

Ecofin Global Utilities and Infrastructure Trust

Environmental, social and governance (“ESG”) policy

The Board of Ecofin Global Utilities and Infrastructure Trust plc (the “Company” or “EGL”) believes that analysis of ESG factors is an essential element of the investment management process and that companies exhibiting good ESG credentials are more likely to perform well over the longer-term.

Ecofin Advisors Limited (Ecofin UK), the Company’s Investment Manager, has a research process which integrates traditional fundamental analysis and a study of ESG factors which it believes may affect stock valuations and shareholder value.

Engagement and proxy voting are integral parts of Ecofin’s active management and a case-by-case assessment is made for decisions relating to all proxies, corporate actions and events relating to portfolio holdings.

The Board endorses the Investment Manager’s active stewardship approach and is pleased that its parent company is a signatory of the Principles for Responsible Investing (“PRI”).

In the power sector, the Company’s strategy is to invest predominantly in companies investing to achieve their own or government targets for emissions reductions and greener grids, and eventually decarbonisation. The EGL portfolio is oriented, therefore, toward clean generators and suppliers of electricity, and we fully expect that it will be cleaner in terms of carbon emissions (tons of CO2 emitted per megawatt hour of generation) than the overall power sector (as measured by the MSCI World Utilities Index).

The Company is an investment trust with no executive directors or employees and no operating assets. Apart from the need for Directors to travel to Board meetings, the Company has no direct impact on the environment or on the communities in which it carries on its investment activities.

Ecofin & ESG

Ecofin is a thematic investor in sustainable infrastructure, the energy transition, water & environment and social impact managing portfolios designed to deliver strong risk-adjusted returns as well as a positive impact on the environment, society and in its communities. Our parent company, TortoiseEcofin, manages assets across a broader spectrum of essential assets in public and private investments.

An understanding of ESG profiles and risks has always been a core part of our philosophy, investment process and the delivery of better risk-adjusted returns.

The elevation of sustainability and impact factors, including ESG, in investors’ minds has led us to further develop our application frameworks (policies, practices and procedures) and the communication and reporting of our efforts in this respect. These are set out in the firm’s Sustainability & Impact Policy which is available on our website: www.ecofininvest.com/media/3934/te-sustainable-and-impact-policy.pdf.



SDG alignment

Ecofin’s strategies seek to achieve positive impacts that align with the following UN Sustainable Development Goals

Primary:



Secondary:



Signatory of:
 Principles for Responsible Investment



Research

- Focus on sustainability is driven by belief that companies with a thorough understanding of and strategy around ESG issues are more capable of mitigating risks and enhancing their performance over the long-term;
- Research process integrates traditional fundamental analysis and a study of ESG factors which we believe may affect stock valuations and shareholder value;
- Proprietary database of all global owners of power generation assets, developed with CarbonAnalytics, compares each company's emissions with those of its country's grid, helps to assess ESG risks for each company, and permits impact reporting (emissions-avoided data).

Engagement

- Constructive engagement during site visits and regular meetings with management; dialogue helps to ensure mutual understanding and response from management if we raise issues/concerns;
- Engagement and proxy voting is an integral part of our active management of portfolios; case-by-case assessment for decisions relating to proxy voting, corporate actions and events.

The investment team's frequent contact with management teams of companies ensures we develop and maintain strong relationships, allowing a more appropriate reflection on the risk and reward of various securities. Quantitative models and analysis can be helpful also but they could not capture the impact of the energy transition on power and energy infrastructure companies globally. Long-term norms and ranges are being re-cast as business models and corporate strategies change so fundamentally.

These are examples of ESG factors that Ecofin considers:

ESG and engagement drives SDG alignment

Environmental

- Proprietary carbon database
- Scrutinize carbon disclosure and assess environmental impact
- Use of best industry practices
 - Emissions reduction program
 - Waste reduction program
- R&D/thought leadership
- Investment in maintenance and capital integrity
- Application of and commitment to safety standards
- Risk analysis (stranded assets, fire, weather impact, nuclear)
- Policy support

Social

- Diversity in board management and employees
- Commitment to fair and safe labor practices
- Treatment of stakeholders
- Impact on communities

Governance

- Protection of minority shareholders
 - Minimize conflicts of interest
 - Fair management compensation
 - Insider ownership
- Active engagement and proxy voting
- Financial and strategic transparency
- Board independence

Engagement

- We actively engage with portfolio companies to drive continuous business improvement in their sustainability practices and metrics
 - Direct dialogue with senior leadership
 - Active proxy voting
 - Coordination with other owners

Stewardship

Because of its industry knowledge and extensive company research, the Investment Manager has been granted discretion by the Company to vote on resolutions pertaining to the shares of investee companies. The Board reviews periodically the provisions of the FRC's Stewardship Code (September 2020) (the "Code") and it reviews, on a regular basis, the Investment Manager's principles relating to engagement with issuers and their management and proxy voting activities.

The Investment Manager's guidelines for proxy voting state:

- Ecofin UK will generally vote in favour of routine proposals or management initiatives if its view of the management is favourable;
- Ecofin UK will generally vote against management if there is a clear conflict between a company's management and the interests of its shareholders; and
- Ecofin UK will generally vote in favour of a management change if it is deemed likely to increase shareholder value. In all cases, resolutions are evaluated on their individual merit and in consideration of the Company's investment objectives and policy.

Carbon emissions performance

The carbon emissions performance of EGL's portfolio is measured and monitored by Ecofin UK using a proprietary model developed with CarbonAnalytics.

- Electricity generators in EGL's portfolio generally have CO₂ emissions which are significantly below the average emissions of their relevant electricity grid and the companies sitting in the global utilities index
- At the end of March 2021, EGL's electricity generators' emissions were **33%** less than the MSCI World Utilities Index per \$mn invested

31 March, 2021	Share of electricity generation from coal	Share of electricity generation from renewables ¹	CO ₂ emissions compared to relevant grid ²	tCO ₂ per \$mn invested
EGL	9%	36%	-34%	498
MSCI World Utilities Index	18%	20%	-12%	745