



Annual  
**ESG**  
Report  
**2023**

Resilient Infrastructure,  
Responsible Investing

**BASALT**  
INFRASTRUCTURE PARTNERS

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# The Story of 2023

<b>Chapter 1.</b> Our Fundamentals.....	<b>3</b>
About Basalt Infrastructure Partners.....	3
Message from the Managing Partner.....	5
Delivery and Progress.....	6
2023 Achievements.....	10
<b>Chapter 2.</b> Our Approach.....	<b>12</b>
Governance.....	13
Introducing the ESG Committee.....	14
ESG Across the Investment Lifecycle.....	15
Portfolio Company Engagement and Active Ownership.....	18
Principles for Responsible Investment (PRI) Commitment.....	19
<b>Chapter 3.</b> Our Portfolio.....	<b>21</b>
Activity Across the Portfolio.....	21
Portfolio Highlights.....	25
Case Studies.....	29
<b>Chapter 4.</b> Sustainability-Linked Finance.....	<b>37</b>
<b>Chapter 5.</b> ISSB IFRS S2 Climate-Related Disclosures.....	<b>41</b>
Climate Governance at Basalt.....	42
Strategy.....	43
Risk Management.....	44
Anthesis Climate Training.....	45
GHG Emissions.....	46
<b>Chapter 6.</b> At Basalt.....	<b>48</b>
<b>Chapter 7.</b> Looking Ahead.....	<b>49</b>
2024 and Beyond.....	49
Disclaimer.....	51
Glossary.....	53
Appendix - Data.....	54

# Chapter 1. Our Fundamentals

## About Basalt Infrastructure Partners

As at 31 December 2023

**10** countries Basalt was present in through existing and previous investments

**100%** of staff, globally, completed climate training

**Employees**  
Total **43**  
Employee turnover **< 3%**



Gender pay gap reduced by **5%** in 2023



**3** Locations



Zero waste to landfill

**14** New York

**27** London

**2** Munich

**1** dedicated ESG Manager for Basalt Infrastructure Partners



**PRI** Principles for Responsible Investment  
Rating of **5** stars in 2023

Signatories of the UN's Principles for Responsible Investment (PRI) since 2013

Average employee tenure is **5** years

31 Dec 22 **26%** almost 20% increase

31 Dec 23 **31%**

31% (8 out of 26) of investment professionals (excluding Partners) are female



Member of **Initiative Climat International (ICI)** since 2021

**Leading mid-market specialist across Western Europe and North America since 2011**

c. **\$7bn**  
AUM (equity)<sup>1</sup>

Asset-intensive focus across:

- Power / Renewables
- Utilities
- Transport
- Digital / Communications

Over **\$1bn** co-investment offered historically

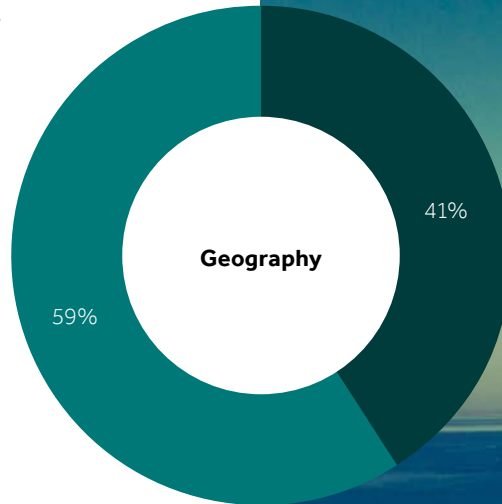
**24** average years of industry experience at senior level

**28** investments | **11** exits<sup>2</sup> | **0** losses

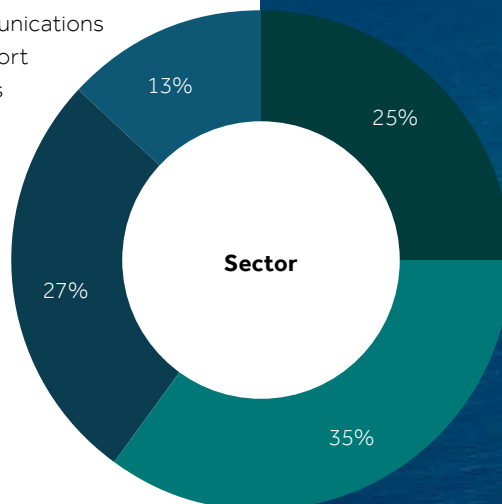
**4** funds

## Portfolio Construction<sup>3</sup>

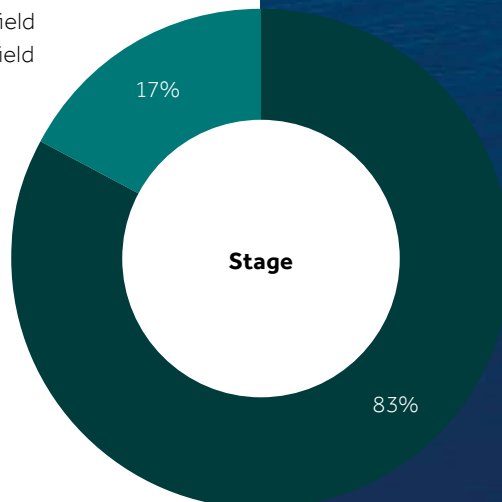
- Europe
- USA



- Communications
- Transport
- Utilities
- Power



- Brownfield
- Greenfield



## Message from the Managing Partner



2023 was another positive year for Basalt, making three investments, and having a further realisation. We have continued to recognise the critical role that ESG can play as part of our active asset management. Therefore,

ESG has continued to be at the forefront of our mind, always alongside positive returns for investors because it drives value creation and helps to mitigate risk. ESG regulations and disclosures show no signs of slowing down and it is important that Basalt is in a strong position to comply with these changes, and so we continue to 'up our game', as reflected in the very positive PRI score received in 2023.

In an environment of rising interest rates and economic uncertainty, Basalt understands that a comprehensive ESG strategy is a critical factor in positioning an investment company for a successful exit. If we don't make sure that a comprehensive ESG strategy and processes are embedded in a systematic way through to our exit strategy, there could be an area of risk that is missed, an opportunity to maximise value that is not considered sufficiently, or exit options potentially available to us that are then limited. Consistently applying this ESG lens is conducive to being optimally positioned when each portfolio company is ready for exit and so we will continue to responsibly deliver resilient infrastructure assets.

*Rob Gregor*  
*Managing Partner*  
*London*

### Increased transparency

- Reported under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for the first time in 2023
- Achieved 5\* for Policy Governance and Strategy module and Infrastructure module under PRI
- Committed to a sustainability-linked facility for a Basalt fund
- Made our Annual ESG Report publicly available through our website
- ESG section added to quarterly fund reports








### Increased awareness, knowledge and accountability

- Hosted our second annual ESG Forum and opened it to all sectors and geographies for the first time
- Rolled out climate training for the whole organization, over 40 employees across 3 offices
- ESG Committee established
- Quarterly D&I reporting to the Executive Board

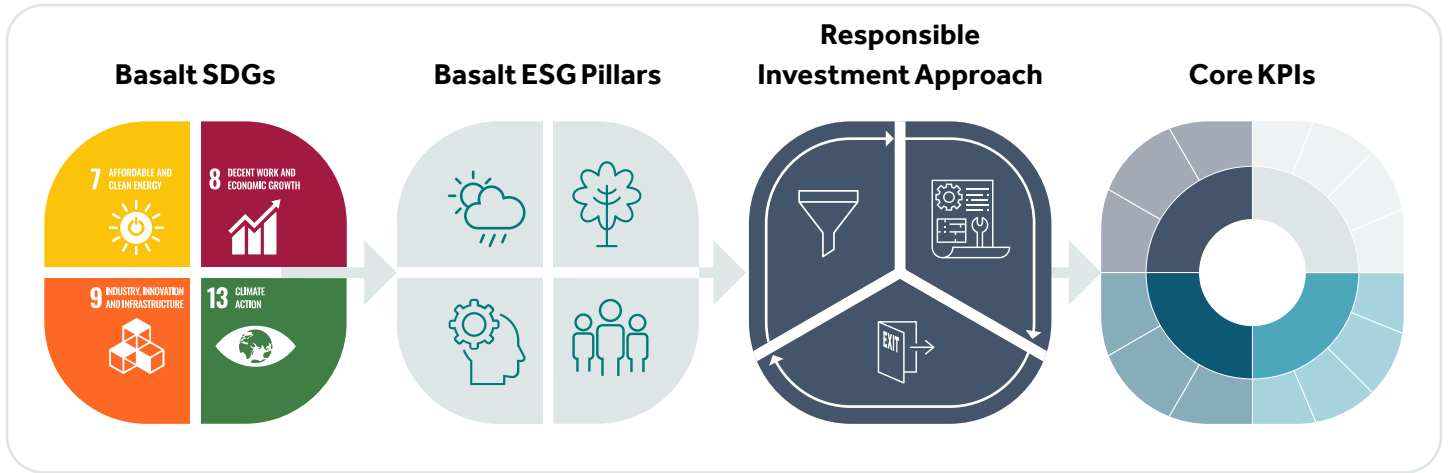
### Increased ambition

- Reviewed implications of setting a Net Zero target
- Progressed on an additional fund strategy in-line with our ambitions to maximize investment opportunities relating to the climate transition
- Setting targets on gender diversity and GHG reporting for latest fund under sustainability-linked facility
- Received Second Party Opinion (SPO) from Sustainable Fitch on Sustainable Finance Framework and started external assurance
- Changed the company default pension fund to a sustainable fund for all new joiners

## Delivery and Progress

2023	Started reporting quarterly D&I data to Basalt Executive Board	ESG Committee established, replacing ESG champions	ESG Forum open to all portfolio companies globally across all sectors
	Included ESG update in quarterly fund reports for first time	Updated ESG Policy significantly	All firm climate training <b>Anthesis</b> 
	 5* PRS report	First TCFD report published 	Sustainability-linked finance
2022	Started collecting quarterly ESG data from portfolio companies	Portfolio company climate workshops	Measured Basalt's GHG emissions including portfolio companies/ financed emissions
	First ESG Forum	Exec Board climate training	
	D&I training for all staff	D&I Policy launched	
2021	ESG Manager hired	iC International member 	ESG training for all employees
	SDG alignment 	Measured Basalt's carbon footprint for the first time	Screening tool launched
2020	Started working with global sustainability consultancy, <b>Anthesis</b> 	Published first sustainability report	Launch of ESG champions at Basalt <b>BASALT</b> INFRASTRUCTURE PARTNERS
2014–2019	ESG Policy established	First renewable energy deal	
2013	PRI Signatory  Principles for Responsible Investment		

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




**which deliver our alignment with...**



# ESG Integral to Value Creation and Firm Culture

Basalt's Fundamental Framework is designed to tie Sustainability into every part of the process



**BASALT ESG PILLARS**

## 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, which are material to the sectors that we invest in, 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.



**BASALT AND THE UN SDGS**

Basalt respects the aims of the UN's Sustainable Development Goals (SDGs), and prioritizes goals 7, 8, 9 and 13, where it believes it can have the greatest impact

The priority SDGs are kept under review, to seek to ensure alignment with Basalt's goals and the work its portfolio companies are doing to deliver key infrastructure to communities across North America and Europe



**RESPONSIBLE INVESTMENT APPROACH**

Basalt seeks to integrate ESG considerations throughout every stage of the investment process: (1) Pre-acquisition; (2) Active Ownership; (3) Exit





Freyja LNG

## 2023 Achievements

Basalt has continued to raise the level of ambition on ESG and delivered further progress in the last 12 months. Below are some of the more significant initiatives that we are particularly proud of.

### Climate Resilience

- Reported under TCFD for the first time
- Measured Basalt's GHG emissions for the second year, including financed emissions
- Chaired an infrastructure working group on a climate risk project for iCI
- 100% of staff and Partners completed climate training
- Engaged with an independent adviser to understand the process of setting a net zero target under the Net Zero Investment Framework (NZIF) guidance. Basalt is considering the impact of this guidance on the companies within the investment portfolio
- Working on requirements of a fund dedicated to infrastructure committed to enabling the climate transition

### Protecting the Environment

- Changed to a sustainable default fund for new employees for Basalt's pension plan, avoiding investments that are known to involve the production of restricted chemicals, aviation related activities, and companies that are the subject of severe controversies related to environmental pollution for example
- Basalt's London office achieved zero waste to landfill
- Held a volunteering activity for employees with Billion Oyster project, at the Governors Island field station, who are working to restore the oyster population of New York Harbor supporting cleaner water for the harbour's ecosystem



“ 100% of staff and Partners completed climate training ”

## Annual ESG Forum, London, November 2023



Basalt hosted its second annual ESG Forum in November, welcoming ESG leads from across the Basalt portfolio - it was the first time we opened the event to all sectors and geographies. We were delighted to be joined by 20 ESG professionals both in person and virtually, representing 16 out of 18 (89%) of Basalt's portfolio companies in Europe and North America. Basalt's ESG Manager, Katie Ahmed, hosted the event at Basalt's London Office, with discussions led by Katie, as well as Basalt Partners and ESG Committee members.

We had discussions on topics ranging from reporting, net zero, the regulatory environment, and asset management. The Forum provided the group with an opportunity to share insights from their own experiences, with case studies presented by three attending portfolio companies, providing a deep dive on climate, health and safety, and diversity and inclusion.

The annual ESG Forum is a fantastic opportunity to bring the wider Basalt community together and have a focused day to recognise the positive ESG activity happening across the portfolio as well as share knowledge and ideas for future opportunities. We look forward to hosting similar events in the future.

## People: Valuing Human Capital

- Began quarterly reporting to the Executive Board on D&I data across Basalt
- Created guidance on the Responsible Contractor Policy for portfolio companies to adopt and implement more easily
- Held a volunteering activity for employees alongside HandsOn London, creating self-care packages with personalised notecards, supporting housing and homelessness charities, women's centres and refugee hotels



## Good Governance

- Published Basalt's third annual ESG Report and made it publicly available
- Completed PRI submission, with an extensive Board review process
- Received 5\* for two PRI modules
- 20 different portfolio companies reporting to Basalt on ESG KPIs throughout the year<sup>4</sup>
- Established an ESG Committee
- Established a Sustainable Finance Committee and sustainability-linked facility for a fund
- ESG section added to the quarterly fund reports
- Started analysing deal decline reasons in CRM to improve data relating to how ESG considerations are integrated into Basalt's decision-making processes
- Second ESG Forum held in the London office, with 16 out of 18 portfolio companies participating



Nobina

# Chapter 2. Our Approach

## Stakeholders

- LPs
- Employees
- Portfolio companies
- Suppliers
- Communities
- End users
- Consultants
- Regulatory bodies
- Charities
- PRI/iCI
- Specialist advisers

## Stakeholder Interaction

### **Employees**

ESG is often part of team meetings, monthly asset management meetings and team offsites. Furthermore, all 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**

Investors have a chance to spend time with Basalt's ESG Manager in September each year at our annual meeting, where Basalt updates investors on key progress across the firm, including ESG initiatives. Our ESG Manager also has regular calls with investors and responds to any annual or ad hoc questionnaires. Feedback from investors on how we are performing against our peers and areas of improvement are welcomed.

### **Portfolio Companies**

Increased interaction between portfolio companies and the ESG Manager through quarterly ESG reporting, as well as between portfolio companies, with the ESG forum event at Basalt's London office that brings together the individuals responsible for ESG within the portfolio companies.

### **Wider Community**

Basalt is keen to interact with members of our wider community such as our suppliers, and peers in the infrastructure sector through the iCI, leveraging the relationship we have with our strategic partner Colliers, and supporting organisations such as GAIN (Girls are Investors) with our volunteering activities.

## Governance

Basalt's Executive Board is responsible for the long-term sustainable success of Basalt, and sets the strategy through which value can be created or preserved for the mutual benefit of its stakeholders. The Executive Board consists of the Partners at Basalt and has overall responsibility for the ongoing strategy of Basalt. Oversight of ESG-related matters is delegated to each of the Investment, ESG, and Sustainable Finance Committees.

The Investment Committee considers risk management and controls regularly. For example, climate-related risks and opportunities are considered within the Investment Committee's remit.

In 2023, we introduced an ESG Committee and a Sustainable Finance Committee, to further strengthen our ESG governance across the firm. The ESG Committee is responsible for driving ESG and climate-related matters across key stakeholders and business areas in accordance with best practice and regulation. It is responsible for complying with TCFD disclosures (voluntarily) and other climate or ESG-related regulatory

requirements as well as supporting the ESG Manager with reviewing and approving the ESG policy on an annual basis.

The ESG Committee consists of:

- ESG Manager (London-based)
- Partner/Head of Europe (London-based)
- Investor Relations Manager (London-based)
- Partner/Head of D&I (NY-based)
- Associate (NY-based)

The Sustainable Finance Committee is responsible for overseeing the implementation of the Sustainability-Linked Finance Framework including reporting, reviewing the process, and updating the Framework, as necessary. This Committee consists of four members from Basalt's team: Partner, ESG Manager, and two Fund Controllers. For more information on the Sustainable Finance Committee, see page 40.

Basalt's dedicated ESG Manager is responsible for driving ESG strategy, policies, procedures and reporting at Basalt and across portfolio companies.

<b>Executive Board</b>		
Responsible for Basalt's strategy. It delegates ESG related oversight to each of the Investment, ESG and Sustainable Finance Committees		
<b>Investment Committee</b>	<b>ESG Committee</b>	<b>Sustainable Finance Committee</b>
ESG risks and opportunities are considered within the Investment Committee's remit.	Responsible for driving ESG and climate matters across key stakeholders and business areas and monitoring upcoming regulatory requirements.	Responsible for the oversight of Basalt Sustainability-Linked Finance Framework.
The ESG Manager is responsible for internalising and externalising ESG and Climate progress across the key business areas including Asset Management, Investor Relations and Operations, Investments and Finance.		

## Introducing the ESG Committee

The ESG Committee was established in 2023 to strengthen ESG governance at Basalt and acknowledge that the focus and work in this area is only increasing. The committee meets on a quarterly basis and has already helped to ensure that a multitude of perspectives are taken into account, that processes can be disseminated across the wider team and organisation more easily, that we are consistent in our approach and messaging, and that there is accountability within Basalt. Two of the ESG Committee are Partners, who also sit on Basalt's Executive Board, so that the governance structure is aligned and there is good continuity and senior representation.

The role of the Basalt ESG Committee, chaired by the ESG Manager, includes delivery of the following:

- Provide leadership and focus on ESG matters
- Ensure that ESG goals are monitored and managed
- Disseminate ESG information and emerging issues to the wider team at Basalt
- Support Basalt's ongoing commitment to ESG
- Reinforce the culture within Basalt regarding sustainability and promote open discussion
- Support the ESG Manager with integrating ESG management into Basalt's processes
- Consider material ESG factors for both existing and potential assets
- Review quarterly ESG KPI data from portfolio companies
- Oversee and approve Basalt's ESG Policy
- Oversee compliance with ESG reporting and other climate or ESG-related regulations



**John Hanna**  
Partner, Head  
of Europe  
London



**Wil Jones**  
Partner  
Head of D&I  
New York



**Madison Propp**  
Associate  
New York



**Emma Dineen**  
Investor  
Relations  
Manager  
London



**Katie Ahmed**  
ESG Manager  
London

“ We recognize the impact of Environmental, Social, and Governance (ESG) factors on both financial performance and society at large. By establishing an ESG committee, we are not only aligning our investment strategies with sustainable practices but also demonstrating our commitment to responsible investing, driving positive change, and fostering long-term value creation for our stakeholders.”

*Wil Jones, Partner, New York*

# ESG Across the Investment Lifecycle

## Governance and Oversight

Day-to-day implementation of ESG commitments within Basalt are overseen by our ESG Manager with the Executive Board holding ultimate responsibility and discussing ESG at Board meetings. In 2023, as previously detailed, we introduced an ESG Committee and a Sustainable Finance Committee, to further strengthen our ESG governance across the firm. Investment teams are required to address ESG issues and drive improvement at their allocated portfolio assets as part of their annual performance review. The implementation of ESG factors at an asset level is directed through the board representation that Basalt has on each of its portfolio investment companies. All Basalt employees have responsibility for implementing relevant processes, contributing to Basalt's ESG strategy, and integrating ESG within our operations and portfolio activities.



To achieve our goals, we have adopted a framework of policies and procedures, which commit and support us to integrate material ESG risks 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 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 and opportunities. 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 (Sustainability Accounting Standards Board) 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 given their materiality to our sectors
- 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. Portfolio companies then report to Basalt on these on a quarterly basis
  - 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
- Basalt is a control investor so can effectively implement its ESG strategy at Board level

## 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, and 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.

SFDR disclosures will be reported for relevant funds.

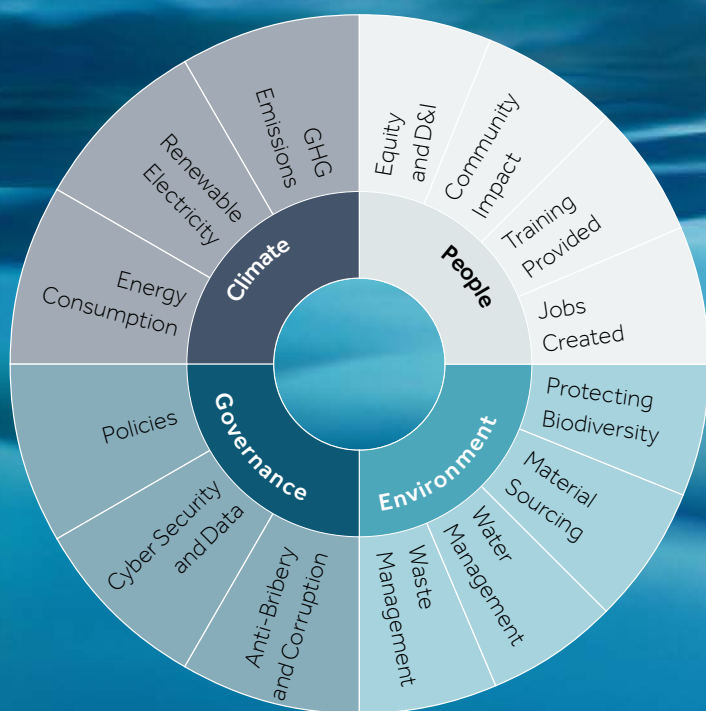
## Outcome

The result of this systematic approach to ESG throughout our investment lifecycle is that we are able to reposition assets on an improved trajectory to demonstrate value creation.

“ Basalt is a control investor so can effectively implement its ESG strategy at Board level”



## Detailed ESG Framework Allows Basalt to Track and Improve on ESG KPIs<sup>5</sup>



Typical environmental KPIs for Basalt and its portfolio companies include - GHG emissions, renewable electricity generated, energy consumption, waste management, water management, material sourcing and protecting biodiversity.

Typical social KPIs for Basalt and its portfolio companies include - jobs created, training provided, volunteering opportunities, equity, diversity, and inclusion initiatives, community impact and gender diversity.

Typical governance KPIs for Basalt and its portfolio companies include - policies in place, data protection, employee turnover, board positions, anti-bribery and corruption, supply chain management and cyber security.

## Portfolio Company Engagement and Active Ownership

Given the different stages each portfolio company may be at post-acquisition, whether it be due to maturity, geography, size or sector, we need to get the right foundations in place when it comes to ESG. Although we will hold an ESG review with each new portfolio company, to help put in place an ESG strategy and start measuring KPIs, we also believe there are certain fundamentals we need to ensure are in place to get them off on the right footing.

In 2023 we defined ESG priorities to support our portfolio companies to make progress on. These were:

1. Ensure ESG is discussed at every board meeting
2. Establish and share their ESG policy with Basalt
3. Calculate scope 1, 2 and 3 GHG emissions for the calendar year 2022
4. Confirm climate-related risks are included in the risk register process
5. Demonstrate how the company is contributing to Basalt's four priority SDGs
6. Define their SDG alignment
7. Confirm adherence to our Responsible Contractor Policy (RCP)

Having ESG on the board agenda means that it is recognised as a priority by management teams and both the potential impact of ESG on the business, and the business impacts on people and the planet, are being regularly discussed. Putting in place an ESG policy helps articulate the level of ambition and direction of travel when it comes to ESG. Material ESG factors will also differ depending on the sector of the organisation, so it is good practice to be clear on this, and transparent on processes, to the organisation's key stakeholders.

We have previously spoken about the importance of measuring GHG emissions accurately within each portfolio company, as well as at the firm level, and having portfolio companies measure their Scope 1 and 2 emissions increases the accuracy of Basalt's financed Scope 3 emissions. Therefore, portfolio companies

must also measure their Scope 3 emissions ahead of setting any Net Zero target and/or putting in place plans to reduce emissions. This was a strategic focus for 2023, with the Basalt ESG Manager working closely with portfolio companies, establishing systems to support portfolio companies, or if required placing an external third-party provider to assist with data management.

Basalt previously reported that we held climate workshops across the portfolio in November 2022. Following the success of these workshops, we held follow-up sessions in 2023, where management within each business considered their climate risks and opportunities and how they might impact their businesses going forward. After the workshops, we encouraged ESG leads across the portfolio to analyse the climate-related risks identified and consider them for inclusion in their risk register process. Although some risks are considered low probability, and therefore may not make it onto a risk register, portfolio companies need to be thinking about mitigants, and potential actions should the probability increase in future, to reduce the risk of climate negatively impacting the value of the business.

Basalt sees asset management as a clear strength with multiple touchpoints and opportunities for engagement across the portfolio:

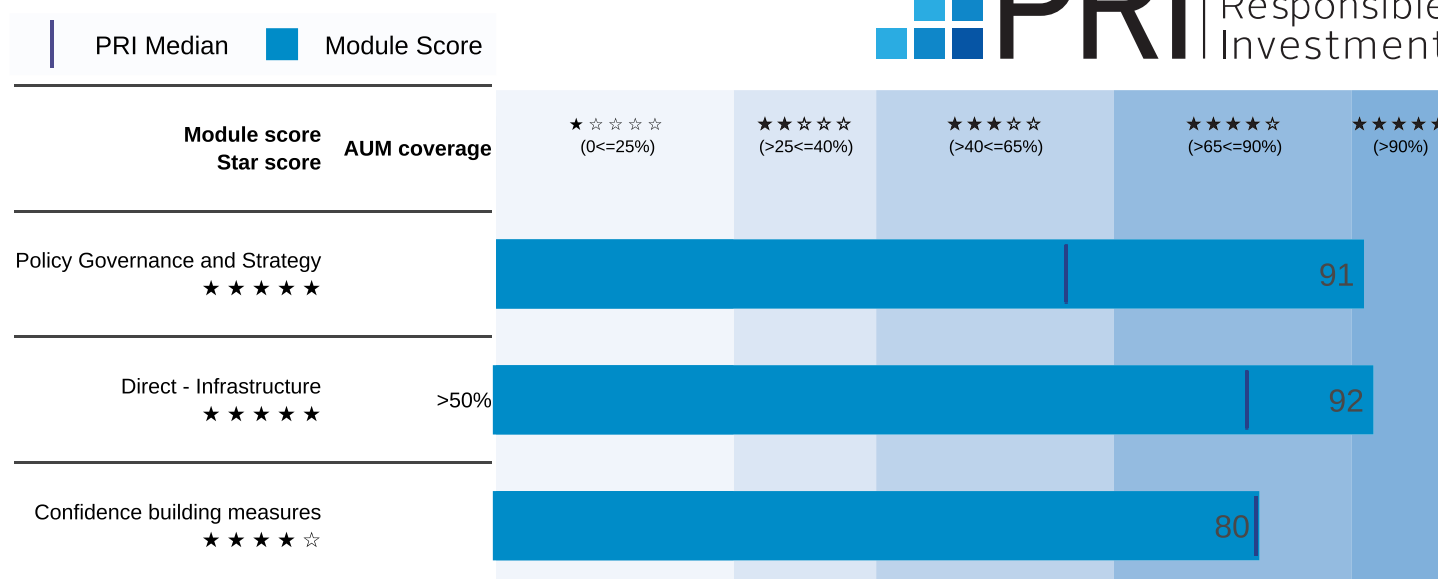
	Majority ownership
	Control positions
	Drive from the Board participation
	Quarterly ESG reporting
	Monthly asset management meetings
	SFDR characteristics and indicators
	Annual ESG Forum

## Principles for Responsible Investment (PRI) Commitment

Basalt has been a signatory of the PRI since the inception of our first Fund in 2013. By implementing the six Principles for Responsible Investment we aim to help to contribute to a more sustainable global financial system. We are taking action on each principle 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.

## SUMMARY SCORECARD



## Initiative Climat International (iCI)

When Basalt became a member of the iCI in 2021 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

## Why we report to the PRI

- Growing commitment and progress in ESG
- Reflects efforts
- Standardizing of processes
- Active ownership and stakeholder engagement
- Introducing ESG foundations at portfolio company level
- Investor demand



	INVESTMENT & STEWARDSHIP POLICY/ POLICY GOVERNANCE AND STRATEGY	INFRASTRUCTURE
2021	<p>★ ★ ★ ☆ ☆</p> <p>(49 / 100)</p> <p>(Peer median – 62)</p>	<p>★ ★ ★ ★ ☆</p> <p>(68 / 100)</p> <p>(Peer median – 83)</p>
2023	<p>★ ★ ★ ★ ★</p> <p>(91 / 100)</p> <p>(Peer median – 62)</p>	<p>★ ★ ★ ★ ★</p> <p>(92 / 100)</p> <p>(Peer median – 81)</p>

Basalt always strives to be transparent and as per the PRI’s publication guidelines we have made our scores, full Assessment Report and public Transparency Report available on our website – [www.basaltinfra.com](http://www.basaltinfra.com)

We recognise that although we have made significant progress between the last two reporting cycles, progress can always still be made. We have identified the following areas for further improvement:

- Engagement with policymakers and disclosure of methods
- Responsible investment KPIs to evaluate Board performance
- Assessment of the resilience of the investment strategy in different climate scenarios
- Responsible investment commitments in LPAs
- External verification of information submitted i.e. third-party assurance

We also acknowledge that some of our work completed in 2023 would not have been captured in the 2023 PRI reporting cycle as the reporting period used was 01 Apr 2022 – 31 Mar 2023. Additional considerations include:

- Establishing the Basalt ESG Committee
- Delivering climate training to all employees
- Hosting our annual ESG Forum open to all portfolio companies
- Increasing our GHG emissions reporting across the portfolio

As part of our commitment to transparency, Basalt intends to report, voluntarily, in the 2024 PRI reporting cycle.



# Chapter 3. Our Portfolio

## Activity Across the Portfolio

- 633,330 MWh of renewable power generated
- Of the portfolio companies reporting across all funds at each year-end:
  - 2022 – 29% had an ESG Policy in place
  - 2023 – 78% have an ESG Policy in place (increases to 87% if you exclude 2023 acquisitions)
- 94% of portfolio companies have ESG as a standing item on the board agenda. Only one company does not yet, Basalt's most recent acquisition, which will be addressed in 2024
- 83% have demonstrated how they are contributing to Basalt's 4 priority SDGs (increases to 100% if you exclude 2023 acquisitions)
- Over 70% have defined their own SDG alignment (increases to 87% if you exclude 2023 acquisitions, although two of those companies have completed this exercise since year-end)
- 78% have confirmed climate-related risks have been included in their risk register process (increases to 93% if you exclude 2023 acquisitions)
- Of the 18 portfolio companies (100%) reporting across Basalt funds:
  - Over 16,600 employees
  - Over 160 new roles were created throughout 2023
  - Average employee turnover of 17%
  - Over 270 volunteering days taken (almost triple the previous year)



## UN SDG Mapping

One of the seven priorities that Basalt asked portfolio companies to make progress on in 2023 (see page 18) was to ensure they had aligned their business to the UN SDGs to better understand the impact, both positive and negative, their operations is having. This also supports Basalt's efforts in being able to demonstrate the impact the portfolio is having on our 4 priority SDGs.

As part of the quarterly ESG reporting, portfolio companies must provide data to support their impact on accessible and clean energy, decent work and economic growth, industry, innovation and infrastructure, and climate action. On the following pages are some examples of how a few of the portfolio companies assessed their contribution to different SDGs.

Basalt Priority SDGs Where We Believe We Can Have the Biggest Potential Impact:



## Examples of How Our Portfolio Companies Are Contributing to the SDGS



### Skyway

As well as aligning with Basalt's four prioritised SDGs, Skyway has two additional goals that they focus on:

- 4 Quality Education: Through their sponsorship with T-Mobile they support career training and job placement enterprises focused on creating technical and vocational skill career opportunities for diverse individuals in the wireless industry. Additionally, Skyway enables connectivity and telecommunication services to underserved or remote areas
- 17 Partnerships for the Goals: Engage with local communities to understand and address their needs and concerns. Skyway implement responsible tower siting to minimize environmental impact



### Connect

- Of the 17 UN Sustainable Development Goals, Connect have chosen to particularly support six goals
- They have adopted the four Basalt goals as their own, plus two additional goals, as follows:
  - 11. Sustainable cities and communities
  - 12. Responsible consumption and production

### SDG 7 - Affordable and Clean Energy

7 AFFORDABLE AND CLEAN ENERGY



Although there will be overlap, the following companies are particularly impactful when it comes to SDG 7 – Affordable and Clean Energy:

XNG is focused on SDG 7 "Affordable and Clean energy" as the Company works to deliver a cleaner and cheaper energy alternative to customers who have historically relied on high-carbon fuels like fuel oil and coal.

Black Bear Transmission's (BBT's) business is supporting and enabling the US energy transition to renewable energy. BBT is helping the states in which it works to reduce coal reliance in their energy mix. BBT joined the ONE Future Coalition in Q1 2022 and voluntarily instituted a goal to reduce its fugitive emissions to less than 1.5% by 2025. BBT met this goal in 2022, measuring 1.1% of fugitive emissions for the year. In 2023 this was reduced further to 0.9%. Scope 1 emissions decreased by 16% between 2021 and 2022, relating to changes to energy use at a compressor station, indicating a decrease in emissions directly produced by BBT.

Helios Power, Habitat Solar and Mareccio Energia are Basalt's three renewable energy assets, who crucially have SDG 7, Affordable and Clean Energy, at their core. Between them, as of 31 December 2023, there was 368MW of installed capacity and they generated c. 470,000 MWh of power in 2023.



## Unilode

The Unilode [ESG policy](#) sets out their priorities and is linked to SDGs 7, 8, 9, 10, 12 and 13. Unilode's ESG policy demonstrates a commitment to SDGs - 7 (Affordable & Clean Energy), 8 (Decent work & Economic growth), 9 (Industry, Innovation & infrastructure), 10 (Reduced Inequalities), 12 (Responsible Production & Consumption) & 13 (Climate Action).

## Freyja LNG

### Freyja LNG (Celsius Shipping)

GOAL	DESCRIPTION	COMMENT FROM CELSIUS (VESSEL OPERATOR)
<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Celsius employs +1000 seafarers on board our vessels and providing a safe workplace with focus on mental and physical health is a key priority for us. We are continuously working towards evaluating how to be a better employer for all our employees, on-and offshore
GOAL	DESCRIPTION	COMMENT FROM CELSIUS (VESSEL OPERATOR)
<p><b>13</b> CLIMATE ACTION</p>	Take urgent action to combat climate change and its impact	Maritime transport plays an essential role in the global economy and is one of the most energy-efficient modes of transport, but it is also a large source of emissions, so we continuously monitor our progress and ambition levels to reduce emissions together with our partners
GOAL	DESCRIPTION	COMMENT FROM CELSIUS (VESSEL OPERATOR)
<p><b>14</b> LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	The shipping industry has a key responsibility in supporting the conservation of our oceans. Celsius has multiple measures in place to protect the marine areas we operate in, including ballast water treatment systems on all our vessels to protect the oceans from invasive species



Freyja LNG

## Progress

It is great to see progress on portfolio company carbon footprints. In 2022, approximately 40% of portfolio companies were reporting scope 1 and 2 GHG emissions, for 2021. In 2023, that increased to over 80% (over 90% if you exclude 2023 acquisitions), with almost 70% of those companies also reporting scope 3 emissions. Only 2 out of 17 portfolio companies reported scope 3 emissions for 2021, but for 2022 reporting (completed in 2023) this increased five times, to 10 out of 18. Having two-thirds of the portfolio companies acquired pre-2023 reporting scope 1, 2 and 3 GHG emissions by the end of 2023 was a significant uplift, but we recognise there is more progress to be made. Having the sustainability-linked finance in place will be a key driver in ensuring the portfolio companies within that fund have the necessary processes in place as soon as possible.

Excluding portfolio companies acquired by Basalt in 2023, who we did not have as much time to engage with, all Basalt portfolio companies were able to calculate, report and disclose their scope 1 GHG emissions in 2023 (for 2022).

Although we have not yet managed to achieve 100% of the portfolio having an ESG Policy in place, we saw massive progress in 2023, moving from 29% of all portfolio companies at year-end in 2022, to 78% of all portfolio companies reporting at year-end in 2023. This increases to 87% if you exclude portfolio companies acquired in 2023.

We've also significantly increased SDG alignment across the portfolio, increasing from almost one quarter having defined their own SDG alignment at the end of Q1 2023, to almost three quarters by the end of Q4.

All portfolio companies acquired prior to 2023 have now demonstrated how their business is contributing to the impact Basalt's portfolio is having on the priority SDGs – 7, 8, 9 and 13.

“ 94% of all 18 portfolio companies held at year-end have ESG as a standing item on the board agenda, only one company does not yet, which was acquired in H2 2023. This will be addressed in 2024.”

2022	2023	2022	2023	2022	2023	Q1	Q4	Q1	Q4
ESG Policy in place		ESG as standing item on the Board agenda		Responsible Contractor Policy (RCP) adhered to		Demonstrate how the company is contributing to Basalt's 4 priority SDGs		Define own SDG alignment	
29%	78%	65%	94%	24%	89%	24%	83%	24%	72%



## Portfolio Highlights

### WIGHTLINK



2015

- [British Travel Awards 2023 Winner for Best Ferry Operator for Routes from/to UK Ports](#)
- Wightlink's Core Values and Behaviours developed by colleagues: Dependable, Customer Focused, Sustainable, Working Together
- GRESB Annual Report score increased to 93%. Above the average and 1st within peer group Transport: Port Companies in Europe
- [On behalf of the Isle of Wight Council, delivered a new Ryde Pier pedestrian walkway over a disused Victorian Tramway, in time for the Isle Of Wight Festival. This formed part of the project to upgrade Ryde's Transport Interchange](#)

### MARECCIO ENERGIA



2017

- Generated c. 75,000 MWh of renewable power

### CONNECT



2019

- See further information on SDG alignment, which was confirmed in 2023, on page 22
- Established first ESG policy
- GHG emissions measured for the first time

### MANX TELECOM



2019

- Sustainability-linked finance facility put in place (see page 40 for further details)
- Solar panels installed on HQ roof
- For further detail please see case study on page 34

### CARONTE & TOURIST (C&T)



2018

- In 2023 delivered 2nd hybrid diesel/LNG/battery powered vessel, which will reduce CO<sub>2</sub> emissions by 45%
- Produced a dedicated sustainability report which is publicly available [here](#)
- Several initiatives implemented to improve ESG performance - single-use plastics are banned on all ships, installation of sensor-driven taps to reduce water consumption, use of electric charging stations while on long-stops
- There was a reduction in the use of welding electrodes, adhesives, and metals compared to the previous year due to better shipbuilding design
- One of the vessels underwent dry-docking operations and silicone antifouling was reinstated, increasing navigational efficiency and reducing fuel consumption and emissions
- One of the vessels began remotorization works which will enhance safety and improve fuel efficiency
- The group obtained certification of their Diversity & Inclusion Management System

### BLACK BEAR TRANSMISSION



2019

- Established first ESG policy
- Performed Scope 1, 2 and 3 emissions
- Performed Climate Risk Assessment and updated Risk Register
- SDG Alignment and contributions
- Enacted Responsible Contractor Policy
- 70% of employees took at least 1 volunteering day in the year

### HELIOS POWER



2019

- Generated c. 245,000 MWh of renewable power

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**HABITAT SOLAR**

2020

- Generated c. 150,000 MWh of renewable power
- IGS Solar, the operations & maintenance ("O&M") partner for Habitat, is a signatory of The Climate Pledge
- IGS Solar is a founding member of the Columbus, Ohio chapter of Conscious Capitalism and a Columbus Commitment signatory, a voluntary pledge to 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

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**FULL FIBRE**

2021

- Sickness at Full Fibre continues to remain below the UK average of 2.6% in 2022 (source: ONS)
- Social investment fund setup to help technically disadvantaged demographic to help get connected to the digital revolution
- Full Fibre celebrated 228 employee birthday wishes with the business and created an additional benefit of a birthday holiday introduced for 2024
- 157 hours of volunteering completed on various social projects including litter picking, charity walks, charity days and professional interviews
- Use of Full Fibre HR platform, 'BOB' to promote peer driven Kudos for good work by colleagues

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**FREYJA LNG**

2021

- Celsius Group, the vessel operator, is implementing the FRESE FuelSave system on some of its operational LNG carriers to improve fuel savings by allowing a more efficient control of the cooling water
- Freyja LNG has conducted a lifecycle assessment analysis of the environmental impact of its LNG carriers, mapping scope 1, 2 and 3 emissions
- Celsius Group has conducted an engagement survey for its onshore employees for the year of 2023 achieving overall engagement score of 88, 7% higher than 2022, 14% above benchmark. Freyja LNG has conducted an engagement survey for the crew onboard the operational vessels for the year of 2023 achieving overall engagement score of 89, 15% above benchmark

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**XNG**

2021

- E: 1st RNG injection contract signed to begin 1Q24; Eliot station modified as industry RNG injection solution providing infrastructure for New England projects to capture and truck RNG and inject into the U.S Interstate Pipeline System
- S: Employee and leadership diversity improved: XNG employee base now representative of the communities they live and work in
- G: XNG commenced Scope 3 emissions reporting (in addition to scope 1&2)

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**GOETEL**

2021

- Confirmed SDG alignment
- Established first ESG policy
- GHG emissions measured for the first time

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**UNILODE**

2021

- Conducted their first Equality, Diversity & Inclusion staff survey and internal Audit
- Awarded industry leading Sustainability recognition – Unilode won the Sustainable ULD provider of the Year award (2023)
- A 2024 target to procure energy from renewable sources across our global locations
- Invested in internal maintenance and repair program to maximize the lifespan of ULD's and associated equipment. Increasing end of life timeframes enables Unilode and their clients to realize the CO<sub>2</sub> benefits borne from less frequent procurement, hence, manufacturing processes
- Embarked on a Forklift Truck fleet electrification program which will see over 90% of our fleet electrified within the coming 3 years
- Developed and circulated our first Group Environmental, Social & Governance Policy
- Partnered with the Institution of Occupational Health & Safety (IOSH) to provide the globally recognized "IOSH Managing Safely" course and associated qualification, to all of their station managers and senior station supervisors
- Introduced BREEAM (or globally equivalent) sustainable building standards as a selection criteria for all location moves
- Partnered with a UK based charity that supports individuals from diverse backgrounds, some with challenging early years experiences, to seek new career opportunities with Unilode
- For further detail please see case study on page 35

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**NOBINA**

2022

- Science-based targets validated by the SBTi
- Increased fleet of eBuses by 20%, from 713 to 859 eBuses
- 79% of consumed energy is from renewable energy resources

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**SKYWAY TOWERS**

2022

- Confirmed SDG alignment
- Established first ESG policy
- GHG emissions measured for first time

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**FATBEAM**

2023

- ESG review completed
- Established KPIs and started quarterly ESG reporting to Basalt
- For further detail please see case study on page 29

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**FORTBRAND**

2023

- ESG review completed
- Established first ESG policy
- New electric kit
- Established KPIs and started quarterly ESG reporting to Basalt
- For further detail please see case study on page 31

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**RECONOR**

2023

- ESG review completed
- Established KPIs and started quarterly ESG reporting to Basalt
- For further detail please see case study on page 33



Skyway Towers – monopine tower

## Case Studies



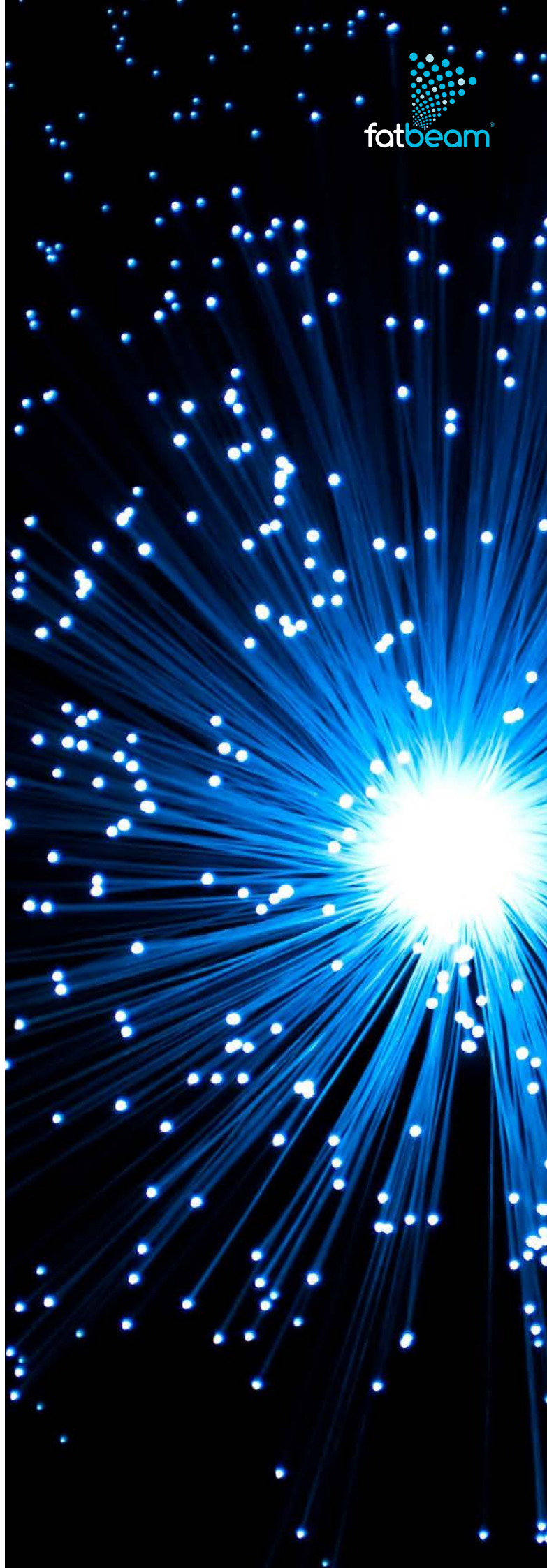
### New Investment: Fatbeam

Fatbeam is a provider of fiber internet solutions in the Northwestern United States. Fatbeam provides services under the federal government's E-Rate program, which helps ensure rural and low-income K-12 school districts and library systems have access to high-quality internet.

Under the E-Rate program, Fatbeam designs, builds, and operates bespoke networks for education customers. These services help to bridge the digital divide and support the United Nations Sustainable Development Goals' commitment to education.

Fatbeam retains full ownership and control of the networks it builds for education customers. This network development therefore contributes not only to schools and libraries, but to wider communities as well. Fatbeam's commercial and enterprise customers, located adjacent to its E-Rate network, span a range of local sectors from healthcare to technology.

Fatbeam is further pursuing the opportunity to connect residential customers located on its network. This would provide students with the same high-quality internet they use at school in their homes.



GOAL	DESCRIPTION	COMMENTS
 <p>4 QUALITY EDUCATION</p>	Quality Education	Fatbeam contributes to quality education by providing high-speed and reliable internet connectivity to educational institutions in the Pacific Northwest. This supports online learning, research, and collaboration, positively impacting the quality of education.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Industry, Innovation, and Infrastructure	As an e-rate fiber business, Fatbeam directly aligns with this goal by providing critical digital infrastructure. The company's high-speed fiber-optic network enhances connectivity and supports innovation in education, government, and commercial sectors.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Sustainable Cities and Communities	Fatbeam's fiber-optic infrastructure contributes to creating smart and connected communities. Reliable and fast internet connectivity is essential for modern urban development, supporting smart city initiatives, and fostering economic and social development.
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Partnerships for the Goals	Fatbeam can engage in partnerships with educational institutions, government agencies, and commercial enterprises to extend the reach of its fiber-optic network. Collaborations with local communities can enhance digital inclusion and bridge the digital divide.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Decent Work and Economic Growth	By expanding its fiber network and providing reliable internet services, Fatbeam contributes to economic growth in the region. The increased connectivity supports businesses, attracts investments, and creates job opportunities in the technology sector.
 <p>5 GENDER EQUALITY</p>	Gender Equality	Fatbeam can promote gender equality by ensuring that its services reach all segments of the population, including women and girls. Access to high-quality internet can empower women through improved educational and economic opportunities.
 <p>13 CLIMATE ACTION</p>	Climate Action	While the primary focus of Fatbeam is on digital infrastructure, the company can still contribute to climate action by optimizing its operations for energy efficiency and promoting telecommuting and online collaboration, reducing the need for physical transportation.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Peace, Justice, and Strong Institutions	Reliable and secure communication infrastructure provided by Fatbeam supports strong institutions, aiding in effective governance, public safety, and justice.

## New Investment: Fortbrand







Fortbrand Services ("Fortbrand") is a lessor of ground support equipment ("GSE"), providing mission-critical equipment to air transportation customers, enabling them to operate safely and efficiently. Fortbrand's leasing model allows customers to flex equipment needs up and down, minimizing excess equipment and the associated carbon footprint. Additionally, the GSE industry is a ripe candidate for electrification. Many airports and airlines have set aggressive emission reduction goals, which will impact both flight emissions and on-tarmac operations—eGSE (electrical ground support equipment) will play a critical role in the aviation industry's decarbonization.

Fortbrand can continue to support the aviation industry's commitment to emission reduction by sourcing, supplying, and maintaining eGSE and eGSE charging equipment for its customers. As of 2023, Fortbrand has 67 electric units in its fleet serving its customer's needs. In 2024, the Company looks to continue to build its fleet of electric fleet. The Company plans to spend approximately 20% of its growth capex on new eGSE.

“ The airport micro-economy seems like a perfect candidate for a decarbonization case study, where all parties share a common desire to slash emissions. The Fortbrand team understands this and is well positioned to drive airport operations towards more sustainable operations by providing eGSE solutions for its airline and airport customers. It has been rewarding to work with a management team that shares Basalt's commitment to ESG.”

*Cole Goldklang  
Associate  
New York*



GOAL	DESCRIPTION	COMMENTS
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Affordable and Clean Energy	Fortbrand Services contributes to this goal by promoting energy-efficient and sustainable ground support equipment. The company could invest in or lease out electric or hybrid GSE, reducing the reliance on fossil fuels and lowering carbon emissions at airports.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Industry, Innovation, and Infrastructure	By providing modern and technologically advanced ground support and maintenance equipment, Fortbrand Services supports innovation in airport operations. Upgrading infrastructure and equipment can enhance the efficiency and safety of aviation services.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Sustainable Cities and Communities	Fortbrand Services indirectly contributes to creating sustainable cities by ensuring efficient and reliable airport operations. Well-maintained and modern GSE can contribute to reducing congestion and delays at airports, enhancing the overall sustainability of urban transportation systems.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Responsible Consumption and Production	Fortbrand Services promotes responsible consumption by offering leasing options for ground support and maintenance equipment. Leasing, as opposed to outright ownership, can lead to better resource utilization, reduced waste, and a more sustainable approach to equipment management.
 <p>13 CLIMATE ACTION</p>	Climate Action	The company can play a role in mitigating climate change by offering electric or low-emission GSE. This helps in reducing the carbon footprint associated with airport operations, contributing to the overall efforts to combat climate change.
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Partnerships for the Goals	Fortbrand Services can collaborate with airlines, airports, and other stakeholders to implement sustainable practices in the aviation industry. Partnerships with manufacturers and technology providers can lead to the development and adoption of greener and more sustainable equipment.



## New Investment: Reconor

Reconor is a leading vertically integrated waste and circular economy platform in Denmark, operating primarily in soil remediation and the collection, sorting, treatment and recycling of waste. The Company has a national coverage comprising of strategically located recycling and remediation sites in and around Copenhagen and Aarhus as well as other major regions in Denmark.

Reconor is a key provider of critical environmental services within the Circular Economy and plays a crucial part in fighting global resource scarcity, by replacing “new” raw materials with recycled materials. The Group stands out as a leading driver for environmental initiatives to increase recycling and decrease energy consumption, with investments in several novel circular economy initiatives to reduce the environmental footprint of operations (e.g. PFAS treatment, circular gypsum, etc.).

Reconor is uniquely positioned to support Denmark (which aims to achieve emission neutrality by 2030) in meeting increasing EU recycling rate targets and lead the transition to circular economy. Part of the group’s strategy involves increased recycling and mitigate resource scarcity by strengthening its downstream solution offering.

Reconor stands out as one of the leading drivers for environmental initiatives to increase recycling, processing great volumes and achieving strong recycling rates within the industry:

For the last fiscal year, Oct 2022 to Sep 2023:

- Waste processed: 2.1m tonnes p.a.
- Soil processed: 0.8m tonnes p.a.
- Recycling rate of waste and soil: 95%

Target SDGs



## Asset Management: Manx Telecom

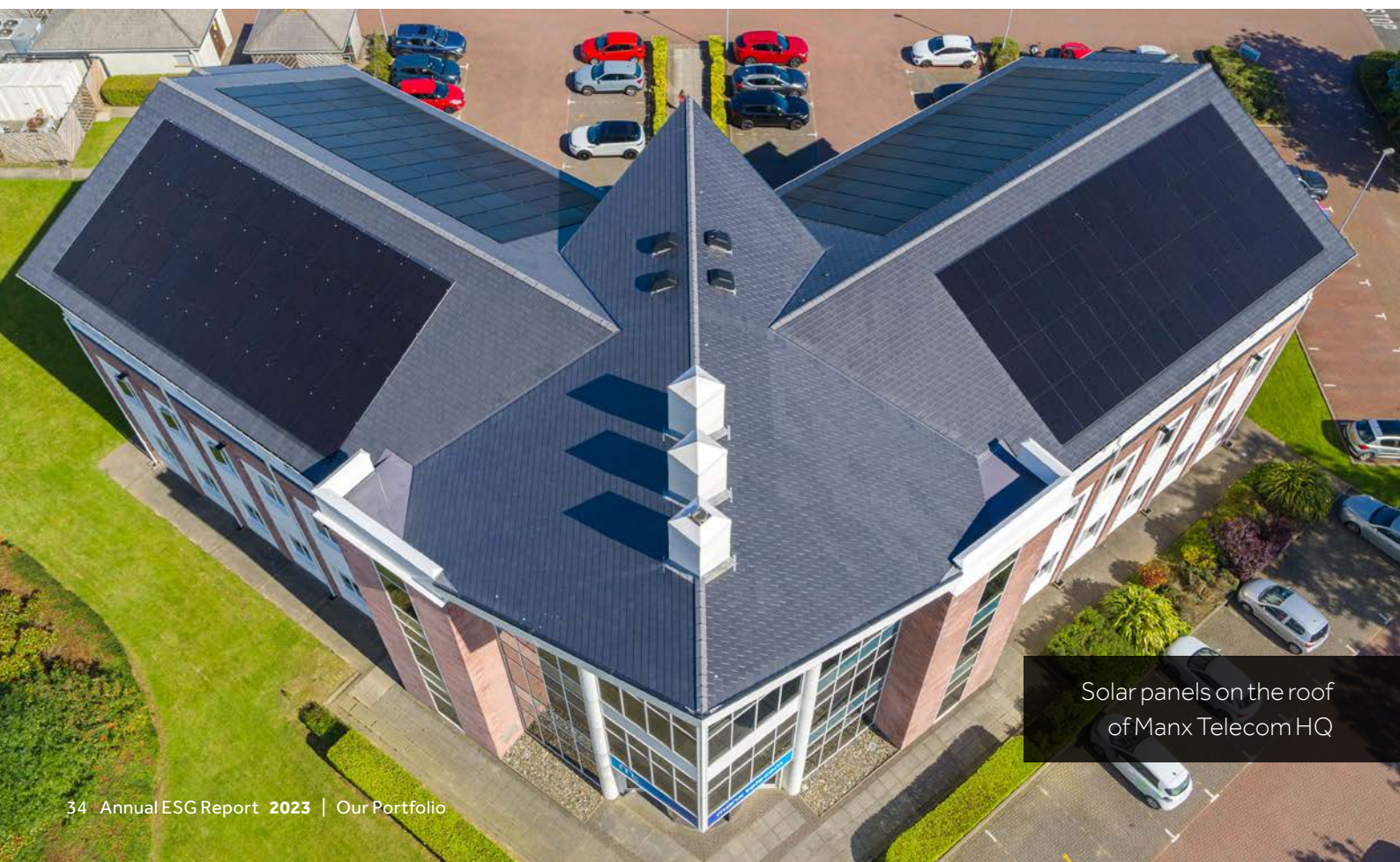
Manx Telecom (“MT”) is the incumbent and leading telecommunications operator on the Isle of Man (“IoM”) and the owner and operator of extensive communications infrastructure across the island, including:

- A fibre to the premises (“FTTP”) network, which currently covers c.87% of IoM and is expected to reach 99% of the island’s premises by 2025;
- A portfolio of 68 mobile towers underpinning >99% 4G coverage on the IoM;
- Two data centres with significant expansion capacity; and
- Extensive real estate and land owned across the island comprising telephone exchanges and a 350+ FTE company HQ

Following Basalt’s acquisition in May 2019, MT has developed a strong ESG-focused culture, establishing an ESG Committee with senior management involvement that seeks to drive sustainability initiatives across the

company. In 2023 MT achieved a number of key ESG milestones. First, MT had to complete essential repair works to the roof of its HQ building. As part of the refurbishment works, management and Basalt decided to use the opportunity to deploy solar panels on the roof. These panels will now provide 25% of the HQ’s energy requirements, helping to lower MT’s carbon footprint. Further, MT secured an agreement with the IoM energy company to provide green certificates for the energy used by MT’s data centres. This may create opportunities for Manx Telecom since many data centre customers in the UK now require 100% renewable energy.

In 2023 the Basalt team successfully completed a refinancing of the term loan facility that was in place at MT. Management and Basalt used this opportunity to draw a sustainability-linked facility which include three ESG KPIs targeting emissions reduction, data centre power usage improvements and cyber resilience. Performance on each of these KPIs is linked to +/- 2bps of margin, subject to pre-agreed targets between MT and the lenders.



Solar panels on the roof of Manx Telecom HQ

## Asset Management – Unilode

A global market leader in speciality aviation infrastructure leasing. Unilode provides a key service to both passenger and freight airlines, managing the largest outsourced fleet of unit load devices ("ULDs") and operating a global network of inflight equipment maintenance and repair service centres.

Unilode is aware of the key role it can play in helping the aviation industry decarbonise and become more sustainable. Unilode is keeping ULDs in use longer by reusing, repairing, recycling and salvaging parts and also using a digital tool which reduces the loss of ULDs by up to 50%. Unilode has increased the share of lightweight ULDs from 60% to 75% between 2016 to 2021, and has increased this share to over 90% in 2023, helping aircraft operators reduce aircraft fuel. Unilode also has an excellent health and safety record.

Since its acquisition, Unilode has made great progress including conducting its first Equality, D&I staff survey and external audit with positive outcomes and developing and circulating its first Group ESG Policy. It has also continued to maintain its excellent health and safety record. During the year, the business won the Sustainable ULD Provider of the Year award.

Unilode is committed to the SDGs 7-10, 12 & 13, which in turn contributes to Basalt's 4 priority SDG's: 7-9 & 13

Unilode already collate and measure ESG metrics. Basalt is strengthening Unilode's ESG focus on the below key points:

- 2024 target to procure renewable energy for 100% of its electricity consumption
- Maximising lifespans of ULDs and associated equipment to realise CO<sub>2</sub> reduction benefits from less frequent manufacturing cycles
- Forklift Truck fleet electrification over the next 3 years
- Sustainable building standards for all location moves (BREEAM or globally equivalent)

We are also supporting the business to report on and learn from events related to HSE, establish GHG emissions data to aid reduction plan, and become ISO14001 and ISO 9001 accredited.



Sustainable ULD Provider of the year 2023



Winner - Unilode Aviation Solutions

	2015	→	2023
Communications	Connect manx telecom	FullFibre GØETEL SKYWAY TOWERS	fatbeam®
Energy	Helios Mareccio Energia	Habitat	
Transport	WIGHTLINK CARONTE & TOURIST	Freyja LNG Nobina unilode®	FORTBRAND SERVICES INC
Utilities	BLACK BEAR TRANSMISSION	XNG Xpress Natural Gas	RECONOR Group

“One of the things I enjoy most about my role is the engagement with portfolio companies and interaction across those organisations with different roles. Many of the portfolio companies won't have a dedicated ESG role and those who are leading the sustainability efforts may be the Company Secretary, Head of HR, Health and Safety lead, or CEO! It is great to get different perspectives and to combine efforts to help put the spotlight on ESG matters and raise the bar, no matter the sector, size, geography or role, alongside the efforts at board level”.

Katie Ahmed  
ESG Manager  
London



# Chapter 4. Sustainability-Linked Finance

The sustainability-linked facility that has been incorporated into the fund agreement builds on the positive work Basalt has been doing with portfolio companies across all funds on ESG. The benefits of having this in place include:

- Increasing data coverage and identifying data gaps through the quarterly ESG reporting
- Having the seven ESG asset management priorities for 2023 to ensure the ESG foundations are in place at each portfolio company
- Establishing greater governance at Basalt to encourage transparency and accountability
- Reinforcing regulatory requirements such as reporting on indicators under SFDR
- Encouraging greater levels of ambition across the firm and portfolio companies
- Focusing on challenging areas within the industries our sectors cover, such as gender diversity, and stretching ourselves to make a difference

- Further enhancing our pillars, including climate, by making sure portfolio companies are starting off on the right foot by measuring their emissions<sup>6</sup> – on the road to thinking about reducing those emissions and better preparing for exit
- Ultimately putting in steps to help support our portfolio in adding value, reducing risk, and positioning those companies to be as attractive as possible to potential buyers in the future

### Sustainable Fitch Second-Party Opinion

Sustainable Fitch Second-Party Opinion	Good
Framework Type	Sustainability-Linked
Alignment	Sustainability-Linked Loan Principles

### Five Sustainability Performance Targets (SPTs)

KPI	DESCRIPTION OF THE KPI		METRIC	BASELINE			
				[2023]	YEAR 1	YEAR 2	YEAR 3
1	Greenhouse Gas Emissions ("GHG") Reporting	Scope 1 & 2	%	[X <sub>0</sub> ]	[100%]	[100%]	[100%]
		Scope 3		[Y <sub>0</sub> ]	[100%]	[100%]	[100%]
2	Weighted Average Carbon Intensity ("WACI")		%	X <sub>0</sub>	[Improvement from or same value as previous year: Yes/No]	[Improvement from or same value as previous year: Yes/No]	[Improvement from or same value as previous year: Yes/No]
3	Gender Diversity	Female board members	%	[X <sub>0</sub> ]	[X <sub>0</sub> +5%]	[X <sub>0</sub> +10%]	[X <sub>0</sub> +15%]
		Female employees in management team		[Y <sub>0</sub> ]	[Y <sub>0</sub> +5%]	[Y <sub>0</sub> +10%]	[Y <sub>0</sub> +15%]

## Framework Highlights

- Basalt produced a sustainability-linked finance framework in June 2023 to enable the firm to enter into sustainability-linked financing transactions. The framework seeks to signal to stakeholders that Basalt intends to align its financing with the implementation of its ESG policy
- Sustainable Fitch has reviewed the Basalt sustainability-linked finance framework (June 2023) and considers it to be in alignment with the 2023 Sustainability-Linked Loan Principles (SLLP) of the Loan Market Association, the Asia Pacific Loan Market Association, and the Loan Syndications and Trading Association. Sustainability-linked instruments issued under this framework will have key performance indicators (KPIs) and sustainability performance targets (SPTs) linked to margin variations in their interest rates. The company has committed to report on the performance against the SPTs on an annual basis, and it intends to obtain an external verification of the SPT performance
- Basalt includes five KPIs in its framework. KPI 1A is the percentage of eligible portfolio companies reporting Scopes 1 and 2 GHG emissions. The KPI is linked to an SPT requiring 100% of eligible portfolio companies to disclose Scopes 1 and 2 emissions. Achievement of the SPT will result in a margin discount being applied and failure will lead to an increase in the margin. KPI 1B is the percentage of eligible portfolio companies reporting Scope 3 GHG emissions. The SPT works in the same way as SPT for KPI 1A
- KPI 2 is the weighted average carbon intensity (WACI) of the portfolio. The KPI is coupled with an SPT to maintain or reduce the WACI of the portfolio in comparison to the previous assessment period. Achievement of the SPT will result in a margin decrease. Failure of the SPT is defined as failure to disclose WACI and will lead to an increase in the margin payable
- KPI 3A is the average percentage of female board members appointed at eligible portfolio companies and KPI 3B is the percentage of female employees in their senior management teams. Both KPIs have SPTs that require a cumulative increase in the gender diversity of 5% each year in comparison with the baseline year. A financial penalty is applied if the KPI is below that of the previous reporting period
- We deem the KPIs to be core, material and relevant to Basalt's ESG strategy. Increasing the percentage of portfolio companies disclosing GHG emissions across Scopes 1, 2 and 3 is a necessary prerequisite to meet its future intention of setting emission-related targets. Calculating and disclosing WACI will be a new metric included in reporting and disclosure. It will enable greater understanding of the carbon intensity of the portfolio, which can inform future investment decision making, act as a platform for targeted engagement and facilitate stakeholder assessment of environmental performance
- The workforce of the sectors that Basalt invests in traditionally have low gender diversity and high male representation. Increasing the gender diversity of the investee companies at board and senior management team level will expand the diversity within the investee companies and sector. All KPIs support respective pillars within Basalt's four ESG pillars

## Reporting

Basalt will report on its performance against the five SPTs, as outlined above, at least on an annual basis.

Reporting may include:

1. Up-to-date information on the performance of the selected KPIs, including the baseline where relevant
2. A verification assurance report addressing all KPIs and their performance against the corresponding SPTs, and the timing of such impact, on a financial instrument performance (more details in section 2.5 "Verification – Post-issuance Verification"); and
3. Any relevant information enabling investors and lenders to monitor the progress of the SPT

Information may also include when feasible and possible:

1. Qualitative or quantitative explanation of the contribution of the main factors, including mergers and acquisitions activities, behind the evolution of the performance/KPI on an annual basis
2. Illustration of the positive sustainability impacts of the performance improvement; and/or
3. Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant

Basalt will make the annual reporting on its performance against the various SPTs available to lenders participating in the SLL.

[Sustainable Fitch](#) was appointed to issue a Second Party Opinion ("SPO") to assess and confirm the compliance of this Framework with the SLLP, administered by the LMA. They rated all areas as 'Good' ('Framework structure goes beyond market practices in addition to relevant principles and guidelines'):

KPI Selection	Opinion: Good
Performance Targets	Opinion: Good
Framework Features	Opinion: Good
Reporting	Opinion: Good
Verification	Opinion: Good

## Scale and Definitions

ESG FRAMEWORK	
Excellent	Framework structure meets all market best practices in addition to relevant principles and guidelines.
Good	Framework structure goes beyond market practices in addition to relevant principles and guidelines.
Aligned	Framework structure is aligned with market practices and relevant principles and guidelines.
Not aligned	Framework structure is not aligned with market practices and relevant principles and guidelines.

Source: Sustainable Fitch

## Post-Issuance Verification

An external third party will verify performance against SPTs at least once a year following the test date of 31 December. The verification will take the form of a limited assurance opinion of the SPTs related to the KPIs outlined in this Framework, which should be concluded with a negative statement (i.e., nothing has come to the attention that the SPTs have not been prepared appropriately).

For the verification, the external third party will be expected to perform the following procedures to obtain sufficient and appropriate evidence to support that the SPTs disclosed are free from material misstatements:

- Walkthroughs with the management team to understand the process applied by Basalt to calculate the SPTs
- Obtain and review the breakdown of the reported information
- On a sampling basis, substantively test the population and agree to supporting evidence
- Reperformance of the calculations of the SPTs

The post-issuance verification will be made available to lenders participating in the SLL as well as investors in the funds.

## Sustainable Finance Committee



**Katie Ahmed**  
ESG Manager  
London



**Michael Cowell**  
Partner, Chief Operating  
Officer, London



**James Byrne**  
Fund Controller  
London



**Daniel Brook**  
Fund Controller  
London

## The Role of the Sustainable Finance Committee

The Sustainable Finance Committee, established in 2023, is responsible for overseeing the implementation of the Sustainability-Linked Finance Framework including reporting, review process, and updating the Framework from time to time, as necessary. This Committee consists of four members from Basalt's team: Partner, ESG Manager, and two Fund Controllers.

The Committee meets approximately twice per year. During these meetings, the Committee have already approved the Sustainability-Linked Finance Framework, will review the annual data collated from portfolio companies and the necessary calculations for each SPT each year e.g. WACI, as well as the post-verification exercise. The verification would then go to the ESG Committee.

In addition, we have several other sustainability-linked finance arrangements from portfolio companies which are outlined below:

Nobina SLL Targets: KPI targets include green driving, share of renewable fuels, and diversity.

Manx Telecom SLL Targets:

- SKPI 1: Reduce direct CO<sub>2</sub> emissions by 2% p.a.
- SKPI 2: Increase the energy efficiency of data centres (PUE) to 1.48 GDC (2025) and 1.74 DGN (2029)
- SKPI 3: Achieve Black Kite cyber security rating of excellent 90% by 2029

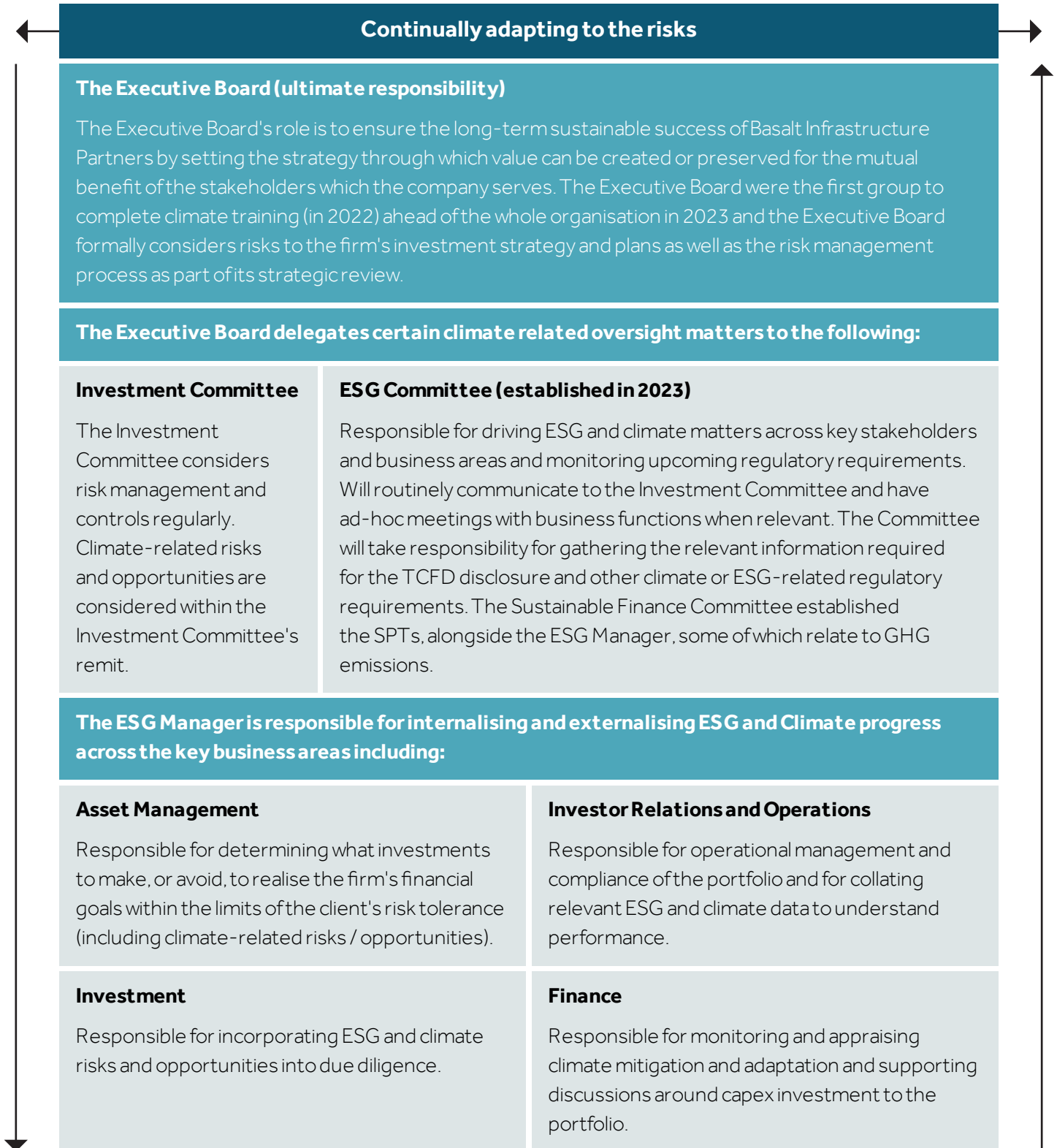


# Chapter 5. ISSB IFRS S2 Climate-Related Disclosures

In March 2022, the International Sustainability Standards Board (ISSB) published Exposure Draft IFRS S2 Climate-related Disclosures, integrating and building on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and incorporating industry-based disclosure requirements derived from SASB Standards. The ISSB redeliberated the proposals after considering the feedback on the Exposure Draft. In June 2023 the ISSB issued IFRS S2 Climate-related Disclosures. Some of the work Basalt carries out, related to the Governance pillar requirements of ISSB, includes the following:

- ▶ Monthly asset management meetings, which include discussions on risks and risk mapping, and may take into account climate risks
- ▶ Quarterly fund reporting
- ▶ Quarterly ESG Committee meetings
- ▶ Sustainable Finance Committee (more to oversee, more checks/internal audit, as well as external SPO and limited assurance)
- ▶ Quarterly ESG reporting from the portfolio, which includes specific KPIs on climate risk
- ▶ Annual ESG Forum (increasing number of touch points, opportunities for ESG and climate to be on the agenda, and considered throughout different processes and by various stakeholders)
- ▶ Interactions between deal teams and management
- ▶ Basalt representatives on portfolio company boards (ensuring ESG is a standing item on the board agenda)
- ▶ ESG Manager and ESG leads at portfolio companies (HR, H&S, CFO, CEO, Company Secretary, Ops etc)
- ▶ ESG reviews post-investment, which cover Basalt's four ESG pillars, including Climate Resilience
- ▶ Investor calls which often include discussions on climate
- ▶ Annual investor questionnaires
- ▶ ESG Committee supporting on NZIF work to review implications of setting a Net Zero target

# Climate Governance at Basalt



# Strategy

## Climate Risks and Opportunities Identified Across the Basalt Portfolio (As Included in the Annual ESG Report 2022):



**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.



**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.



**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. There is obviously great opportunity here in addition though, as reported earlier, with 633,330 MWh of renewable power generated in 2023.



**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.

## We Also Stated, and Have Now Addressed, the Following:

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 (a proposal for the work was obtained in 2023 which will be completed in 2024) ✓
- 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 ✓

## Risk Management

In 2023, Basalt added the following items to our portfolio company quarterly reporting, to more closely monitor climate impacts across the portfolio:

- Number of weather events that have disrupted operations
- Number of health and safety incidents caused by weather-related events
- Number of volunteering days taken specifically related to climate
- Whether Board members and staff are trained on ESG and/or climate.

In Q4 2023, of the 18 portfolio companies reporting, six reported weather events disrupting operations at some point during the year. This included portfolio companies across transport, communications and utilities sectors. Only 2 reported health and safety incidents caused from weather-related events, although not all portfolio companies have the ability to track this currently. In 2024, it is expected that Basalt will work with the portfolio companies on reducing the risk of having similar impacts in the future, where possible. Risk management has always been a focus for the asset management team and it is expected that this relatively new data on the impacts of climate risk for the portfolio companies will aid that process further.

Basalt has not yet completed scenario analysis but plans to do so in 2024.



## Anthesis Climate Training

Following the climate training for the Executive Board in November 2022, Anthesis led updated climate training for all Basalt employees and Partners in November 2023, all of whom participated. Below are some of the slides that were covered in the session:

### Monitoring & managing climate risk



#### Pre-acquisition

Climate due diligence:  
Identify most material  
climate risks

#### What should you be asking?

Are there **risks** from extreme weather, temperature change or decreased water supply?

Would they be severely impacted by increased **energy and fuel costs**?

Is the business at risk from **failing to mitigate** climate change?

Is there an environmental **policy** in place?

Are there any **objectives and targets** in place to minimise climate impact?

Has a **carbon footprint** been completed?

How does the Company compare to **competitors**?

What new **opportunities** might be created?



### Monitoring & managing climate risk



#### Pre-acquisition

Considering net zero  
in the investment  
process:

Deal team alignment  
Net zero feasibility

#### Decarbonisation feasibility due diligence

Assess greenhouse gas inventory OR Model energy & emissions



Project emissions growth during hold period



Prioritise decarbonisation levers



Estimate costs & effectiveness of levers



Define Paris-aligned target



Assess target feasibility and implications



## GHG Emissions

Measuring GHG emissions, ahead of reducing CO<sub>2</sub> and transitioning to net zero, is not just an environmental necessity but a strategic business decision. By developing and implementing a comprehensive plan, we can navigate the complexities of decarbonisation, meet regulatory and societal expectations, and aim to contribute to a sustainable future. Understanding our carbon footprint, and that of the portfolio, is the first step in putting in place a decarbonisation plan for portfolio companies and readying those businesses for exit – reducing potential financial impacts due to climate risk, and maximising the pool of buyers, many of whom will have their own net zero target.

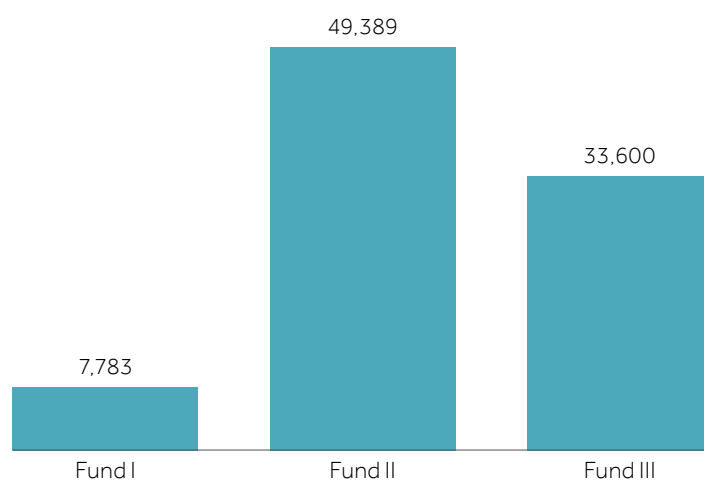
Formalising the GHG emissions process is part of our value creation efforts and is also important for our stakeholders, maintaining transparency, our PRI and iCI commitments, and improving data to support the assessment of the resilience of our investment strategy in different climate scenarios (scenario analysis) which we have already sought external assistance with and expect to complete the process in 2024.

Basalt is establishing a GHG measuring process, improving data collection methods, and working with portfolio companies to measure their own scope 1, 2 and 3 emissions. At the firm level, efforts are being made to reduce emissions, such as switching to a renewable energy tariff in the London office, and the ESG Manager alongside the ESG Committee are considering how we can further reduce our carbon emissions.

	2022		2023		Year on Year Change	Year on Year Change (%)
	Emissions (tCO <sub>2</sub> e)	Emissions (%)	Emissions (tCO <sub>2</sub> e)	Emissions (%)		
Scope 1	0	0.00%	0.3	0.00%	0.3	N/A
Scope 2	23	0.02%	27	0.02%	4	19.4%
Scope 3	129,165	99.98%	110,456	99.97%	-18,709	-14.5%
<b>TOTAL</b>	<b>129,188</b>	<b>100%</b>	<b>110,483</b>	<b>100%</b>	<b>-18,704</b>	<b>-14.5%</b>

- Basalt's total emissions in 2023 were 110,483 tCO<sub>2</sub>e
- 99.97% (110,456 tCO<sub>2</sub>e) of Basalt's emissions were from Scope 3 emissions, with Investments emissions constituting 99.45% (109,872 tCO<sub>2</sub>e) of Basalt's total emissions
- Total emissions decreased by 14.5% from 2022 to 2023, from 129,165 tCO<sub>2</sub>e to 110,456 tCO<sub>2</sub>e
- This was driven primarily by a decrease in emissions related to investments from 2022 to 2023 by 14.5%, from 128,455 tCO<sub>2</sub>e to 109,872 tCO<sub>2</sub>e. The decrease in emissions related to investments was likely the result of improved data quality and less use of estimates in 2023, resulting in more accurate emissions estimates compared to the 2022 footprint

### Basalt Attributed Emissions from Investments in Closed Funds (tCO<sub>2</sub>e)



This year, the quality of the portfolio emissions data has improved from last year, hence fewer extrapolations were used. This year's emissions are likely to be a better representation of Basalt's investments emissions compared to last year, however, some assumptions and extrapolations were applied in the 2023 footprint, and therefore some degree of inaccuracy exists when interpreting the emissions figure calculated for Scope 3 Investments emissions.

Due to the lack of available data on portfolio company emissions from 2023 at the time of reporting, emissions figures from 2022 were used as a proxy for the portfolio companies' 2023 emissions.

Basalt's share of total Scope 1 and 2 emissions from each of the portfolio companies were calculated based on the attribution factor and share of the reporting period each portfolio company was a part of Basalt's investment funds.

Scope 1 and Scope 2 emissions from the portfolio companies that did not provide emissions figures were extrapolated based on turnover figures in GBP per portfolio company. An average figure for Scope 1 and 2 tCO<sub>2</sub>e per £ of turnover was calculated across all the portfolio company with reported emissions figures. The Scope 1 and 2 tCO<sub>2</sub>e per £ of turnover figure was then multiplied by the turnover of each portfolio company without reported figures to calculate an estimated Scope 1 and 2 tCO<sub>2</sub>e value for each of these portfolio companies.

Due to the use of extrapolations to estimate the Scope 1 and 2 emissions of several portfolio companies; Basalt's total investments emissions are subject to some degree of inaccuracy.

	2022		2023		Year on Year Change	Year on Year Change (%)
	Emissions (tCO <sub>2</sub> e)	Emissions (%)	Emissions (tCO <sub>2</sub> e)	Emissions (%)		
Stationary combustion	N/A	0.0%	0.3	0.0%	0	N/A
Fugitive gases	0	0.0%	0	0.0%	0	0%
Purchased electricity	12	0.0%	16	0.0%	4	32.5%
Purchased heat & steam	11	0.0%	12	0.0%	1	5.1%
Purchased goods & services	445	0.3%	197	0.2%	-248	-55.6%
Capital goods	9	0.0%	37	0.0%	28	315.4%
Fuel & energy related activities	6	0.0%	7	0.0%	1	14.7%
Upstream transportation & distribution	1	0.0%	0	0.0%	-1	-70.2%
Waste & water	0.4	0.0%	0.8	0.0%	0	111.4%
Business travel	231	0.2%	324	0.3%	93	40.3%
Employee commuting	17	0.0%	18	0.0%	1	3.1%
Investments	128,455	99.4%	109,872	99.4%	-18,583	-14.5%
<b>Total</b>	<b>129,188</b>	<b>100%</b>	<b>110,483</b>	<b>100%</b>	<b>-18,705</b>	<b>-14.5%</b>

# Chapter 6. At Basalt

Within Basalt's own operations we also strive for continual progress and try to make improvements and implement initiatives where we can. Here are some examples from our work in 2023:

- Climate training
- Involvement in the iCI infrastructure working group
- GAIN (Girls are Investors) panel event
- Participation in Infrastructure Industry Foundation
- Basalt changed the employee pension default fund for all new hires going forward to a more sustainable fund
- Volunteering
- Diversity
- GAIN mentoring
- Waste management
- Track printing
- Considering travel policy options
- Basalt's IT support provider works with B1G1.

Completing one particular project together enabled them to provide an underprivileged child in rural India access to a computer for a month as part of the B1G1 initiative. This helps build their computer literacy skills and helps them familiarize with the usage of current technology so that they may have the edge in finding better jobs and supporting themselves and their families, as well as helping them in escaping from the vicious cycle of poverty and reducing the rich-poor divide. The project was run by the Bombay Mothers and Children Society

- Charitable events (Drive to Survive, JP Morgan and Standard Chartered runs, volunteering activity)

## JP Morgan Corporate Challenge, July 2023



## Standard Chartered Great City Race, July 2023



## Macquarie Drive To Survive Event, September 2023, Which Raised Close to A\$300,000 for Australian Wildlife Conservancy. These Funds Have Gone Towards Helping Rewild Australia and Save Threatened Species From Extinction.



## NY Team Volunteering With Billion Oyster Project at the Governors Island Field Station

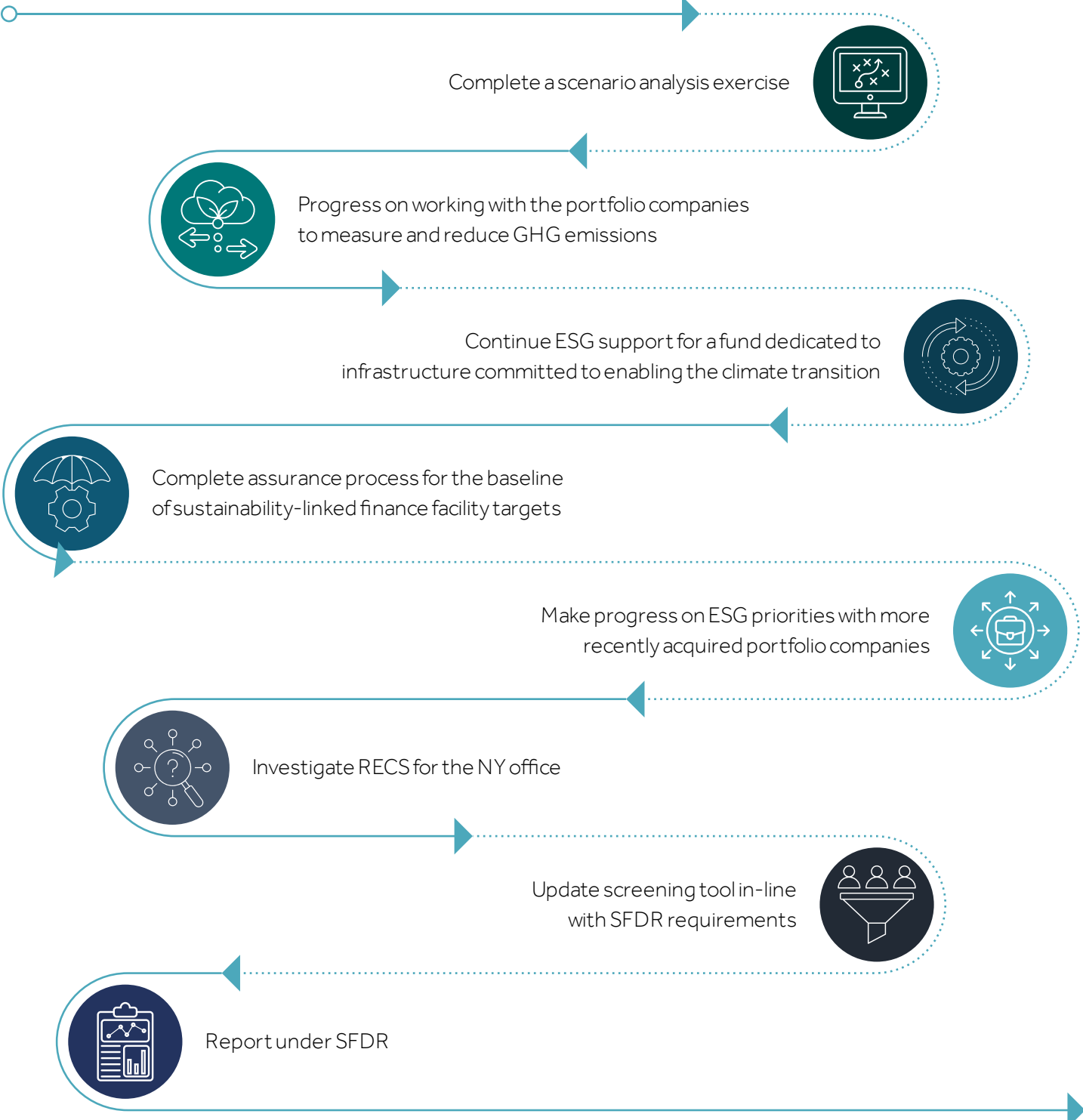




# Chapter 7. Looking Ahead

## 2024 and Beyond

Looking ahead, we intend to continue strengthening our ESG approach and advancing on our sustainability strategy. We have a busy and ambitious agenda for 2024, including conducting a complete scenario analysis of our investment strategy, and we are optimistic that we are in a good place to meet the challenges we face and reach the goals we have set out.





Skyway Towers

## Disclaimer

Please note that Basalt Infrastructure Partners LLP has prepared this ESG Report (this "**Report**") on a voluntary basis. The information contained in this Report is provided for informational purposes only and is not, and may not be relied on in any manner as, legal, tax or investment advice or as an offer to sell or a solicitation of an offer to buy an interest in any fund (a "**Fund**") managed or sponsored by Basalt Infrastructure Partners LLP or any successors or affiliates thereof (collectively, "**Basalt**"). A private offering of interests in a Fund will only be made pursuant to a final confidential private placement memorandum (an "**Offering Memorandum**") and such Fund's partnership agreement (or equivalent governing document(s)) and subscription documents (collectively with the Offering Memorandum, the "**Governing Documents**"), which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. This Report is qualified in its entirety by reference to such Offering Memorandum, which will contain additional information about the investment objective, terms and conditions of an investment in a Fund and will also contain tax information and risk disclosures that are important to any investment decision regarding any Fund, and the other Governing Documents, as applicable. No person has been authorized to make any statement concerning any Fund other than as set forth in the relevant Offering Memorandum and any such statements, in whole or in part, if made, may not be relied upon. The information contained herein and may not be reproduced or redistributed in any format without the prior written approval of Basalt. None of the information contained herein has been filed with the U.S. Securities and Exchange Commission, any securities administrator under any securities laws of any U.S. or non-U.S. jurisdiction or any other U.S. or non-U.S. governmental or self-regulatory authority. No such governmental or self-regulatory authority will pass on the merits of the offering of interests in any Fund or the adequacy of the information contained herein. Any representation to the contrary is unlawful.

Certain information contained herein constitutes "forward-looking statements" that can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate," "intend," "continue," or "believe" or the negatives thereof or other variations thereon or comparable terminology. Furthermore, any projections or other estimates, including estimates of returns or performance, are "forward-looking statements" and are based upon certain assumptions that may change. Due to various risks and uncertainties, including those set forth in the applicable Offering Memorandum, actual events or results or the actual performance of a Fund may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, actual events are difficult to project and often depend upon factors that are beyond the control of Basalt. Unless the context otherwise requires, the words "include," "includes," "including," and other words of similar import are meant to be illustrative rather than restrictive.

The specific, binding ESG goals, targets, commitments, incentives, initiatives or outcomes for the Funds managed and/or advised by Basalt for the purposes of Regulation (EU) 2019/2088 on Sustainability related Disclosures in the financial services sector ("**SFDR**") are those stated in the Governing Documents and regulatory disclosures made pursuant to SFDR of such Fund. Investors should refer to these materials for further information on how ESG activities are incorporated into investment strategies, screening, decision making, stewardship and engagement. Basalt's intention to integrate consideration of ESG matters into its investment process is subject to applicable legal, regulatory, fiduciary and contractual requirements and is expected to change over time. The criteria utilised or judgement exercised by Basalt may not align with the views, internal policies or preferred practices of any particular third party or with market trends and such factors may not be applied consistently.

Calculation methodologies and data collection practices 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. Basalt shall not be responsible or liable for the accuracy or completeness of the data or information provided herein.

Any information provided in respect of ESG or climate performance of portfolio companies is intended to be illustrative only. In considering any performance information contained herein, prospective investors should bear in mind that past or projected performance is not necessarily indicative of future results, and there can be no assurance that a Fund will achieve comparable results or that target returns, if any, will be met. Any investment in a Fund is subject to various risks, none of which are outlined herein. A description of certain risks involved with an investment in a Fund can be found in the applicable Offering Memorandum; such risks should be carefully considered by prospective investors before they make any investment decision. Additionally, references and descriptions of any ESG achievements or improved practices or outcomes of any Basalt's portfolio companies are not necessarily intended to indicate that Basalt has been the sole or primary contributor to, or even substantially contributed towards, such achievements,

practices or outcomes. Basalt's ESG engagement may have been one of many factors, including other factors such as engagement by portfolio company management and other key third parties and advisers, that may have contributed to the success described in each of the selected case studies.

Information included in this ESG Report relating to ESG goals, targets, intentions or expectations, including with respect to net zero targets and related timelines, reflect current thinking and may be subject to change, and other than where binding commitments have been made in accordance with SFDR no assurance can be given that such goals, targets, intentions or expectations will be met. Further, statistics and metrics relating to ESG matters may be estimates and subject to assumptions or developing standards (including Basalt's internal standards and policies).

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. Accordingly, no person should place undue reliance on Basalt's application of the SDGs, as such application is subject to change at any time and in Basalt's sole discretion.

## Endnotes

1. This figure is as of 31 December 2023 and includes assets under management of Basalt Infrastructure Partners LLP's advisory affiliates and their subsidiaries.
2. Includes partial (50%) realisation of Wightlink
3. By Invested/Committed Capital as at 31.12.2023. Unilode and Freyja are global assets and therefore allocated 50-50 between the USA and Europe
4. Includes Hyperion, which we exited in December 2023, and Digital Infrastructure, which merged with FullFibre in Q3, but was reporting separately on ESG for the majority of 2023.
5. ESG KPIs are selected and tracked at Basalt's discretion based on what is material to a particular portfolio company
6. Using GHG Protocol methodology

## Glossary

AUM	Asset Under Management	PAII	Principle Adverse Impact Indicator
CO <sub>2</sub>	Carbon Dioxide	PRI	Principles for Responsible Investment
D&I	Diversity and inclusion	SASB	Sustainability Accounting Standards Board
ESG	Environmental, Social, Governance	SBT	Science-Based Target
GHG	Greenhouse Gas	SPT	Sustainability Performance Target
H&S	Health and Safety	Scope 1	Direct GHG emissions that occur from sources that are owned or controlled by a company, e.g. emissions from fuel combustion in boilers, furnaces and vehicles
HR	Human Resources	Scope 2	Indirect GHG emissions from the generation of purchased electricity, which would also include steam, heat, or cooling
iCI	Initiative Climat International	Scope 3	All other indirect emissions, as a consequence of the activities of the company, but occurring from sources not owned or controlled by the company
ISSB	International Sustainability Standards Board	SDG	UN Sustainable Development Goals
KPI	Key Performance Indicator	SFDR	Sustainable Finance Disclosure Regulation
LP	Limited Partner	SLL	Sustainability-Linked Loan
MWh	Megawatt Hour	TCFD	Task Force on Climate-related Financial Disclosures
Net Zero	Achieving a state in which the activities within the value chain of a company result in no net impact on the climate from greenhouse gas emissions, by reducing value chain greenhouse gas emissions in line with 1.5°C pathways, and by balancing the impact of any remaining greenhouse gas emissions with an appropriate amount of carbon removals i.e. adding no more greenhouse gases to the Earth's atmosphere than the amount you're taking out	UN	United Nations

## Appendix - Data

2023				
	Q1	Q2	Q3	Q4
<b>Confirm climate-related risks are included in the risk register process</b>				
Company A	Yes	Yes	Yes	Yes
Company B	Yes	Yes	Yes	Yes
Company C	No	No	No	Yes
Company D	No	No	No	Yes
Company E	No	No	No	Yes
Company F	Yes	Yes	Yes	Yes
Company G	No	No	No	Yes
Company I	No	No	No	Yes
Company J	Yes	Yes	Yes	Yes
Company K	No	Yes	Yes	Yes
Company L	No	No	No	No
Company M	No	No	Yes	Yes
Company N	No	No	No	Yes
Company O	No	No	No	Yes
Company P	No	No	No	Yes
Company Q				No
Company R				No
Company S				No
	Q1	Q2	Q3	Q4
<b>No. of employees</b>				
Company A	584	590	586	564
Company B	64	64	64	64
Company C	1,179	1,235	1,290	1,270
Company D	61	64	69	72
Company E	0	0	0	0
Company F	392	389	385	378
Company G	0	0	0	0
Company I	20	20	20	20

	Q1	Q2	Q3	Q4
<b>No. of employees</b>				
Company J	230	246	234	229
Company K	231	202	198	201
Company L	49	53	53	54
Company M	11,088	11,588	11,887	12,085
Company N	19	19	19	19
Company O	768	768	786	804
Company P	137	128	118	120
Company Q	62	66	65	66
Company R	~	~	~	450
Company S	~	~	~	27

	Q1	Q2	Q3	Q4
<b>Non-male % - All ees</b>				
Company A	24%	29%	28%	26%
Company B	6%	5%	6%	6%
Company C	8%	10%	9%	9%
Company D	38%	36%	36%	36%
Company E	N/A	N/A	N/A	N/A
Company F	30%	28%	29%	30%
Company G	N/A	N/A	N/A	N/A
Company I	15%	15%	15%	15%
Company J	27%	28%	26%	27%
Company K	29%	27%	29%	31%
Company L	29%	30%	30%	30%
Company M	12%	12%	12%	12%
Company N	33%	27%	27%	27%
Company O	21%	21%	22%	21%
Company P	9%	12%	13%	15%
Company Q	24%	23%	23%	23%
Company R	~	~	~	15%
Company S	~	~	~	24%

	Q1	Q2	Q3	Q4
No. of SLT				
Company A	6	6	6	6
Company B	3	3	3	3
Company C	12	12	12	12
Company D	16	15	14	13
Company E	0	0	0	0
Company F	17	31	32	44
Company G	0	0	0	0
Company I	1	2	2	2
Company J	34	23	23	19
Company K	31	39	33	37
Company L	7	8	10	11
Company M	7	10	11	11
Company N	3	3	3	3
Company O	27	28	29	34
Company P	7	6	6	6
Company Q	8	8	8	7
Company R	~	~	~	5
Company S	~	~	~	5

	Q1	Q2	Q3	Q4
Female % - SLT				
Company A	17%	17%	17%	17%
Company B	33%	33%	33%	33%
Company C	17%	25%	25%	25%
Company D	25%	27%	21%	23%
Company E	N/A	N/A	N/A	N/A
Company F	17%	13%	12%	18%
Company G	N/A	N/A	N/A	N/A
Company I	0%	0%	0%	0%
Company J	21%	13%	13%	16%
Company K	16%	15%	24%	16%
Company L	14%	0%	0%	0%



	Q1	Q2	Q3	Q4
<b>Female % - SLT</b>				
Company M	23%	20%	36%	27%
Company N	0%	0%	0%	0%
Company O	22%	21%	24%	26%
Company P	29%	33%	33%	33%
Company Q	25%	25%	25%	29%
Company R	~	~	~	40%
Company S	~	~	~	0%

	Q1	Q2	Q3	Q4	2023 TOTAL
<b>No. of new roles created</b>					
Company A	~	~	~	~	0
Company B	0	1	0	1	2
Company C	~	~	~	~	0
Company D	0	0	0	1	1
Company E	~	~	~	~	0
Company F	2	9	8	5	24
Company G	~	~	~	~	0
Company I	0	0	0	0	0
Company J	3	0	0	0	3
Company K	8	6	2	2	18
Company L	2	2	1	1	6
Company M	7	0	1	0	8
Company N	1	0	0	0	1
Company O	5	2	7	15	29
Company P	3	4	3	2	12
Company Q	1	3	1	2	7
Company R	~	~	~	0	0
Company S	~	~	~	0	0

	Q1	Q2	Q3	Q4	2023 TOTAL
<b>Number of volunteering days</b>					
Company A	~	~	~	~	0
Company B	8	9	12	9	38
Company C	~	~	~	~	0
Company D	0	0	0	0	0
Company E	~	~	~	~	0
Company F	0	9	30	21	60
Company G	~	~	~	~	0
Company I	0	0	0	0	0
Company J	6	2	4	2	14
Company K	0	0	0	0	0
Company L					0
Company M	0	0	0	0	0
Company N	0	0	0	0	0
Company O	0	0	0	0	0
Company P	0	0	0	0	0
Company Q	0	0	8	5	13
Company R	~	~	~	0	0
Company S	~	~	~	0	0

	2021	2022	2023
<b>ESG Policy in place</b>			
Company A	No	No	Yes
Company B	No	No	Yes
Company C	Yes	Yes	Yes
Company D	No	No	Yes
Company E	No	No	No
Company F	Yes	Yes	Yes
Company G	No	No	No
Company I	Yes	Yes	Yes
Company J	No	No	Yes
Company K	No	No	Yes
Company L	No	No	Yes

	2021	2022	2023
<b>ESG Policy in place</b>			
Company M	Yes	Yes	Yes
Company N	~	No	Yes
Company O	~	No	Yes
Company P	~	Yes	Yes
Company Q	~	~	No
Company R	~	~	No
Company S	~	~	Yes

	2021	2022	2023
<b>ESG as standing item on the Board agenda</b>			
Company A	Yes	Yes	Yes
Company B	No	No	Yes
Company C	No	No	Yes
Company D	Yes	Yes	Yes
Company E	No	Yes	Yes
Company F	Yes	Yes	Yes
Company G	No	No	Yes
Company I	Yes	Yes	Yes
Company J	Yes	Yes	Yes
Company K	Yes	Yes	Yes
Company L	No	No	Yes
Company M	Yes	Yes	Yes
Company N	~	No	Yes
Company O	~	Yes	Yes
Company P	No	Yes	Yes
Company Q	~	~	Yes
Company R	~	~	Yes
Company S	~	~	No

	2021	2022	2023
Responsible Contractor Policy (RCP) adhered to			
Company A	No	No	Yes
Company B	No	No	Yes
Company C	No	Yes	Yes
Company D	No	No	Yes
Company E	No	No	Yes
Company F	Yes	Yes	Yes
Company G	No	No	Yes
Company I	No	No	Yes
Company J	No	No	No
Company K	~	Yes	Yes
Company L	No	No	Yes
Company M	~	No	Yes
Company N	~	No	Yes
Company O	~	Yes	Yes
Company P	No	No	Yes
Company Q	~	~	Yes
Company R	~	~	No
Company S	~	~	Yes

2023	Q1	Q2	Q3	Q4
Demonstrate how the company is contributing to Basalt's 4 priority SDGs				
Company A	No	No	No	Yes
Company B	No	No	Yes	Yes
Company C	No	No	No	Yes
Company D	No	No	No	Yes
Company E	No	No	No	Yes
Company F	Yes	Yes	Yes	Yes
Company G	No	No	Yes	Yes
Company I	Yes	Yes	Yes	Yes
Company J	No	No	No	Yes
Company K	Yes	Yes	Yes	Yes
Company L	No	No	No	Yes

2023	Q1	Q2	Q3	Q4
<b>Demonstrate how the company is contributing to Basalt's 4 priority SDGs</b>				
Company M	Yes	Yes	Yes	Yes
Company N	No	No	No	Yes
Company O	No	No	Yes	Yes
Company P	No	No	Yes	Yes
Company Q	~	~	~	No
Company R	~	~	~	No
Company S	~	~	~	No

2023	Q1	Q2	Q3	Q4
<b>Define own SDG alignment</b>				
Company A	Yes	Yes	Yes	Yes
Company B	No	No	No	Yes
Company C	No	No	No	Yes
Company D	No	No	No	Yes
Company E	No	No	No	Yes
Company F	Yes	Yes	Yes	Yes
Company G	No	No	No	No
Company I	Yes	Yes	Yes	Yes
Company J	No	No	No	No
Company K	No	Yes	Yes	Yes
Company L	No	No	No	Yes
Company M	Yes	Yes	Yes	Yes
Company N	No	No	No	Yes
Company O	No	No	Yes	Yes
Company P	No	No	Yes	Yes
Company Q	~	~	~	No
Company R	~	~	~	No
Company S	~	~	~	No

For further details on anything in  
this report please contact:

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**BASALT**  
INFRASTRUCTURE PARTNERS