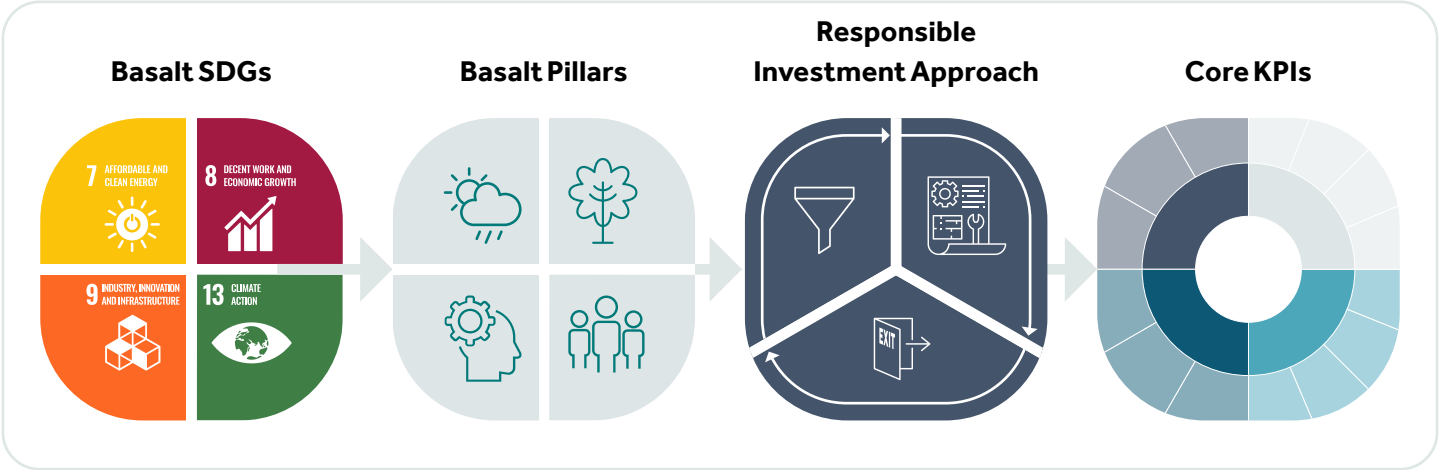


Across the Basalt Portfolio in 2022

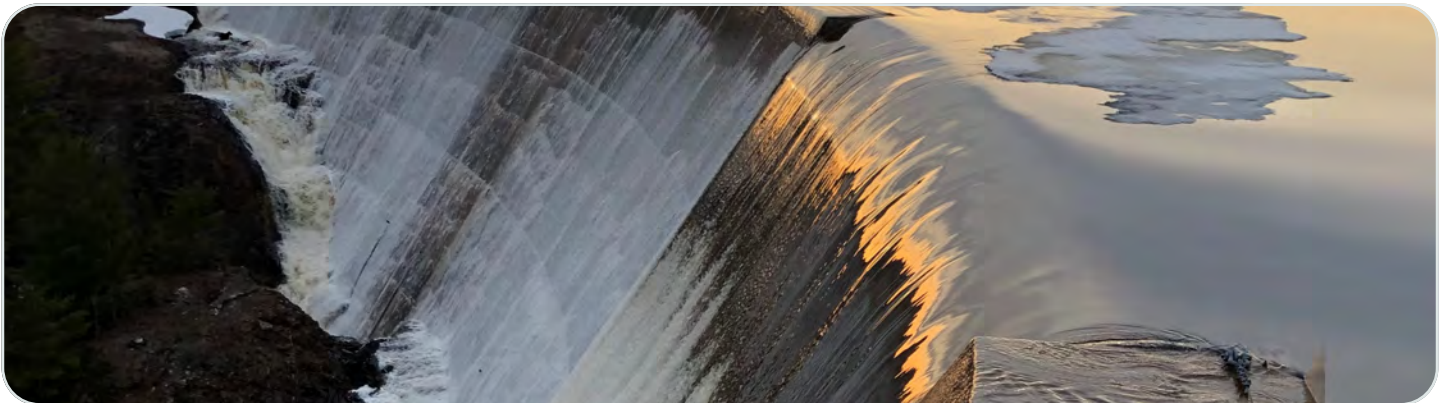
Over 625,000 MWh of renewable energy produced	7 AFFORDABLE AND CLEAN ENERGY
Over 15,000 employees in 24 countries	8 DECENT WORK AND ECONOMIC GROWTH
First of five LNG carrier vessels launched Hybrid ferry under construction Transitioning fleet of c.4,000 buses to electric	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
More than 300,000 tCO ₂ e avoided from renewable energy assets alone ³ 100% of electricity used for buses is from renewable sources	13 CLIMATE ACTION

As of 31 December 2022

Our Fundamentals, each of which will be explored further in the pages that follow...



which deliver our alignment with...



Message from the Managing Partner



"2022 has been another year of delivering fantastic results and we will continue to place an ever-increasing focus on ESG. We are determined to make ongoing, sustainable progress with ESG as a priority and to build on the

relentless pursuit of excellence in matters such as health and safety, cyber security, climate, and equity, diversity and inclusion.

We are proud of how Basalt continues to review our own processes and operations, including climate risks and greenhouse gas (GHG) emissions, as well as those of the portfolio. It is important that we apply the same rigour to ourselves that we apply to management teams across the portfolio, to help ensure we are "walking the talk" and going beyond due diligence – integrating material ESG issues through every stage of the investment process and delivering resilient infrastructure, responsibly."

Rob Gregor
Managing Partner
London



Policy

The ESG landscape has changed significantly in the last couple of years. As the world emerges from the Covid-19 pandemic and Basalt has updated several ESG processes, we felt it was necessary to review our ESG policy and ensure it more accurately reflects our current position, particularly in areas such as stewardship activities, reporting methods, and ESG responsibilities throughout the organisation.

The full version is available on the Basalt website - [Basalt ESG Policy 2023](#), and this will continue to be reviewed on an annual basis going forward.

Principles for Responsible Investment (PRI)

Basalt has been a signatory of the PRI since the inception of our first Fund. Through implementing the six Principles for Responsible Investment we aim to help to contribute to a more sustainable global financial system. We are doing this through taking action as follows:

PRINCIPLE	
1	We will incorporate ESG issues into investment analysis and decision-making processes.
2	We will be active owners and incorporate ESG issues into our ownership policies and practices
3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4	We will promote acceptance and implementation of the Principles within the investment industry.
5	We will work together to enhance our effectiveness in implementing the Principles.
6	We will each report on our activities and progress towards implementing the Principles.



Initiative Climat International (iCI)

When Basalt became a member of the iCI we made the following commitments:

- We recognise that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investments.
- We will join forces to contribute to the objective of the Paris Agreement to limit global warming to well-below two degrees Celsius.
- We will actively engage with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance.

“ We recognise that climate change will have adverse effects on the global economy

Providing Essential Infrastructure

Beyond our PRI and iCI commitments, we deliver social and environmental support through our portfolio, including:

- Providing lifeline ferries for the Isle of Wight and Sicily
- Investing in ground mounted and residential solar
- Investing in LNG carrier vessels helping to support national energy security and reducing reliance on coal
- Providing high speed connectivity to rural fibre customers in Germany, the UK and on the Isle of Man, ensuring critical social infrastructure is in place for those communities
- Continuing to support and invest in companies which are front and centre of the transition to supporting lower carbon economies

Our Four ESG Pillars

Basalt is committed to driving material ESG factors throughout every aspect of its business operations. Furthermore, we expect our portfolio companies to do the same.

While each investment is unique and will be subject to bespoke ESG KPIs based on a materiality assessment, Basalt has set a number of mandatory considerations across all portfolio companies with the intention to drive meaningful improvements in line with the following ESG pillars:



Climate Resilience

Work to reduce greenhouse gas (GHG) emissions and to mitigate the effects of climate change on our business operations.



Protecting the Environment

Protect the environment by reducing raw material consumption, minimising waste and protecting against pollution.



People: Valuing Human Capital

Respect human rights, develop human capital, and value the health, safety and wellbeing of staff and communities.

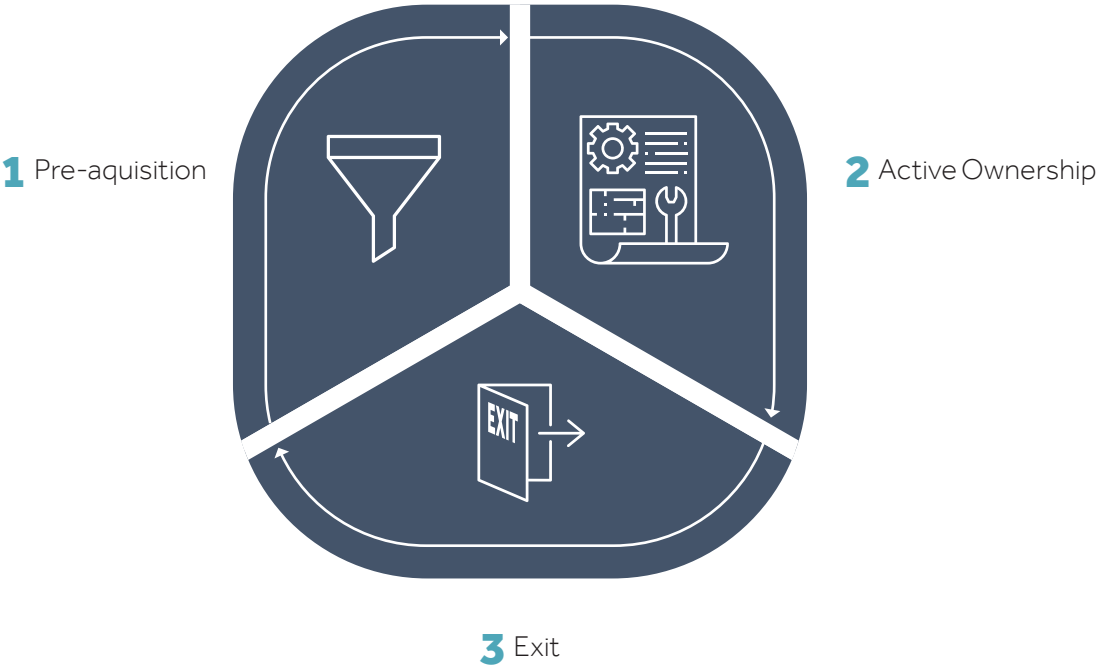


Good Governance

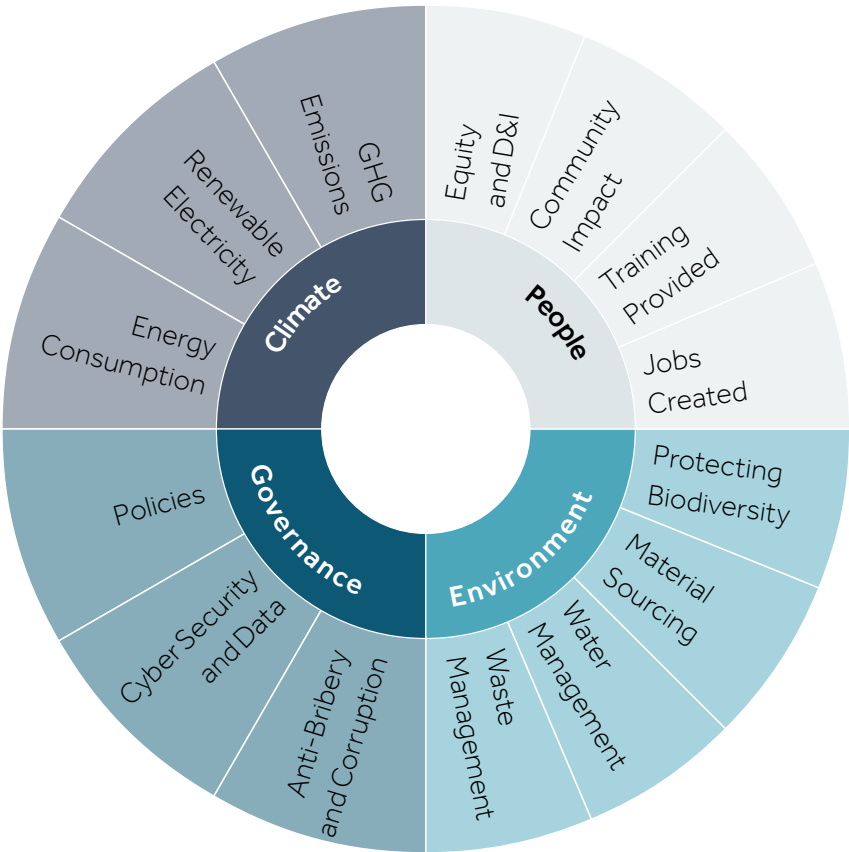
Work to ensure superior business ethics and good governance within Basalt and all its portfolio companies.

Responsible Investment Approach

Basalt ensures ESG considerations are integrated throughout every stage of the investment process

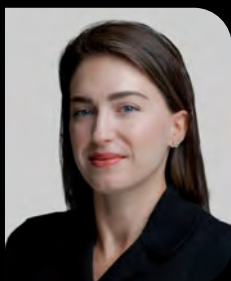


Detailed ESG Framework Allows Basalt to Track and Improve on ESG KPIS⁴



Basalt and the UN SDGs

At Basalt, we feel that our work touches upon all the UN's Sustainable Development Goals (SDGs). However, there are four SDGs which we have chosen to prioritise, where we believe we can have the greatest potential impact. We will keep our priority SDGs under review, to ensure they remain in-line with our goals and the work our portfolio companies are doing to deliver key Infrastructure to communities across North America and Europe.



"Just as there is no single one-size-fits-all valuation metric for assessing and comparing potential infrastructure investments, we evaluate the ESG merits of each investment using a variety of frameworks and our

screening tool. Our team, with the support of expert advisors, seeks to assess and identify meaningful opportunities to develop the environmental, social, and governance standing of the companies we invest in."

Anna Tachau
Vice President
New York

2022 Highlights

Below Are Some of the Highlights of Basalt's ESG Activity at the Firm Level Throughout 2022:

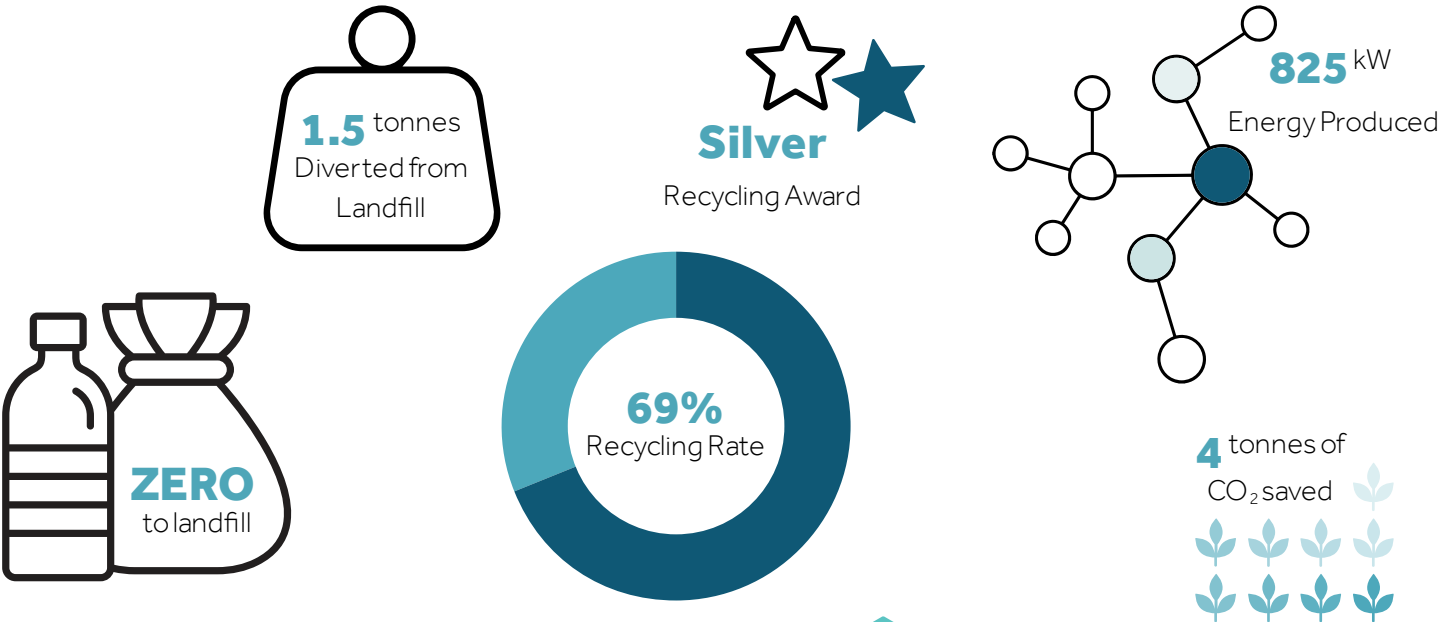


- In **January** the Basalt London office was awarded Ska 'Gold' rating. Ska is a best practice environmental office 'fit-out' criteria that was developed by the Royal Institution of Chartered Surveyors (RICS)
- In **May** we received our first GHG emissions report for Basalt including Scopes 1, 2 and material Scope 3
- In **June**, five London employees spent the morning volunteering at Little Village, Brent. Little Village supports families with babies and children under five living in poverty across London
- In **August**, we purchased our first carbon credits through Gold Standard, saving 100 tonnes of CO₂ emissions from being released into the atmosphere
- PRI report received in **September** achieving the median rating in both the Investment & Stewardship Policy module and the Infrastructure module
- September** - Presented to investors at the Annual Meeting in New York. Good to be able to see investors in person after two years of virtual annual meetings, and get feedback around our engagement initiatives and relationships across the portfolio
- Diversity and inclusion (D&I) training completed by all staff at Basalt in **November**
- Anthesis led climate risk training for the Executive Board in **November**
- Four climate risk workshops were held throughout **November** with over 90% of portfolio companies participating
- November** - Inaugural ESG Forum for European communications portfolio companies with representatives from five portfolio companies gathering in the Basalt London office
- D&I policy implemented in **December**. Basalt is committed to seeking to generate industry leading returns for its investors and believes incorporating diversity and inclusion factors into its business decisions supports this goal
- In **December**, eight London employees spent the morning volunteering at Little Village, Camden. Little Village run a baby bank network, collecting, sorting and passing on pre-loved clothes and equipment
- Participation in the iCI Infrastructure working group meetings **throughout the year**
- Zero waste to landfill for Basalt London office with circa 70% of waste recycled
- Started reporting on ESG KPIs across the portfolio as well as for Basalt in Q1. By Q4 2022, 16 portfolio companies submitted ESG data to Basalt, which is 94% of the portfolio
- Sustainability-linked loans discussed and progressed at both fund level and portfolio company level. Our first Sustainability-linked loan was put in place in December (at Nobina).
- Basalt's ESG Manager has participated in volunteering activities with GAIN (Girls are Investors) who inspire girls to get into the investment industry through inspirational talks, career support and opportunities

ESG Forum in London for European Portfolio Companies Within the Communications Sector



Basalt London Office Waste Stats



Verified Recycling and Environment Achievements 2022 - Powered by first mile

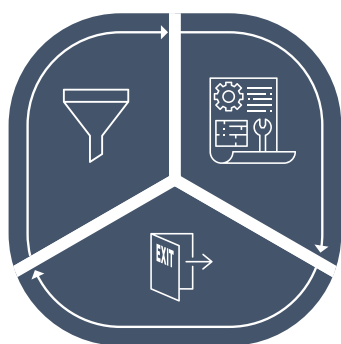
Our Approach and Portfolio

Our Responsible Investment Approach

Governance and Oversight

ESG within Basalt is overseen by our ESG Manager and historically the regional ESG champions. However, Basalt's Executive Board holds ultimate responsibility for ESG, and ESG is a standing Board agenda item discussed at meetings. ESG is embedded throughout the firm, with all employees made aware of their responsibility for the implementation of our ESG policy, both internally and within the portfolio.

To achieve our goals, we have adopted a framework of policies and procedures, which commit and support us to integrate material ESG issues throughout the investment lifecycle. Key steps are outlined below:



Stage 1: Pre-acquisition:

- ESG screening
- Detailed Due Diligence
- Investment decision making



Stage 2: Active ownership:

- Materiality assessment and performance baseline
- KPIs, targets and action plans
- Ongoing review and integrating ESG into company culture and policies



Stage 3: Exit

- Transparency on progress and plans
- Enhancing value at exit

ESG Due Diligence Tool

To support our investment teams, and formalise the ESG due diligence process, we have developed an interactive ESG Due Diligence Tool. With simple questions, the tool guides investment teams through several stages of ESG screening including a red-flag screen of sector and geographies, a climate risk screen, essential ESG due diligence questions and alignment to SDGs. The tool is supported by a sector matrix which provides an indicative risk score and material topics based on Sustainability Accounting Standards Board (SASB) and our advisors' experience.

Pre-acquisition

ESG screening and diligence ensures material ESG risks and impacts are considered prior to the acquisition of a new asset. This screening includes:

- Initial ESG screening and analysis for every potential investment, to identify possible ESG risks which are mapped against the relevant Sustainable Development Goals. The outcomes are considered by the Investment Committee (IC) and used to scope the detailed ESG due diligence stage. Alongside material topics to the industry (defined by the SASB standards), we also seek to ensure that greenhouse gas emissions, climate change, diversity and inclusion, and human rights issues are considered across all ESG due diligence assessments.
- Based on the risks identified in the first stage, the detailed ESG Due Diligence focuses on the potentially material risks, the Basalt core ESG pillars and an initial climate risk screening in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Where required we use external advisors to support us in this process.
- Finally, where material ESG factors are identified, we seek to integrate these into our offer and post-acquisition planning.

Active Ownership

Basalt takes an active role in promoting ESG management throughout the ownership period:

- On acquisition, we engage with the management teams to:
 - Introduce Basalt's core principles and seek to understand what is in place around the collection of those metrics and determine associated targets and improvement actions.
 - Undertake a materiality assessment to understand the key risks relating to the business, supported by an in-depth baseline review of current performance and how they are currently being managed. Following the materiality assessment, we carry out a workshop with company representatives to discuss the process and results, and get their engagement for the overall ESG journey.
 - Determine key focus areas and bespoke portfolio company KPIs and targets. These have been reported to Basalt on a quarterly basis from 2022.
 - Identify improvement opportunities and an action plan to meet the agreed targets.
- Throughout the management of the asset, we provide support to gather, review and monitor material ESG KPI data and implement actions intended to make ESG improvements.

Exit

- ESG can be a critical factor to a successful exit. Ahead of realisation, we work with the portfolio company to articulate the ESG performance improvements achieved during our ownership, the value ESG has created, plans and further opportunities for value creation.

Reporting and Transparency

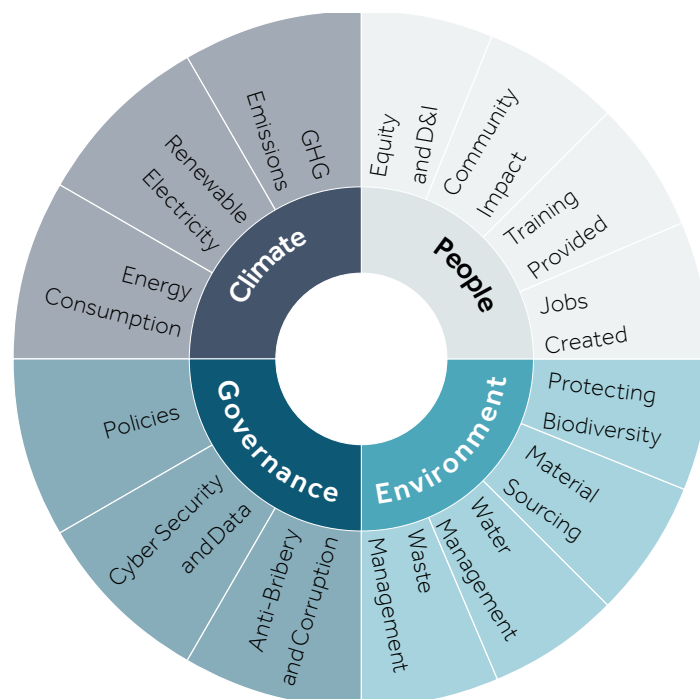
Basalt recognises that managing material ESG issues is an ongoing and evolving process and is therefore committed to continued monitoring and reviewing of our performance.

We regularly report to our key stakeholders on relevant ESG risks, opportunities, and improvements within our business and portfolio companies. This includes an annual PRI signatory submission and, from 2021, an annual report on our progress.

Outcome

The result of this systematic approach is that we are able to:

- Reposition assets on an improved ESG trajectory
- Assist and support the transition where required for the future



Activity Across the Portfolio



Climate Resilience

- GHG emissions
- Renewable electricity generated
- Energy consumption

Two further portfolio companies measured their Scope 1 and 2 GHG emissions for the first time in 2022. This means approximately two-thirds of the portfolio reporting throughout 2022 now have calculated or estimated at least Scope 1 and 2 GHG emissions. The expectation is that this will be done on an annual basis.

Over 90% of portfolio companies participated in a climate risk exercise undertaken in Q4 2022, to discuss climate risks and opportunities.



Protecting the Environment

- Waste management
- Water management
- Material sourcing
- Protecting biodiversity

Over 1,300 trees planted between the two portfolio companies who have had this as an initiative in 2022

Several biodiversity-related initiatives underway across the portfolio to help improve and protect local environments

“ C.40% increase in the number of portfolio companies who now have ESG as a standing item on the board agenda



People: Valuing Human Capital

- Jobs created
- Training provided
- Volunteering opportunities
- Equity, Diversity, and Inclusion initiatives
- Community impact
- Gender diversity

Over 100 volunteering days were taken by employees of Basalt portfolio companies

Over three-quarters of the portfolio companies reporting since Q2 2022 have a D&I policy in place



Good Governance

- Policies in place
- Data protection
- Board positions
- Anti-bribery and corruption
- Responsible supply chain management
- Cyber security

C.40% increase in the number of portfolio companies who now have ESG as a standing item on the board agenda, compared to the same group at the start of the year (note two of the 16 companies only started reporting in Q4). The aim is that all portfolio companies will have this in place during 2023.

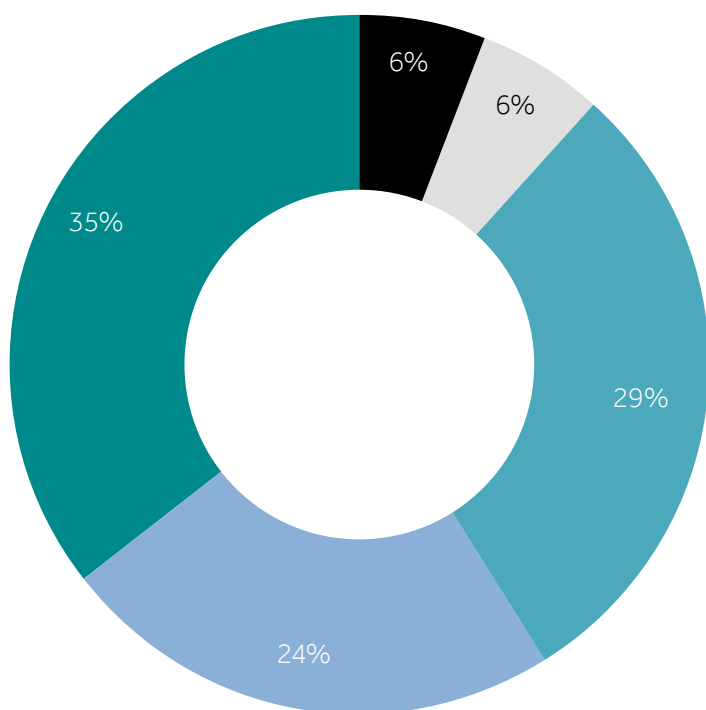
For the 14 portfolio companies reporting since Q2, 50% now have an ESG policy in place, with the aim of reaching 100% by the end of 2023

100% of portfolio companies invited to the inaugural ESG forum event in London attended

Average of 92% of portfolio companies completing and submitting ESG KPI data on time in our first year of ESG quarterly reporting

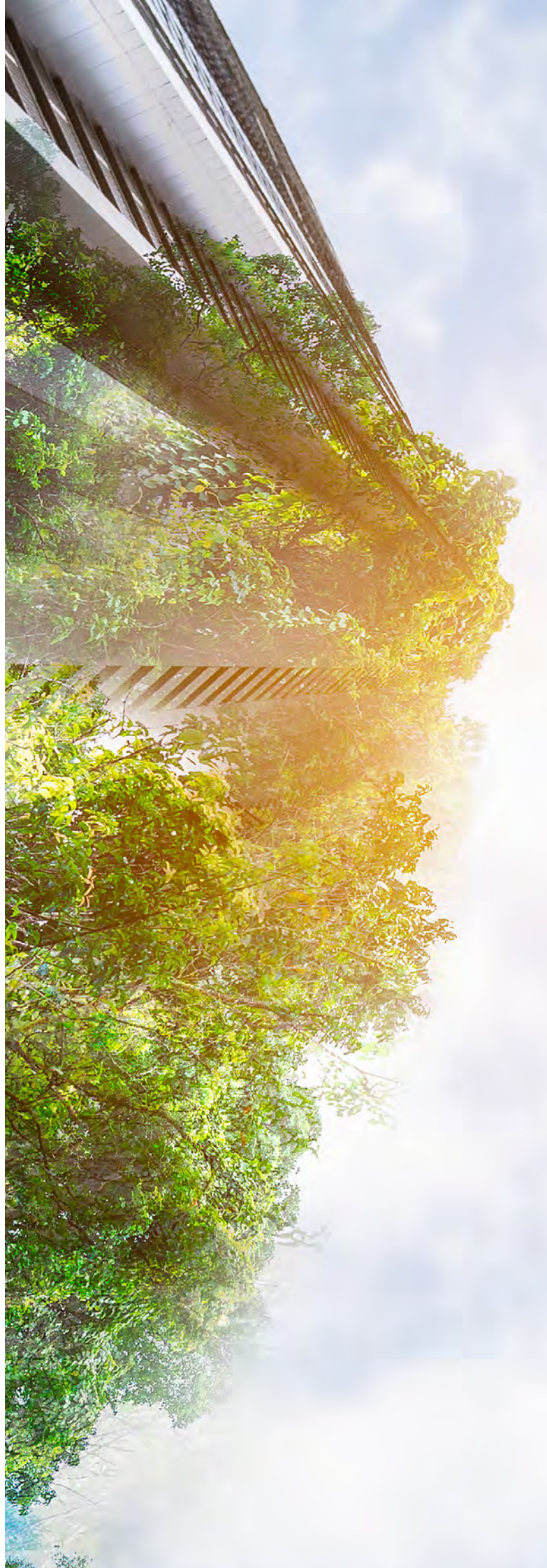
(see appendix for anonymised raw data on pages 38 - 41)

Portfolio Companies Reporting GHG Emissions for 2021



- Calculated and reported scopes 1, 2 and 3 and submitted target to SBTi for validation
- Calculated and reported scopes 1, 2 and 3
- Calculated and reported scopes 1 and 2
- Provided estimates
- N/A - Progress to be made in 2023
(NB. Includes Basalt's most recent investment as well as three solar assets)

“ For the 14 portfolio companies reporting since Q2, 50% now have an ESG policy in place, with the aim of reaching 100% by the end of 2023



Portfolio Highlights⁵

BASALT INFRASTRUCTURE PARTNERS

- D&I policy introduced and D&I training for all staff completed
- Average of 92% of portfolio companies completing and submitting ESG KPI data on time, across all four quarters, in our first year of ESG quarterly reporting
- Held first ESG forum event for five portfolio companies with all of those invited attending in-person in London for a full day of ESG knowledge sharing

HYPERION

Fund I

- Projects create clean carbon free electricity that helps displace legacy fossil fuel generation
- Participated in climate workshop led by Anthesis
- 173,247 MWh of renewable power generated in 2022 with 122,777 tCO₂e avoided

WIGHTLINK

Fund I

- Zero waste to landfill achieved. Reduced annual water usage by 43% since base year 2007
- Third year of participating in GRESB Assessment and increasing overall score. The score was well above the average and also higher than the peer group average ranking 2nd within Transport: Port Companies / Europe
- Target in place to be Net Zero by 2050. With a base year of 2007, seen a reduction in tCO₂e of 47% to 2022

BLACK BEAR TRANSMISSION

Fund II

- Measured GHG emissions for the first time in 2022 and all employees completed H&S and cyber awareness training
- 78% of employees taken at least one volunteering day in 2022
- Member of [OneFuture](#) since Q1 2022

CARONTE & TOURIST (C&T)

Fund II

- Building an LNG ferry in the Mediterranean, which will reduce CO₂ emissions by 14%, as well as a dual-fuel and battery powered vessel
- Produced a dedicated sustainability report which is publicly available [here](#)
- Single use plastics are banned on all ships

CONNECT FIBRE

Fund II

- 55% of energy procured from renewable sources
- Attended the Basalt ESG Forum in London and participated in a climate workshop with Anthesis
- Established a task force for ESG reporting

HELIOS POWER

Fund II

- Projects create clean carbon free electricity that helps displace legacy fossil fuel generation with 149,137 tCO₂e avoided for 2022
- Participated in climate workshop led by Anthesis
- Community solar projects in MA and IL provide consumers with a choice on energy procurement

MANX TELECOM



Fund II

- 2021 carbon footprint calculated for the first time
- Tree planting by employees at Mullen-e -Cloie (1,000+ trees)
- HQ garden development to be more wildlife friendly. Native trees planted, wildlife ponds created, no mowing over the summer months

MARECCIO ENERGIA



Fund II

- 90,234 MWh of renewable power generated in 2022 resulting in 22,170 tCO₂e avoided
- Participated in climate workshop led by Anthesis

DIGITAL INFRASTRUCTURE



Fund III

- Increased headcount by 88 (over 150%)
- Female headcount increasing from 9% to 20%. Proportion of SLT that are female increased from 14% to 30%. Gender pay gap of less than 2%
- Working with ex-offenders charity (Inside Connections) to provide workplace training and employment opportunities

FREYJA LNG



Fund III

- Celsius, our LNG vessel operator, recruited a Head of Strategy & Sustainability
- Celsius conducted an engagement survey achieving overall engagement score of 82, 15% above benchmark
- Introduced ESG Committee and selected three SDGs as key focus areas

FULL FIBRE



Fund III

- Your Voice initiative introduced in October 2022 to support the anonymous reporting / whistleblowing process
- Increasing focus on training employees throughout 2022 including the launch of 'Hero Academy' which covers the Learning Management System (LMS) offering a wide range of courses and the ability to create bespoke training content for all staff to complete
- Created a number of new roles across the organisation in 2022, increasing headcount from 171 at the end of Q1 to 227 at the end of Q4

GOETEL



Fund III

- 92% of staff have completed cyber awareness training and 90% completed anti-bribery and corruption training
- Initiated a bee programme where a number of beehives will be installed to help improve biodiversity in the local area
- Attended the Basalt ESG Forum in London
- Participated in a climate workshop with Anthesis

HABITAT SOLAR



Fund III

- ISG Solar, the operations & maintenance ("O&M") partner for Habitat, is a signatory of [The Climate Pledge](#)
- IGS Solar is also a signatory of the Columbus Commitment, a voluntary pledge to learn and find best practices for building gender equitable workplaces
- IGS Solar has committed to carbon neutrality by 2040 and offsets all their locations' electricity usage with RECs, and all natural gas consumption with carbon offsets

NOBINA



Fund III

- 78% of Nobina's vehicles run on renewable fuel and all electric buses run on renewable electricity
- Nobina has a target to use 100% renewable fuels by 2030
- Developed an emissions reduction target that is being validated with the Science Based Targets initiative (SBTi)

SKYWAY TOWERS



Fund III

- Having completed the acquisition of Skyway Towers in May 2022, Basalt held an ESG review with Anthesis and the management team to clarify any material risks and value creation opportunities identified during due diligence, and identified ESG KPIs to monitor
- Skyway started reporting on their ESG KPIs in Q4. They have already had discussions with an external provider around measuring their GHG emissions for the first time in 2023
- Management participated in a climate workshop to assess physical and transitional climate risks as well as opportunities. Basalt will continue to work with Skyway on the outcomes of these workshops in 2023

UNILODE



Fund III

- Measured GHG emissions for the first time in 2022
- Unilode has delivered savings of between 20-30% on ULD requirements for its major customers through its pooling model
- Recruited Chief QHS & ESG Officer

XPRESS NATURAL GAS (XNG)



Fund III

- In 2021, XNG implemented an improved tractor camera and driver safety coaching program. As a result, XNG achieved a circa four times increase in miles between harsh breaking events in 2022 compared to the year prior
- The first XNG customer signed to utilize XNG's "Carbon Free CNG" solution in Q2 and they became operational in Q3
- Put in place an ESG Policy and ESG is now a standing item on the board agenda. Participated in a climate workshop



"It was very exciting to hold the inaugural ESG forum event in the London office for the European portfolio companies in the Communications sector. Having everyone who was invited attend and seeing how engaged they were was

fantastic with some great discussions had and action points agreed. It can be hard being a sole ESG representative at an organisation, especially if it is not a dedicated role, so bringing people together to share ideas and learn from each other can be extremely valuable. Attendees of the forum, as well as the climate workshops held across the whole portfolio, were definitely keen for Basalt to facilitate more of this inter-portfolio company interaction going forward".

Katie Ahmed
ESG Manager
London



Case Study 1 – New Investment: Nobina

NOBINA

Fund	Fund III
Sector	Transport
Company Summary	<p>Nobina is the Nordic region's largest and most experienced public transport service provider, with a focus on bus transportation. The business operates a fleet of c. 4,000 buses, transporting more than 300m passengers every year across Sweden, Norway, Finland, and Denmark. In addition to traditional scheduled bus services, the company operates a small business unit, Nobina Care, which provides special needs transportation.</p> <p>Sustainability is an integrated component of Nobina's strategy, where the business's long-term and enduring profitable growth is underpinned by both financial and ESG-linked targets. The company is already at the forefront of sustainability standards, with more than 400 electric buses in operation, and continues to lead the decarbonisation of the public transport sector in the Nordics through its fleet electrification strategy.</p> <p>Basalt aims to work with Nobina to build upon its existing reporting and operating standards and to continue to strengthen its ESG strategy through focus on the following targets:</p> <ul style="list-style-type: none"> • Reducing CO₂e emissions per vehicle kilometre by at least 46% by 2031⁶. • Increasing the proportion of drivers using eco-driving to 90%. • Ensure that 100% of total fuel consumption consists of renewable fuel by 2030.







Case Study 1 – New Investment: Nobina (continued)

Sustainability Targets and Outcome

Long-term and enduring profitable growth is central in securing the necessary resources to continue to invest in operations and to contribute to a sustainable development of society. Nobina's long-term targets and key metrics are designed to meet both market demands and changes in society. Due to the change of ownership, the sustainability goals will undergo a review.

STRATEGIC OBJECTIVES	DEFINITION	TARGET	OUTCOME 2022/23
	CO ₂ emissions	By 2030/2031, have reduced CO ₂ e emissions per vehicle kilometre by at least -46% with 2019/2020 as base. Target is under validation by SBTi to ensure alignment with the Paris Agreement's 1.5 °C ambition.	-6%
	Green drivers	The proportion of drivers using eco-driving is to amount to 90%.	71%
	Fuel consumption	Not later than 2030, 100% of Nobina's total fuel consumption is to consist of renewable fuel.	78%
	Suppliers	At least 95% of Nobina's suppliers are to have signed the Code of Conduct.	98%
	Employee commitment	Nobina is to achieve good employee motivation in at least 14 of the 16 questions in the annual employee survey.	9/16
	Share of female managers	At least 30% of managers should be women.	28%
	Share of female drivers	At least 20% of bus drivers should be women.	10%
	Sick leave	Sick leave in the Group should decrease every year and in the longer term be below 2.1%.	3.6%



Case Study 2 – Asset Management: Xpress Natural Gas (“XNG”)

XPRESS NATURAL GAS (“XNG”)

Fund	III
Sector	Utilities
Company Summary	<p>Xpress Natural Gas (“XNG”) is a provider of compressed natural gas (“CNG”) in the Northeast and Pacific Northwest regions of the United States. In these regions, many commercial and industrial companies rely on propane, fuel oil, and coal for their energy needs due to a lack of gas pipelines and electric infrastructure. XNG provides an option for its customers to both reduce costs and carbon emissions by switching to CNG delivered by truck. XNG also serves a number of utility customers, providing peaking gas supply that allows utilities to more reliably meet customer demand during extreme weather events.</p> <p>In 2022, XNG began service to its first “Carbon Free CNG” customer. Under the terms of this contract, XNG provides a combination of compressed natural gas and corresponding carbon offsets to help a customer achieve its corporate sustainability goals.</p> <p>In the future, XNG is well-positioned to capitalize on the emergence of Renewable Natural Gas (“RNG”) and hydrogen as viable alternative fuels. The same CNG transportation trailers used today by XNG to transport conventional natural gas could be used to transport RNG or hydrogen. XNG could also supply utility customers with RNG or hydrogen using the same infrastructure XNG uses to provide CNG to utilities during extreme weather events.</p>

XNG enables customers to move to lower carbon CNG

IMMEDIATE CO₂/KG SAVINGS SWITCHING TO CNG FROM:

Coal	55%
Heating Oil	29%
Propane	16%

“XNG provides an option for its customers to both reduce costs and carbon emissions by switching to CNG delivered by truck



“XNG is well-positioned to participate in the global energy transition and help customers meet their financial and sustainability goals. Under Basalt’s ownership, XNG has continued to help customers transition away from high-

emission fuels and has invested to strengthen the company’s reliability. As alternative fuels become a growing part of the U.S. energy mix, I’m excited to work with management and see where XNG goes next.”

Greg Barancik
Vice President
New York



Case Study 3 – Exit: North Star

NORTH STAR

Fund	Fund II
Acquisition	October 2017
Exit	February 2022
Sector	Transport
Company Summary	<p>Headquartered in Aberdeen, United Kingdom, North Star is a leading provider of mission critical, safety and support services to offshore wind farms and oil and gas infrastructure. At the time of exit, North Star employed c.1,300 staff, owned and operated 41 Emergency Response and Rescue Vessels (ERRVs), three Platform Supply Vessels (PSV) and fisheries protection vessels and four new-build dedicated Service Operation Vessels (SOVs).</p> <p>Following Basalt’s acquisition of North Star in 2017, the investment team supported the business to transition into the offshore renewables market. In April 2019, North Star launched the North Star Renewables division (NSR), focused solely on Service Operation Vessels (SOVs) to support the offshore wind market. By December 2021, North Star had won four transformational fixed ten-year contracts with Equinor with a total capex value of c.£177m. This transformational contract enabled North Star to position itself as a leading SOV operator and is a testament of the company’s commitment to actively support the energy transition movement. Once fully operational, the SOV contracts are expected to represent 50% of North Star’s EBITDA. This major project will greatly support the local supply chain and communities in the UK and is expected to create around 170 new jobs across the country to support this complete vessel package.</p> <p>Further, under Basalt’s stewardship, North Star developed a very strong ESG-focused culture, establishing an internal policy (the “Sustainability Mandate”) with defined KPIs to support its high level of commitment to protect people and the environment, with a clear “Target Zero” objective and philosophy. Over Basalt’s ownership, North Star consistently improved its Health & Safety standards achieving an industry leading track record of continued commitment to Health & Safety and being widely recognised as the market leading example in that field. North Star has also further developed its cadet training programme with c. £500k p.a. investment to support and increase standards in the UK marine industry with safety as a key focus (c.120 cadets were trained in 2021).</p> <p>Following the transformational development of North Star into an energy transition focused business, Basalt exited North Star in February 2022. The business is well-positioned under its new owners who are strongly committed to support North Star’s transition to the offshore wind industry and the continuation of its valuable support to the local communities in the UK.</p>

Sustainable Investment Disclosures

Sustainable Finance Disclosure Regulation (SFDR)

SFDR

The Sustainable Finance Disclosure Regulation (SFDR) is a European regulation introduced to improve transparency in the market to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants. Basalt's future funds are expected to make disclosures in line with Article 8. An Article 8 Fund under SFDR is defined as:

“ A Fund which 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

When thinking about SFDR disclosures, we wanted to focus on a strength of Basalt's, active ownership of our portfolio companies. Through having board representation, as well as working closely with management teams, we can discuss ESG at all levels and across many different forums. We feel that encouraging our portfolio to have the right ESG foundations in place, such as a policy, reporting and ensuring ESG is discussed on a regular basis at the Board level, helps set the tone and put in place a supportive framework to thrive in the future.

Basalt has identified the following environmental and social Characteristic that will be promoted as part of future funds' investment process: supporting improvements in investees' ESG management through active ownership, and the development and implementation of ESG action plans, policies and processes during the holding period.



The sustainability indicators that will be used to measure the attainment of the Characteristic will be taken from a list of indicators that Basalt monitors to promote ESG management during ownership, including:

- The percentage of portfolio companies with ESG matters considered as a regular item on the agenda of board meetings;
- The percentage of portfolio companies with a named individual responsible for overseeing ESG matters;
- The percentage of portfolio companies that have an ESG policy and strategy in place;
- The percentage of portfolio companies that are measuring Scope 1 and 2 GHG emissions; and
- The percentage of portfolio companies with a Supplier Code of Conduct and supporting supply chain management system in place in respect of ESG matters.

The implementation of ESG factors at the portfolio company level is primarily directed through the board representation that Basalt has on each of its portfolio companies. Basalt's ESG Manager is able to engage with and work closely with management teams at each individual portfolio company. Having held the inaugural ESG Forum event in London in 2022, specifically for European portfolio companies within the Communications sector, we plan to hold wider events for all sectors over 2023 and beyond to encourage knowledge sharing and increase understanding to take back to management teams at each portfolio company.

Further information around SFDR can be found in our website disclosures which are available on the investor portal.

“ encourage
knowledge sharing and
increase understanding

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD

Basalt recognises that the portfolio is exposed to physical climate-related events, but also that the portfolio has opportunities to support the transition to a net zero economy. Climate resilience is one of the four key ESG pillars that Basalt focuses on. In order to strengthen our position we undertook a number of activities throughout 2022 to progress understanding of climate change within portfolio company management as well as our own. Part of this work included the engagement of the portfolio companies through a climate screening exercise which sought to identify and assess the materiality of both physical and transitional related risks and opportunities. The results of the exercise were presented back to the Executive Board as part of a climate training workshop to discuss Basalt's future climate strategy.

Basalt aims to improve both our own and the portfolio companies' response to climate change and as a responsible investor we are committed to the climate agenda, particularly as it is one of our four key ESG pillars, as well as a focused SDG.

In 2022 There Was Much Progress Made, Including:

- Engaging with portfolio companies to understand existing adaptation and mitigation measures that are already in place to help manage the impacts of climate change
- Updating Basalt's due diligence process to include climate risk for all acquisitions
- Identifying and assessing climate-related risks and opportunities with portfolio companies (see findings of the climate materiality assessment below)
- Measuring Basalt's carbon footprint for the first time, which included Scope 1, 2 and material Scope 3, excluding portfolio companies

- Upskilling management teams on measuring GHG emissions and encouraging portfolio companies to start reporting if not already doing so
- Reporting on ESG metrics on a quarterly basis, including renewable energy produced and consumed
- Training for the Executive Board on climate change and climate risk

All companies are exposed to physical risks, many of which are already impacting the portfolio and the way certain companies operate. Basalt recognises that 2022 was another year of increased extreme weather-related events and that this needs to be taken into account by management teams across the portfolio as well as Basalt's Executive Board.

"It is widely recognized that continued emission of greenhouse gases will cause further warming of the Earth and that warming above 2° Celsius (2°C), relative to the pre-industrial period, could lead to catastrophic economic and social consequences" (www.tcfddhub.org)

Going Forward, Basalt Plans to Take the Following Actions in 2023:

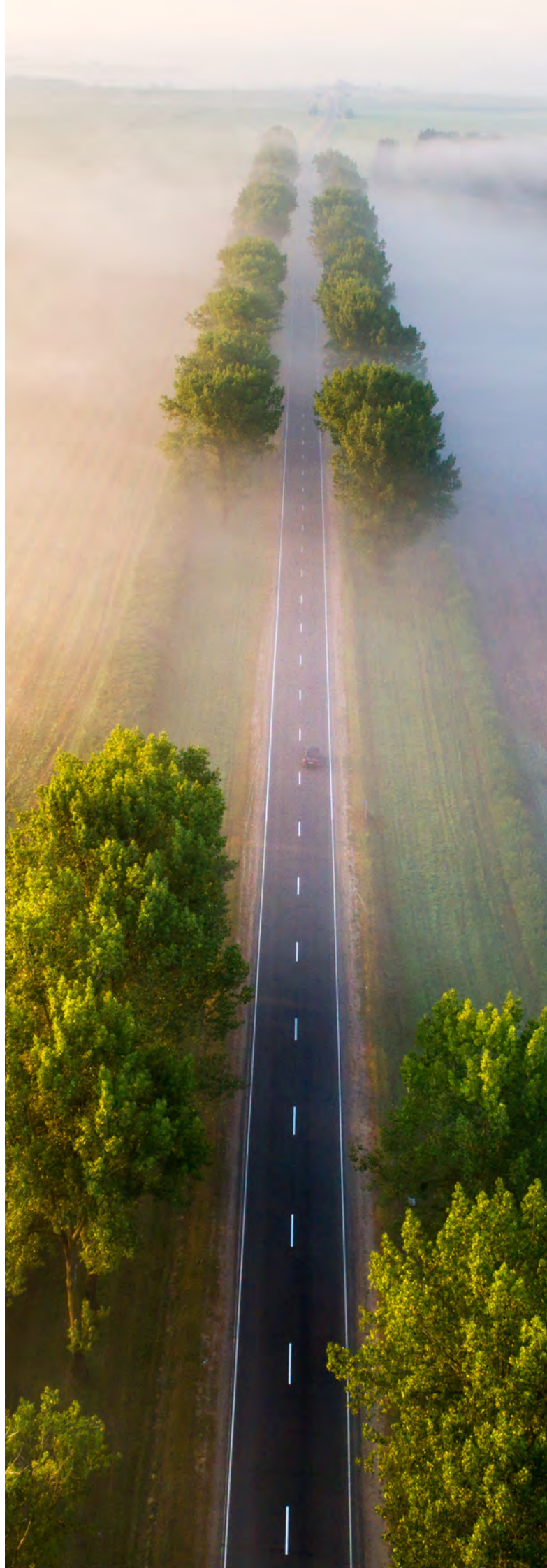
- Follow up climate risk training held for the Executive Board in 2022 with similar training for all employees
- Establish a global ESG committee to include oversight of climate risks and opportunities across Basalt and the portfolio companies
- Ensure that portfolio companies include climate-related risks in their risk register process
- Ensure that Basalt include climate-related risks in their risk register process
- Commence a process to create a pathway to align with sector related net zero protocols
- Commence a process to undertake scenario analysis
- Continue to build on the heat map work already completed
- Material risk 'hotspots' to be prioritised from a management perspective to develop a set of mitigation measures

Governance

Basalt's Executive Board is ultimately responsible for ensuring that all policies and processes are fit for purpose and that they are appropriately implemented and enforced. This is why, in 2022, we held training for this group on climate-related risks and opportunities. Climate-related issues are considered by the Investment Committee, where relevant, as well as the deal teams and Head of Asset Management in the monthly asset management reviews. Basalt's ESG Manager is working with portfolio companies to help ensure climate-related risks are also considered by the management teams themselves.

Climate Governance Structure

Strong governance of sustainability issues, including climate-related risks and opportunities specifically, extends beyond the Executive Board to several individuals and committees. Following the climate work carried out in 2022, Basalt felt that climate-related Governance should be strengthened formally through a clear structure, as shown on the following page. Each role and team will be part of a clearly linked system for managing climate risks to ensure informed and reported action. Most importantly, given climate change is a dynamic, disorderly and uncertain risk that requires an adaptive approach, this governance structure will continue to be reviewed as the climate continues to change.



Continually adapting to the risks

The Executive Board (ultimate responsibility)

The Executive Board's role is to ensure the long-term sustainable success of Basalt Infrastructure Partners by setting the strategy through which value can be created or preserved for the mutual benefit of the stakeholders which the company serves.

The Executive Board delegates certain climate related oversight matters to the sub-committees of the Executive Board:

Investment Committee

The Investment Committee considers risk management and controls regularly and the Executive Board formally considers risks to the firm's investment strategy and plans as well as the risk management process as part of its strategic review. Climate-related risks and opportunities are considered within the Investment Committee's remit.

ESG Committee (to be established in 2023)

Responsible for driving ESG and climate matters across key stakeholders and business areas and monitoring upcoming regulatory requirements. Will routinely communicate to the Investment Committee and have ad-hoc meetings with business functions when relevant. The Committee will take responsibility for gathering the relevant information required for the TCFD disclosure and other climate or ESG-related regulatory requirements.

The ESG Manager is responsible for internalising and externalising ESG and Climate progress across the key business areas including:

Asset Management

Responsible for determining what investments to make, or avoid, to realise the firm's financial goals within the limits of the client's risk tolerance (including climate-related risks / opportunities).

Investor Relations and Operations

Responsible for operational management and compliance of the portfolio and for collating relevant ESG and climate data to understand performance.

Investment

Responsible for incorporating ESG and climate risks and opportunities into due diligence.

Finance

Responsible for monitoring and appraising climate mitigation and adaptation and supporting discussions around capex investment to the portfolio.

Strategy

In 2022, Basalt undertook a climate materiality assessment with its ESG advisor to identify the areas of greatest impact and vulnerability across the portfolio. It was identified that all sectors are exposed to both physical and transitional risks, with some (such as the renewables and transport sector) leveraging opportunities to support the net zero transition. The type and level of risk differed per portfolio company and noticeably by sector and geography.

Climate workshops were held across the portfolio in November 2022, with 94% of portfolio companies participating in one of four different sectors, which were renewable energy, power/utilities, transport and communications.

Detailed heatmaps detailing the risks identified from a low to high ranking were developed across a variety of physical and transitional risks. These will be shared with the management teams across the portfolio and discussed in further detail to determine how risks can be mitigated and how opportunities can be further leveraged.

“ In 2022, Basalt undertook a climate materiality assessment with its ESG advisor

A summary of the outcomes of the climate workshops with key risks and opportunities identified per sector is provided below:



Power (non-renewables)/Utilities – Overall, assets in this group were identified to be most at risk to being impacted by storms, snow and heatwaves and are more highly exposed to policy, legal and market shifts in the medium to long-term with pockets of opportunity in the short-term as economies transition.



Renewables – Assets in this group were identified to be most at risk of storm events, flooding, and extreme heat but are well-positioned to support the transition to a net zero economy globally both in the short-, medium-, and long-term.



Communications – Both physical and transitional risks for this sector are heavily depending upon geography, geo-political influence, and market demands, but predominantly the most material physical risks comprise of flooding and storms.



Transport – This group has some of the most diverse set of risks and opportunities; each dependent upon asset-type and location. Opportunities to respond in the short/medium term will help to build long-term resilience.

SUMMARY OF CLIMATE-RELATED RISKS AND OPPORTUNITIES BASALT HAS IDENTIFIED ACROSS THE PORTFOLIO OVER THE SHORT, MEDIUM, AND LONG-TERM

<p>Storms</p> 	<p>Evidence suggests storms are becoming increasingly powerful, with higher winds and more intense rainfall, as global air and sea temperatures rise. As an infrastructure-based investor, the impact of increased storms (both frequency and intensity) which may result in increased asset damage, service delays, power outages, and health and safety concerns is recognised as potentially the most material risk across all sectors. The types of storm do differ across geographies, with the US being more exposed to hurricanes and snow-storms, and the UK and other European investee companies being exposed to increasing wind events.</p>
<p>Extreme Heat</p> 	<p>The recent 2022 heatwave across Europe brought the risk of extreme heat to the fore, which emphasised the impacts of extreme temperatures upon the productivity of staff and the resilience of equipment. The renewables sector in particular is exposed to this risk due to the impact heat has upon the yield of energy from PVs. Other sectors such as transport and telecommunications also noted extreme heat events can cause delays (due to restricted working hours for example), or health and safety issues. We can seek to mitigate this through increased investment in cooling equipment (both for assets and people) and the consideration of more flexible working options. For the renewables and telecommunications sector, design specifications can also be future-proofed.</p>
<p>Flooding</p> 	<p>Flooding is also deemed to be a material risk to much of the portfolio due to the impacts it can cause to assets, equipment, travel, and in some cases, irreversible damage to business operations. Many of the portfolio companies identified that flooding is anticipated to impact their business both from surface-water flooding, river-flooding, and also coastal flooding. Some flooding events have already impacted the portfolio in Europe, with others in the UK recognising the potential damage that flood events could cause, and are therefore considering and implementing potential mitigation measures.</p>
<p>Policy</p> 	<p>As many of the countries the portfolio is based within have mandated into law a strategy to decarbonise all sectors of the economy to meet net zero targets by 2050, an increasing number of regulations are expected, particularly for carbon-intensive sectors. New regulations, requirements, and even voluntary disclosures to improve transparency on climate-related matters will require the firm and portfolio to fully understand what must be done to meet increasing expectations and avoid potential for sanctions by regulators. Not fully understanding or aligning to these asks could result in reputational damage and/or additional costs. The recent climate materiality workshops undertaken may have supported greater understanding of this risk and the requirements of the TCFD. Workshops / training will be carried out as required across the firm and portfolio.</p>
<p>Market</p> 	<p>As above, with increasing pressures for businesses to reduce their carbon footprints, it is anticipated that certain sectors (particularly power and transport) will be required to change infrastructure to be less carbon intensive and more durable if they are to meet market demands and remain competitive. We have identified some companies within the portfolio which may need to invest further in lower-carbon alternatives. However, several opportunities exist for portfolio companies to align capital investment, services and solutions to help address climate goals and the wider market systemic changes expected.</p>
<p>Reputation</p> 	<p>Reputational damage from not 'walking the talk' or supporting the net zero agenda is deemed to be a risk to both the portfolio and the firm. Misalignment to the global climate action agenda, not keeping up with stakeholder expectations, and not having ambitious commitments within this area could harm the Group's reputation and could therefore result in reduced demand from customers, reduced investment from shareholders, and reduced availability of fresh talent from new recruits. Basalt continues to emphasise enhanced climate governance to provide overall direction, setting targets, mainstreaming climate action across all policy domains and enhancing regulatory certainty which should help to mitigate this risk.</p>

Risk Management

Climate-related risks and opportunities are considered as part of the due diligence process and as of 2022 will be part of a formalised pre-investment assessment (within ESG due diligence going forward). Should climate-related matters be flagged as a material risk to a deal, these would be discussed in further detail with the Investment Committee to determine next steps and relevant actions.

As mentioned, Basalt undertakes ESG reviews as part of portfolio company onboarding processes for new investments, this also includes climate-related matters.

Once the heatmaps have been discussed with portfolio companies, Basalt will be encouraging each portfolio company to include the material risk(s) into their risk registers.

The management of climate-related risks and opportunities within the acquisition of new assets are managed by the Investment Committee who, in 2022, have incorporated a climate screening assessment into the overall ESG due diligence process to ensure any potential climate-related risks are identified and the proper management systems and processes are in place to manage these risks. Appropriate adaptation and mitigation measures are discussed amongst the Investment Committee and the Executive Board who ultimately approve whether the acquisition goes ahead.

For existing assets, climate-related matters are considered as part of the wider risk management processes. These are also reported to the Executive Board on a quarterly basis, or on an ad-hoc basis if any material risks become apparent which require immediate management or mitigation.

Metrics & Targets

In 2022, Basalt included GHG emissions, separated by Scopes 1 and 2, and also 3 where available, as annual KPIs in the quarterly reporting templates for portfolio companies. It is important for Basalt to apply the same stringent measures to our own operations and we have

therefore recently completed the data gathering process for reporting our own emissions for the second consecutive year, in-line with the GHG Protocol.

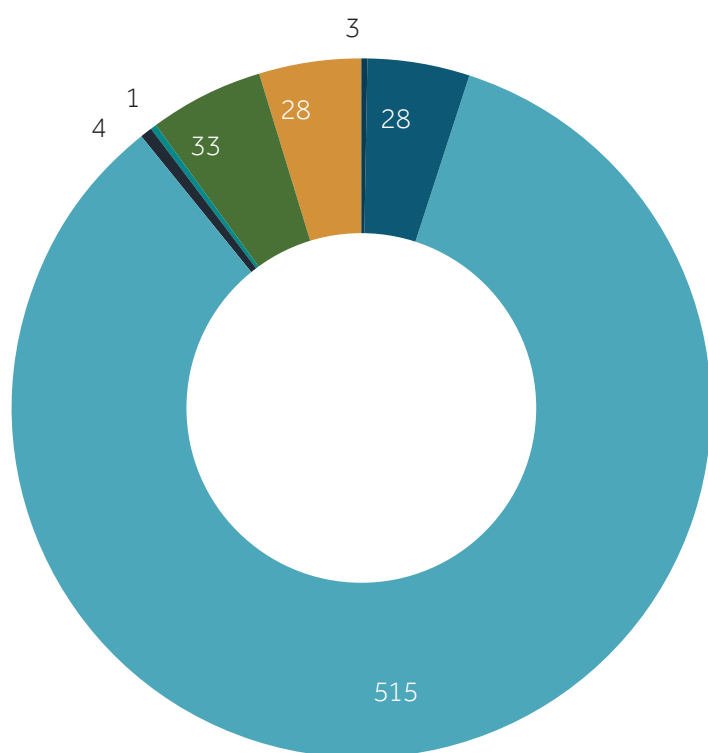
Basalt measured the firm's GHG emissions for the first time in early 2022, for the calendar year 2021, which included Scopes 1, 2 and material Scope 3 excluding portfolio companies.

We feel it is important to have the necessary data on GHG emissions first before making any firm commitments around Net Zero so have been working hard to achieve this. Once we have the full report from measuring our 2022 footprint, which will include portfolio companies, we intend to put together a carbon reduction strategy and set a net zero pathway.

Basalt is committed to continually reviewing metrics which will enhance the assessment of climate-related risks and opportunities in line with its strategy and risk management process. For example, various climate-related metrics are collected through the means of Scope 1 and 2 carbon emissions, total energy consumption, number of trees planted, and whether scenario analysis has been undertaken. These metrics are collated both at the firm level and portfolio company level.

Furthermore, Basalt asks portfolio companies to disclose information around the sources of their energy consumed, whether renewable or not and/or the proportion where relevant, and for renewable energy assets to report on renewable energy produced as well as avoided emissions in tCO₂e. Going forward we are considering additional metrics and targets such as: Number of weather events that have disrupted operations, number of health and safety incidents caused from weather-related events, number of volunteering days taken specifically related to climate, and whether Board members and staff are trained on ESG and/or climate.

Total Greenhouse Gas Emissions by Category in tCO₂e for 2021



- Fuel Combustion
- Heat, Steam & Electricity
- Purchased Goods & Services
- Capital Goods
- Waste
- Business Travel
- Employee Commuting

We also purchased carbon credits for the first time preventing 100 tonnes of CO₂ from entering the atmosphere⁷. These were purchased through Gold Standard and Gold Standard Climate+ projects not only cut carbon but also deliver life-changing benefits to vulnerable communities and help conserve local ecosystems, which for Basalt included a wind farm project in Indonesia.

- Projects follow internationally recognised standard requirements for best practices and are certified against those standards.
- Emission reductions are based on an accurate baseline and have been credibly quantified.
- Emission reductions would not have happened without the project activity.

- Project activities and impact data are verified by independent third party auditors.
- Carbon credits are not counted or claimed by another party.
- All project impacts, including the carbon credits themselves, are tracked transparently in a public registry.



Total GHG Emissions by Scope in 2021

		2021 GHG EMISSIONS (tCO ₂ e) ⁸
SCOPE	EMISSIONS DRIVER	
1	Fuel Combustion	2.57
	Fugitive emissions	0
	Total Scope 1	2.57
2	Purchased electricity, heat and steam	27.54
	Total Scope 2	27.54
3	Purchased goods and services	515.06
	Capital goods	3.62
	Waste generated in operations	1.38
	Business travel	33.45
	Employee commuting	27.78
	Total Scope 3	581.29
Total		611.40

Source: ITPEnnergised

GHG Emissions – 2022

We have only recently submitted the data to calculate GHG emissions for 2022 so are yet to receive the full report but have included some preliminary results below. Given it was our second year of going through this exercise we were keen to include portfolio companies, to make progress from our first carbon footprint calculation in 2022 for 2021.

A third party (ITP Energised) has undertaken detailed calculations of Basalt's Scope 1, Scope 2 and Scope 3 emissions in line with the GHG Protocol. These emissions for year 2022 are 129,188 tCO₂e, of which 128,455 tCO₂e (over 99%) are Financed Emissions. Basalt request that all portfolio companies report on environmental KPIs including annual reporting on Greenhouse Gas Emissions for Scope 1, Scope 2 and ideally material Scope 3. Currently, just over 40% of Basalt portfolio companies comply with calculating Scope 1 and 2 emissions, and Basalt is working with the remaining portfolio companies to ensure that they quantify and reduce their emissions. Basalt Scope 3 Financed emissions therefore include a mix of actual data from portfolio companies and extrapolations for companies for which no data were available.

Where financed emissions are not available for some of Basalt's portfolio companies; emissions were estimated based on investment value compared to the total fund value and emissions from other portfolio companies (as relevant/available). Basalt's Scope 3 financed emissions were calculated based on available data and extrapolation as required. Our expectation for next year is that fewer estimates and extrapolations will be necessary as data from portfolio companies improves.



"It is exciting to see the continued progress being made within Basalt and our portfolio companies as we all navigate the evolving ESG landscape and work towards a more sustainable future. We

appreciate the collaborative approach towards ESG reporting taken by our LPs and we are delighted to share our 2022 progress with investors through this annual report. The volume of ESG-related data the team is tracking and monitoring is impressive, and we look forward to sharing further progress as our processes evolve."

Emma Dineen
Investor Relations Manager
London



GREENHOUSE
GAS PROTOCOL

Engagement

Stakeholder Interaction



Employees

ESG is often part of team meetings, monthly asset management meetings and team offsites. Furthermore, Investment professionals have ESG objectives included as part of their annual performance review, including:

- Ensure partners/management teams understand the importance Basalt places on ESG, and reporting requirements are enshrined in transaction documents
- Ensure assets meet all ESG reporting obligations and support with any ad-hoc requests



Investors

Basalt's ESG Manager presents to investors in September of each year at our Annual meeting as well as having regular calls with investors and responding to ad hoc and annual ESG questionnaires. Feedback from investors on how we are performing against our peers and areas of improvement are welcomed.



Portfolio Companies

Increased interaction with portfolio companies and the ESG Manager through quarterly ESG reporting, as well as between portfolio companies, with the inaugural ESG forum event bringing together the individuals responsible for ESG within the portfolio companies at Basalt's London office. Feedback received on the climate workshops held across all sectors was very positive and our portfolio companies are keen for us to do more and continue to support them in this way.



Wider Community

Basalt is keen to interact with third parties such as our suppliers, peers within infrastructure through the iCI, leveraging the relationship we have with our strategic partner Colliers, and supporting organisations such as GAIN (Girls are Investors) and Little Village, with our volunteering activities.



Community Impact

Basalt Volunteering Activity, Community Initiatives and Charitable Events



"Since joining Basalt, I have been impressed with the approach to ESG and am proud to work for a company that has such strong values. This is demonstrated not only by the team's focus on ESG as part of the investment

process, with each transaction undergoing a rigorous assessment to ensure that it aligns with our climate objectives and has exemplary governance practices in place, but also through the way in which the team ensures that these same high standards are adopted by our portfolio companies. From a personal perspective, I have really enjoyed being part of a team that is so diverse with a supportive and collaborative culture, and have found the opportunity to participate in various volunteering events which support causes within the local community to be hugely rewarding."

Selina Sugiarto
Vice President
London



Diversity and Inclusion

Effective 31 March 2023, 35% of the Basalt team are female, and at the VP/Principal level, 25% are female. This is an increase from 32% and 13% respectively just three months earlier as at 31 December 2022.

Under Basalt's new Diversity and Inclusion policy, the Firm aims to:

- set objectives relating to fair and inclusive practices which will be included in all employees' performance indicators;
- agree metrics to monitor important areas, such as diversity, which will be updated on a quarterly basis and reviewed by the Executive Board;
- utilise the recently identified senior level champion for leading the diversity strategy;
- secure top-level ownership and sponsorship for the programme;
- develop and cascade a diversity vision statement;
- provide equal employment and development opportunities for all employees, irrespective of age, gender, race, ethnicity, sexual orientation, religious beliefs, gender identity or expression, marriage or civil partnership, pregnancy and maternity, or disability;
- make any decisions related to existing and prospective employees based on merit;
- create an inclusive workplace culture free from bullying, harassment, and discrimination, so that all Basalt employees feel valued, supported and respected;
- oppose and avoid all forms of unlawful discrimination, including in pay and benefits, terms, and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working, and selection for employment, promotion, training or other developmental opportunities; and
- make opportunities for training, development and progress available to all Basalt employees, who will be helped and encouraged to develop their full potential, so that their talents and resources can be fully utilised to maximise the efficiency of the Firm.



"I have recently joined Basalt as an Associate and it's been an exciting journey so far. I was attracted to the diverse portfolio of assets, sector agnostic approach and the gender diversity within the investment team (a big tick!) In

my few months here, I have observed that the management is open and receptive to new ideas and willing to educate itself to keep up with the changing dynamics of the infrastructure market. I also enjoy the hands-on asset management approach which enables us to add more value. I have been particularly impressed by the systems and processes in place, for example, the thorough ESG screening process we run while evaluating new opportunities."

Nikita Ajwani
Associate
London

Where Next?

2023 and Beyond



Climate Resilience

- Consider additional climate-related KPIs as detailed earlier in report, such as number of weather events that have disrupted operations, number of health and safety incidents caused from weather-related events, number of volunteering days taken specifically related to climate, and Board members and staff trained on ESG and/or climate.
- Put in place a carbon reduction strategy with plans to set a net zero pathway
- Follow up climate risk training held for the Executive Board in 2022 with similar training for all employees
- Ensure that both portfolio companies and Basalt include climate-related risks in their risk register process



Protecting the Environment

- Focus on zero waste to landfill at portfolio companies who are not yet achieving this
- Encourage biodiversity-linked community initiatives when discussing volunteering opportunities with portfolio companies



People: Valuing Human Capital

- Kick-off the volunteering activity in the US office and continue to expand partnerships made in the UK
- Following the introduction of Basalt's D&I Policy, we will be reporting data to the Basalt Executive Board on our own employee demographics, on a quarterly basis
- Understand the requirements of hosting an industry event in support of a partner charity



Good Governance

- Continue to intensify engagement with management teams across the portfolio by holding a wider ESG forum event open to all sectors and regions
- Start reporting more widely on ESG engagement in-line with applicable SFDR obligations
- Continue to improve data accuracy in quarterly ESG reporting and ensure KPIs remain relevant and useful for management teams with progress tracked
- Establish a global ESG committee to include oversight of climate risks and opportunities across Basalt and the portfolio companies
- Continue with post-acquisition ESG reviews to put in place KPIs and increase the number of portfolio companies reporting on a quarterly basis
- Investigate sustainability-linked financing at both firm and portfolio company level



"...It is key to direct and drive the ESG agenda through the board representation that Basalt has on each of its portfolio investment companies and continue to increase focus and improve delivery, particularly in areas

such as cyber security, diversity and inclusion, health and safety and, of course, climate..."

Neil O'Hara

*Partner, Head of Asset Management
London*



"Across the business I am really enthused by the engagement of our team as we continue to deliver our ambitious ESG and sustainability agenda. The engagement at all levels of the business is delivering real

behavioural change across our portfolio of assets helping to serve their communities in a sustainable long term fashion. This is also being delivered at Basalt in our own operations as we seek to deliver for our investors and other stakeholders."

*John Hanna
Partner, Head of Europe
London*

Disclaimer

Please note that this ESG Report is not a marketing document and is provided for information purposes only. The specific, binding ESG goals, targets, commitments, incentives, initiatives or outcomes for the Funds managed and/or advised by Basalt Infrastructure Partners for the purposes of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the financial services sector are those stated in the relevant Fund documentation and regulatory disclosures made pursuant to Regulation (EU) 2019/2088. Investors should refer to these materials for further information on how ESG activities are incorporated into investment strategies, screening, decision making, stewardship and engagement.

Calculation methodologies and data collection practices in respect of climate change-related risks and the reporting thereof as a whole are evolving, and other asset managers are implementing different frameworks, methodologies, and tracking tools. The selection of such different but acceptable measurement techniques can result in materially different measurements. Further, these techniques are subject to measurement uncertainties resulting from inherent limitations in the nature and methods used to determine such data. The precision of different measurement techniques may also vary.

Any information provided in respect of ESG or climate performance of portfolio companies is intended to be illustrative only and should not be seen as an indication of current or future performance.

The SDGs are aspirational in nature. The analysis involved in determining whether and how certain investments may contribute to or support the SDGs is inherently subjective and dependent on a number of factors and Basalt makes no commitment or guarantee that it is investing in companies that have a formal commitment or plan or take specific actions to support or contribute to the SDGs. There can be no assurance that reasonable parties will agree on a decision as to whether certain investments contribute to or support a particular SDG.

This document contains forward-looking statements which are based on Basalt's current beliefs and expectations and are subject to substantial risks and uncertainties. Forward-looking statements speak only as of the date on which they are made, and Basalt assumes no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise.

ESG focus areas detailed herein are not intended to be promoted as environmental and/or social characteristics in accordance with Regulation (EU) 2019/2088 on Sustainability-related disclosures in the financial services sector unless otherwise stated in the relevant Basalt funds' AIFMD Disclosure Statement.

There is no guarantee that Basalt will successfully implement and make investments in companies that create positive ESG impact while enhancing long-term shareholder value and achieving financial returns. There is also no guarantee that any ESG goals or targets, including in respect of emissions, energy and water consumption will be achieved. These goals and targets reflect current thinking and may be subject to change.

Endnotes

1. Includes partial (50%) realisation of Wightlink.
2. This figure is as of 31 December 2022 and includes assets under management of Basalt Infrastructure Partners LLP's advisory affiliates and their subsidiaries.
3. Estimates and conversion factors used.
4. ESG KPIs are selected and tracked at Basalt's discretion based on what is material to a particular portfolio company.
5. Information provided in respect of ESG or climate performance of case studies is intended to be illustrative only and not an indication of future performance. ESG outcomes are not necessarily a result of engagement by Basalt and can reflect the outcomes of portfolio company led initiatives.
6. From a base of 2020. Target is under validation by SBTi to ensure alignment with the Paris Agreement's 1.5 °C ambition.
7. There can be no guarantees or assurances that the projects or investments have achieved the estimated levels of avoided emissions.
8. Data provided in this table may be based on estimated data, and Basalt makes no representation or assurance as to the accuracy, completeness and/or reliability of such estimates.

Appendix - Data

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022
REPORTING PERIOD								
Company (Sector)	Company A (Comms)				Company B (Transport)			
Staff turnover rate	3%	3%	1%	4%	7%	6%	11%	29%
Total headcount	181	191	220	230	713	742	731	760
Female headcount %	28%	30%	30%	30%	20%	19%	21%	21%
Female SMT %	3%	3%	6%	5%	18%	19%	22%	23%
Average no. hrs training per ee	9	7	2	1	15	8	8	7
No. of volunteering days taken	0	0	0	0	0	0	0	0
% of ees who have taken 1+ volunteering day/yr	0%	0%	0%	0%	0%	0%	0%	0%
Performance review process in place - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y
% of employees with objectives/goals set	10%	15%	15%	15%	100%	100%	100%	100%
% who have received H&S training	79%	79%	65%	72%	100%	100%	100%	100%
% who have received cyber awareness training	0%	62%	76%	92%	100%	100%	100%	100%
ESG policy in place - Yes/No	N	N	N	N	Y	Y	Y	Y
D&I policy in place - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y
Produce annual sustainability report - Yes/No	N	N	N	N	N	N	N	N
SDG aligned - Yes/No	N	N	N	N	N	N	N	N
ESG is standing Board agenda item - Yes/No	Y	Y	Y	Y	N	N	Y	Y
Company (Sector)	Company C (Utilities)				Company D (Comms)			
Staff turnover rate	2%	0%	0%	3%		10%	36%	27%
Total headcount	64	64	64	65	62	106	114	146
Female headcount %	8%	8%	8%	8%	11%	17%	21%	20%
Female SMT %	50%	50%	50%	33%	14%	20%	20%	30%
Average no. hrs training per ee	5	10	5	5	16	22	24	44
No. of volunteering days taken	12	23	9	7	0	0	0	42
% of ees who have taken 1+ volunteering day/yr	18%	35%	14%	11%	0%	0%	0%	30%
Performance review process in place - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y
% of employees with objectives/goals set	100%	100%	100%	100%	100%	100%	100%	100%
% who have received H&S training	100%	100%	100%	100%	100%	95%	95%	95%
% who have received cyber awareness training	0%	100%	22%	100%	16%	20%	40%	65%
ESG policy in place - Yes/No	Y	Y	Y	Y	N	N	N	N
D&I policy in place - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y
Produce annual sustainability report - Yes/No	N	N	N	Y	N	N	N	N
SDG aligned - Yes/No	N	N	N	N	N	N	N	N
ESG is standing Board agenda item - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y

Appendix - Data

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022
REPORTING PERIOD								
Company (Sector)	Company E (Comms)				Company F (Comms)			
Staff turnover rate	18%	19%	16%	16%	8%	13%	15%	28%
Total headcount	436	415	405	408	61	62	61	60
Female headcount %	28%	30%	28%	29%	36%	35%	36%	38%
Female SMT %	4%	0%	0%	7%	29%	29%	29%	25%
Average no. hrs training per ee		6	0	1	1	1	1	0
No. of volunteering days taken	1	4	3	0	0	0	0	0
% of ees who have taken 1+ volunteering day/yr	0%	1%	1%	1%	0%	0%	0%	0%
Performance review process in place - Yes/No	Y	Y	Y	Y	N	N	N	N
% of employees with objectives/goals set	58%	80%	80%	80%				
% who have received H&S training	67%	67%	67%	67%	0%	0%	0%	0%
% who have received cyber awareness training					0%	0%	0%	0%
ESG policy in place - Yes/No	Y	Y	Y	Y	N	N	N	N
D&I policy in place - Yes/No	Y	Y	Y	Y	N	N	N	N
Produce annual sustainability report - Yes/No	N	N	N	N	N	N	N	N
SDG aligned - Yes/No	Y	Y	Y	Y	N	N	N	N
ESG is standing Board agenda item - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y
Company (Sector)	Company G (Transport)				Company H (Comms)			
Staff turnover rate	0%	1%	1%	3%	25%	29%	35%	35%
Total headcount	1168	1220	1210	1199	171	195	217	227
Female headcount %	6%	8%	8%	8%	25%	23%	25%	30%
Female SMT %	17%	17%	17%	17%	27%	22%	29%	21%
Average no. hrs training per ee	8	2	3	2	21	24	17	52
No. of volunteering days taken	0	0	0	0	0	2	0	2
% of ees who have taken 1+ volunteering day/yr	0%	0%	0%	0%	0%	0%	0%	3%
Performance review process in place - Yes/No	N	N	N	N	Y	Y	Y	Y
% of employees with objectives/goals set	0%	0%	0%	0%				
% who have received H&S training	100%	100%	100%	100%	100%	100%	100%	100%
% who have received cyber awareness training	2%	0%	36%	36%				
ESG policy in place - Yes/No	Y	Y	Y	Y	N	N	N	N
D&I policy in place - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y
Produce annual sustainability report - Yes/No	N	N	N	Y	N	N	N	N
SDG aligned - Yes/No	N	N	N	N	N	N	N	N
ESG is standing Board agenda item - Yes/No	N	N	N	N	Y	Y	Y	Y

Appendix - Data

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022
REPORTING PERIOD								
Company (Sector)	Company I (Renewable Energy)				Company J (Transport)			
Staff turnover rate	23%	5%	2%	18%	5%	15%	22%	
Total headcount	36	42	43	44	11,655	11,471	11,214	
Female headcount %	44%	44%	30%	30%	12%	12%	12%	
Female SMT %	0%	0%	0%	14%	50%	50%	33%	
Average no. hrs training per ee								
No. of volunteering days taken	0	0	0	0	0	0	0	
% of ees who have taken 1+ volunteering day/yr	0%	0%	0%	0%	0%	0%	0%	
Performance review process in place - Yes/No	N	N	N	N				
% of employees with objectives/goals set								
% who have received H&S training								
% who have received cyber awareness training								
ESG policy in place - Yes/No	N	N	N	N	Y	Y	Y	
D&I policy in place - Yes/No	Y	Y	Y	Y	Y	Y	Y	
Produce annual sustainability report - Yes/No	N	N	N	N	Y	Y	Y	
SDG aligned - Yes/No	N	N	N	N	Y	Y	Y	
ESG is standing Board agenda item - Yes/No	N	N	N	N	Y	Y	Y	
Company (Sector)	Company K (Transport)				Company L (Utilities)			
Staff turnover rate								
Total headcount	20	20	20	20	141	129	125	157
Female headcount %	15%	15%	15%	15%	11%	12%	12%	10%
Female SMT %	0%	0%	0%	0%	29%	29%	29%	29%
Average no. hrs training per ee	22	16	15	15	16	16	16	16
No. of volunteering days taken	0	0	0	0	0	0	0	0
% of ees who have taken 1+ volunteering day/yr	0%	0%	0%	0%	0%	0%	0%	0.0%
Performance review process in place - Yes/No	Y	Y	Y	Y	Y	Y	Y	Y
% of employees with objectives/goals set	100%	100%	100%	100%	18%	18%	23%	23%
% who have received H&S training	100%	100%	100%	100%	100%	100%	100%	100%
% who have received cyber awareness training	100%	100%	100%	100%	0%	0%	0%	
ESG policy in place - Yes/No	Y	Y	Y	Y	N	N	Y	Y
D&I policy in place - Yes/No	Y	Y	Y	Y	N	N	N	N
Produce annual sustainability report - Yes/No	Y	Y	Y	Y	N	N	N	N
SDG aligned - Yes/No	N	N	N	Y	N	N	N	N
ESG is standing Board agenda item - Yes/No	Y	Y	Y	Y	N	N	Y	Y

Appendix - Data

REPORTING PERIOD	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Company (Sector)	Company M (Comms)				Company N (Renewable Energy)			
Staff turnover rate				3%				
Total headcount				18	0	0	0	0
Female headcount %				33%				
Female SMT %				0%				
Average no. hrs training per ee				0				
No. of volunteering days taken				0				
% of ees who have taken 1+ volunteering day/yr				0%				
Performance review process in place - Yes/No				Y				
% of employees with objectives/goals set				100%				
% who have received H&S training				0%				
% who have received cyber awareness training				0%				
ESG policy in place - Yes/No				N	N	N	N	N
D&I policy in place - Yes/No				N	Y	Y	Y	Y
Produce annual sustainability report - Yes/No				N	N	N	N	N
SDG aligned - Yes/No				N	N	N	N	N
ESG is standing Board agenda item - Yes/No				N	N	N	N	N
Company (Sector)	Company O (Transport)				Company P (Renewable Energy)			
Staff turnover rate				5%				
Total headcount				525	0	0	0	0
Female headcount %				27%				
Female SMT %				17%				
Average no. hrs training per ee								
No. of volunteering days taken								
% of ees who have taken 1+ volunteering day/yr								
Performance review process in place - Yes/No				Y				
% of employees with objectives/goals set				10%				
% who have received H&S training				40%				
% who have received cyber awareness training				60%				
ESG policy in place - Yes/No				N	N	N	N	N
D&I policy in place - Yes/No				N	N	N	N	N
Produce annual sustainability report - Yes/No				N	N	N	N	N
SDG aligned - Yes/No				Y	N	N	N	N
ESG is standing Board agenda item - Yes/No				N	N	N	Y	Y

Source: Portfolio company data from quarterly ESG KPI reporting collated by Basalt Infrastructure Partners in 2022



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