



ESG Responsible Investment Policy

Document Details

Document Owner:	Company Secretary
Author:	Plenary Funds Management Pty Ltd
Approved by:	Board of Directors
Any questions about this document:	Sofie Remmery (PFM Compliance Manager) sofie.remmery@plenary.com
Document master located:	PFM Corporate SharePoint

Version Control

Version	Date	Notes
1.0	18 October 2022	Approved

Issue details

Version	1.0
Status	Approved
Date	18 October 2022

1. Table of Contents

1. Introduction	1
1.1 Purpose	1
1.2 Application of this Policy	1
1.3 Objectives	1
1.4 Definitions	2
2. ESG Framework.....	3
2.1 ESG Framework	3
3. ESG Pre-investment.....	4
3.1 Deal Screening.....	4
3.2 ESG Materiality Analysis	4
3.3 ESG Due Diligence	4
3.4 Investment Exit.....	5
4. Roles and Responsibilities	6
4.1 Origination Team.....	6
4.2 Portfolio Management Team.....	6
4.3 Asset Management Team.....	6
4.4 Investment Committee.....	6
5. Tools and Resources	7
5.1 General ESG Guidelines.....	7
5.2 Infrastructure specific guidelines	7

1. Introduction

1.1 Purpose

This policy sets out the arrangements Plenary Funds Management Pty Ltd (“**PFM**”) has implemented for environmental, social and governance (“**ESG**”) considerations as part of its investment philosophy.

Responsible investment is an essential part of the strategic objectives and management of PFM Funds and Separately Managed Accounts (“**SMA**”). PFM recognises that ESG factors are important to long-term value creation for the company, our investors and society.

As a boutique infrastructure fund manager investing in social infrastructure assets, ESG goals are at the core of our purpose. We believe that investing sustainably leads to better risk adjusted returns and we see ESG as a value-driver which improves the resilience and sustainability of our investments.

PFM, as part of the due diligence process, will ensure all its investments achieve specific threshold ESG objectives.

This ESG Responsible Investment Policy should be read in conjunction with the following related policies and guidelines:

- ESG Stewardship Policy and related guidelines
- ESG The Way We Work Policy and related guidelines
- ESG Objectives and Commitments guideline
- ESG Investment Integration Overview
- ESG Due Diligence Process guideline
- ESG Screening and Materiality Assessment guideline

1.2 Application of this Policy

This policy applies to:

- The Public Sustainable Infrastructure Fund investments (and we will review and if required amend for any new products).
- pre-investment due diligence processes for new asset acquisitions.
- divestment due diligence processes for asset sales.

1.3 Objectives

Through the implementation of this policy, PFM will ensure:

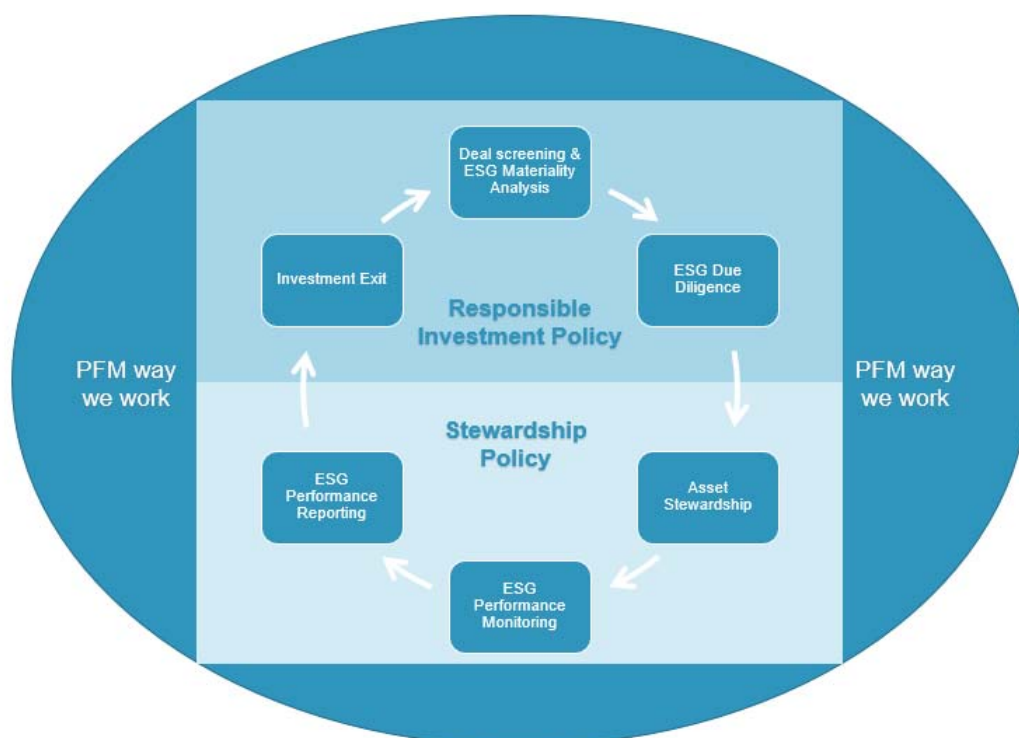
- Any new asset investment complies with PFM’s ESG policies.

- Any new asset is checked against PFM’s exclusion criteria.
- Early identification and reporting of key ESG matters to enable implementation of resources/strategies to manage ESG risks and opportunities
- Assessment of the ESG risks and opportunities to allow PFM’s Investment Committee (“**IC**”) to make an informed investment decision considering:
 - ESG factors; and
 - Management’s capacity to address the risks/capitalise on opportunities
- Improved ESG performance, which can deliver asset performance.
- The asset’s ESG management system is self-sustaining.

1.4 Definitions

Term	Definition
Board	means the Board of Directors of PFM
Client	Current and former clients of products and services provided, manufactured, or sold by PFM including but not limited to: <ul style="list-style-type: none"> • Members • Unitholders • Investors
ESG	means Environmental, Social and Governance
PFM Funds	means the Public Sustainable Infrastructure Fund and any other funds where PFM is the appointed investment manager
IC	means PFM’s Investment Committee
PFM	means Plenary Funds Management Pty Ltd
SMA	means Separately Managed Account

2. ESG Framework



2.1 ESG Framework

The ESG Framework sets out PFM’s ESG priorities and explains how they will be embedded within the organisation; from the way we operate as a business right through to our investment decisions and the ongoing management of the assets we are invested in.

The three main policies:

- ESG Responsible Investment Policy;
- ESG Stewardship Policy;
- ESG The Way We Work Policy;

along with the supporting guideline documents form PFM’s ESG Framework.

The ESG Investment Integration Overview is a helpful reference document which outlines the key roles, responsibilities and outcomes from the identification of an opportunity through to asset ownership. It summarises the ESG Responsible Investment Policy and ESG Stewardship Policy into an easy-to-follow flow diagram.

3. ESG Pre-investment

The ESG Responsible Investment Policy focuses on pre-investment ESG considerations as part of PFM's origination and due diligence processes.

3.1 Deal Screening

The purpose of deal or investment screening is to:

1. Confirm the investment complies with PFM's ESG policies and aligns with our ESG objectives;
2. Confirm the investment is not part of the exclusion list; and
3. Identify and prioritise material ESG issues in the due diligence process.

Refer to the ESG Screening and Materiality Assessment guideline for detailed guidance on this process.

Appendix 1 of the guideline provides a template that can be used as part of the screening process and subsequent reporting to the IC.

3.2 ESG Materiality Analysis

The purpose of the materiality analysis is to characterise material ESG issues identified in the deal screening process based on:

1. The level of concern the issue will cause for key stakeholders
2. The potential financial and/or other impact of the issue on the asset

Refer to the ESG Screening and Materiality Assessment guideline for detailed guidance on this process.

Appendix 4 of the guideline includes a table where the ESG risk assessment should be recorded and can be used to scope out the ESG assessment in the due diligence phase and subsequent reporting to the IC.

3.3 ESG Due Diligence

The purpose of the due diligence process is to assess the ESG risks and opportunities of the proposed investment to allow the IC to make an informed decision considering:

1. The current state of the management system/s in place to manage ESG risks;
2. The risks to the asset's operational and financial performance of material ESG issues;
3. Prioritising areas requiring further assessment or action (e.g. potential for sustainability linked debt funding); and

4. PFM's capacity to address risks and/or capitalise on opportunities

There are five main areas to be assessed as part of the ESG due diligence process:

- Soil and/or groundwater contamination
- Climate change risks
- Modern slavery
- Diversity, inclusion and equality; and
- Other material ESG risks

Refer to the ESG Due Diligence guideline for detailed guidance on this process.

Appendix 6 of this guideline includes a table which summarises the findings of the ESG due diligence and can be used in reporting to the IC.

3.4 Investment Exit

The purpose of the investment exit process is to transfer all ESG related asset materiality assessments and management plans.

This process will be developed further as the PFM business matures.

4. Roles and Responsibilities

4.1 Origination Team

The Origination Team is responsible for:

- Undertaking the ESG Screening and Materiality Assessment;
- Overall responsibility for undertaking the ESG due diligence tasks;
- Ensuring appropriate ESG reporting is included in the IC papers;
- Clarifying any ESG issues to enable the IC to make an informed decision (if required); and
- Any relevant ESG materials provided to the relevant Asset and/or Fund Manager

4.2 Portfolio Management Team

The Portfolio Management Team is responsible for:

- Ensuring the due diligence tasks are undertaken;
- Reviewing the due diligence outputs;
- Review of IC papers prior to submission to the IC;
- Integrate any client specific (e.g. SMAs) ESG requirements into investment agreements (where applicable);
- Establishing Fund ESG reporting templates; and
- Monitoring and reporting on ESG issues.

4.3 Asset Management Team

The Asset Management Team is responsible for:

- Working with advisers to complete due diligence tasks;
- Review of IC papers prior to submission to the IC;
- Integrate any client specific (e.g. SMAs) ESG requirements into investment agreements (where applicable);
- Establish Asset ESG reporting templates;
- Develop asset ESG strategy based on ESG due diligence findings; and
- Investigate, respond, monitor and report on ESG issues.

4.4 Investment Committee

The IC is responsible for:

- Reviewing the ESG Screening and Materiality Assessments reported in the IC papers;
- Providing oversight of the ESG due diligence process;
- Considering ESG due diligence findings as part of the overall investment decision; and
- Agreeing actions to be taken for any material ESG issues identified in the IC papers

5. Tools and Resources

5.1 General ESG Guidelines

- Global Reporting Initiative (GRI) Standards
- Sustainability Accounting Standards Board (SASB)

5.2 Infrastructure specific guidelines

- GRESB Materiality Assessment
- International Finance Corporation Performance (IFC) Standards
- “Guidance Checklists: Preparation of Sustainable and Resilient Infrastructure Projects” - Global Infrastructure Basel Foundation
- FAST-Infra Sustainable Infrastructure Label: Dimensions & Criteria Indicators