

# Responsible Investment Policy

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## Our approach to Responsible Investment

Asper is dedicated to investing and managing sustainable real assets with a focus on sustainable heat and power projects, building platform businesses to industrial scale. A driving part of our philosophy is to establish and grow responsibly managed platforms – asset based local businesses with highly experienced internalized local teams that we recruit as the platform grows. Investing in this way allows us to access more of the value chain for our clients by managing risks internally. Further than that, we believe that our businesses must act responsibly across all areas of their operations to preserve the trust of all their stakeholders. Our responsible investment approach therefore requires a clear focus on best practice ESG management across all aspects of the businesses that we build, in order to enhance returns and create long-term value for our investors.

## Commitment to principles

We signed up to the UN Principles for Responsible Investment in 2018 and have committed to adopt the following principles in our business:

**Principle 1:** we will incorporate ESG issues into investment analysis and decision-making processes.

**Principle 2:** we will be active owners and incorporate ESG issues into our ownership policies and practices.

**Principle 3:** we will seek appropriate disclosure on ESG issues by the entities in which we invest.

**Principle 4:** we will promote acceptance and implementation of the principles within the investment industry.

**Principle 5:** we will work together to enhance our effectiveness in implementing the principles.

**Principle 6:** we will each report on our activities and progress towards implementing the principles.

Furthermore, we are committed to contributing towards the transition to a low carbon economy and are members of the Institutional Investors Group on Climate Change.

Accordingly, we have developed this policy to set out our approach and the measures we will take to embed our responsible investment approach and the PRI principles into our investment process and into our engagement with our asset platforms during our ownership.

## Investment and active ownership approach

Asper typically invests in a project at planning and development stage, which means that construction, commissioning and operation all take place under Asper ownership. As investors, we will consider relevant ESG issues and opportunities as part of our investment process. As active owners, we will engage with the management teams for each platform business to monitor and manage the material ESG risks at each stage across our platform businesses, and work together with them to continuously improve their ESG issue management.

The key ESG focus areas and considerations when developing, constructing and operating renewable projects across our platform businesses are likely to include:

- **Environment:** managing potential adverse impacts arising from the construction and operation of the projects through due diligence, the preparation of detailed environmental impact statements, active stakeholder engagement, legal and regulatory compliance and effective management and reporting systems, paying particular attention to the potential impacts on biodiversity, air quality, and waste management where relevant for the type of project proposed.
- **Workplace / Health & Safety:** ensuring our platform businesses adhere to all applicable labour laws, health and safety regulations and the implementation of health and safety best practices through project management contractual arrangements, staff training, collation of key health and safety data and mitigation plans.
- **Governance:** implementing strong governance and controls through the establishment of appropriate project governance structures, the identification and management of project and business risks and the incorporation of robust, transparent and timely reporting lines.
- **Community:** actively engaging with local communities particularly at the planning and construction phases of projects, to ensure that land and access rights are respected and projects are not detrimental to the local community.
- **Business ethics and integrity:** ensuring that the highest standards of business integrity and transparency are adhered to across the platforms, particularly across the permissioning stage, through a robust business ethics policy and transparent process around financial payments
- **Materials sourcing and supply chain management:** the manufacture of sustainable assets such as wind turbines and solar panels involves supply chains with recognised environmental and social risks, particularly human rights risks, and therefore sourcing of these items for our projects needs to be carried out responsibly.

## Implementation

We will carry out the following steps to implement our responsible investment policy:

**Invest** in assets that make a positive contribution to environmental sustainability by helping reduce carbon emissions.

**Screen** new investments against our exclusion list and our fund investment restrictions, which identify the geographies, businesses and activities in which we will not invest and entities we will not enter into contractual arrangements with.

**Rigorously assess ESG risks and implement mitigation plans.** Appropriate environmental due diligence will be performed on every new investment with the assistance of third party technical experts, including, where relevant for the type of investment to be made, the preparation of detailed environmental impact statements, biodiversity assessments, noise, water, waste, or air quality assessments. As required, appropriate mitigation plans will be prepared and implemented to address concerns raised during diligence, such as habitat management plans, turbine shutdown protocols, and shadow flicker management plans. Other relevant ESG risks, such as health and safety, bribery and corruption issues, and supply chain responsibility will be assessed, depending on the type and stage of investment. Where we propose to enter into a relationship with a third party to collaborate on a potential development, we will conduct thorough checks as to the business integrity of the third party.

**Have board representation on every platform investment,** to play a direct and active role in monitoring, assessing and influencing the financial and ESG performance of our investments, and ensure strong governance.

**Establish minimum governance requirements.** All new platforms will be required to put in place the 'Asper minimum governance requirements', which include requirements around separation of functions, business ethics and the establishment of a risk register, which is regularly reviewed.

**Put Health & Safety on the agenda for every board meeting,** and other relevant ESG issues on the agenda regularly. Regularly considering H&S and ESG matters at board level communicates to the local management team the importance we attach to it and enables us to have regular dialogue on ESG aspects emphasising our belief that good ESG issue management is linked to good financial returns.

**Require structured monitoring and reporting from every platform on ESG issues and KPIs.** We have a small number of core KPIs which each platform is required to report on every quarter. These reinforce the minimum governance requirements and H&S board focus to signal our on-going commitment to key ESG areas.

**Implement a responsible sourcing policy.** We will only source equipment for our projects from suppliers who have publicly committed to comply with the UN Guiding Principles on Business and Human Rights, and we will include requests for due diligence disclosure on human rights and mineral sourcing in the supplier tender processes for every platform.

Encourage every platform to actively **engage with and support the local community** to ensure projects have a net positive impact, by regularly considering the status of community relations with the platform management and encouraging measures to support the local community including for example by providing financial contributions towards local community and social club initiatives.

**Share best practice.** We will ensure the Asper team and employees of our platforms are provided with sufficient knowledge, training and tools to ensure that they can effectively identify and manage ESG-related risks and opportunities within their investment activities and management of the platforms and can deepen and develop their understanding of best practice year on year.

## **Reporting**

Asper is committed to sharing its progress on ESG with investors, and will report to investors on the core KPIs and ESG activities across the platforms and the implementation of this policy on a quarterly basis.

Asper is also a member of GRESB (a global, externally-recognised ESG benchmark for real assets) and committed to reporting annually on its fund and asset performance on ESG. Asper will share the results of the GRESB benchmark with investors.

Clear protocols are in place for the reporting of any health and safety incidents, environmental issues or complaints arising at any platform investment to Asper. The time frame for such reporting depends on the materiality of the event that has occurred. Asper will cascade the reporting of any material incident to its investors in an appropriate and timely way, taking into account the circumstances surrounding the incident and any applicable restrictions on disseminating the information.

## **Governance of ESG responsibilities**

We believe that good ESG management is a core part of our investment skills, and accordingly is an integral part of the responsibilities of each team member involved in a platform investment. The Platform Management Committee's quarterly review will include considering the ESG KPIs and activities of each platform.

The Chair of the Portfolio Management Committee and Asper's Head of Legal & Compliance will be jointly responsible for overseeing the implementation of this policy consistently across our investment business, reporting to the Board, who have ultimate oversight of all matters related to this policy.

This policy has been approved by the Board on 20 April 2018, and will be reviewed on an annual basis.