



## Responsible Investment Policy

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## **1. Introduction to our Responsible Investment approach**

Asper is dedicated to investing in, building, and managing sustainable real assets with a focus on sustainable heat and power projects. Central to Asper's strategy is 'Building the New' by establishing and growing large-scale sustainable platforms with a meaningful, positive impact on the environment and its communities. These platforms are asset-based local businesses with highly experienced internalised local teams that we recruit as our platform grows. Investing in this way allows us to access more of the value chain for our clients by managing risks internally.

For Asper, 'Building the New' goes beyond the construction of hard assets to encompass ways of working that result in improved environmental, social, and governance ('ESG') outcomes at all levels. We believe that our platforms 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, to enhance returns and create long-term value for our investors. Asper's Sustainability Framework - that sets out our approach to defining materiality and setting our sustainability strategy and goals, developing policies, rolling out processes to assess and manage ESG performance and reporting on progress - ensures we follow a process of continuous improvement that is driven by our actions, our relationships, and our values.

In light of the Sustainable Finance Disclosure Regulation ('SFDR'), our investments have clear sustainable objectives also known as 'products targeting sustainable investments'. Our funds are designed to comply with Article 9 requirements. Sustainability risks within the meaning of SFDR (i.e., environmental, social, and governance events or conditions whose occurrence could have an actual or potential principal adverse impact on the value of an investment) are integrated into Asper's investment decision-making processes.

## **2. Oversight & Governance of ESG**

We believe that good ESG management is a core part of our investment skills, and accordingly, it is an integral part of the responsibilities of our investment team. Asper's Sustainability Committee is responsible for designing, implementing, and monitoring progress against Asper's Sustainability Framework, which reports to the Board on a quarterly basis. The Sustainability Committee meetings are attended by an independent expert on ESG and responsible investment. In addition, Asper's Platform Management Committee considers the ESG KPIs and activities of each platform on a quarterly basis. Asper's Investment Committee discusses and considers the findings of the ESG due diligence process and integrates ESG into decision making.

Our Responsible Investment Policy ('Policy') is reviewed annually as part of our commitment to continuous improvement. It may evolve as some regulatory guidance documents are still under development and have not yet been released. Asper works in close cooperation with international reporting standards, benchmarks, and peers to channel ESG best practices.

### 3. Commitment to Responsible Business Conduct Codes & International Standards

Asper became a signatory of the United Nations Principles for Responsible Investment ('UN PRI') in 2018 and has adopted the six principles in our business processes. We adhere to global standards for responsible business conduct and consider the UN Global Compact Principles, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights in our way of working within our own operations, at our platforms, and on supplier level. We are committed to contributing towards the transition to a low carbon economy and we fully endorse the Paris Agreement for action to address climate change. Our Policy and Sustainability Framework builds upon the United Nations Sustainable Development Goals ('SDGs') and we assess and report on the extent to which our funds positively contribute to these SDGs. We are a member of the Institutional Investors Group on Climate Change ('IIGCC') and a supporter and early adopter of the Task Force on Climate-related Financial Disclosures ('TCFD'). Asper continues to implement the recommendations of the TCFD in its assessment of the potential impact, risks, and opportunities of climate change. Accordingly, we have developed this Policy together with our Sustainability Framework to set out our approach and the measures we take to integrate ESG into each stage of the investment process – from the initial assessment of an investment opportunity, during the ongoing management of our portfolio, and through to the exit phase.

### 4. Active ownership approach to ESG focus areas

Asper typically invests in a project at planning and development stage, which means that construction, commissioning, and operation all take place under Asper's ownership. While doing so, Asper will pursue its investment in accordance with this Responsible Investment Policy and Asper's Sustainability Framework. We are committed to promoting excellence on ESG topics throughout our funds, including through active engagement with our platforms and our suppliers. Relevant key ESG topics and principal adverse impact considerations as outlined below, are considered during our ESG due diligence and monitoring processes.



In the context of the type of platforms Asper invests in, ESG topics mainly include, but are not limited to:

- **Environment, biodiversity and climate change:** We manage 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. We assess transition and physical climate-related risks and opportunities for our platforms, and if necessary, factor them into investment strategies and products within our investment time horizons.

- **Material sourcing, carbon intensity and supply chain management:** Whilst renewable energy investments enable the transition to a low carbon economy and avoid many tonnes of carbon emissions, the manufacture of sustainable assets such as wind turbines and solar panels involves supply chains with potential environmental and social risks. We assess our carbon emissions and aim to engage with key suppliers to challenge them and look for possibilities to reduce the carbon intensity of the construction phase, and we aim to minimize waste by evaluating operations and ensuring we are as efficient as possible.
- **Health & safety on the workplace:** Building and operating sustainable infrastructure can be hazardous and keeping people safe is our priority. We ensure our platform businesses adhere to all applicable labour laws, human rights, health & safety regulations and the implementation of excellent employee standards and health & safety best practices through project management, contractual arrangements, staff training, collation of key health and safety data and mitigation plans. We promote inclusion, equity, and diversity principles throughout our operations, investments and in the industry.
- **Human rights in the supply chain:** Like every sector, the renewable energy sector can be subject to human rights violations that need to be mitigated – in particular human rights risks in the supply chain. Therefore, sourcing of materials for our platforms needs to be carried out responsibly. Asper ensures corresponding due diligence is carried out on, and appropriate policies are in place at key suppliers and partners we work with.
- **Community & Customers:** Actively engaging with local communities, particularly at the planning and construction phases of projects, to ensure that land, human rights, and access rights are respected, and projects are not detrimental to the local community. We aim to treat platform customers fairly and responsibly and the platforms integrate infrastructure such as whistleblowing mechanisms to facilitate the reporting of any wrongdoing and corruption, and we assess any negative customer treatment.
- **Good governance:** We implement strong governance and controls through the establishment of appropriate project governance structures, identify and manage project and business risks such as conflicts of interest, and incorporate robust, transparent, and timely reporting lines.
- **Business ethics, anti-bribery, anti-corruption, and integrity:** We ensure that the highest standards of business integrity and transparency are adhered to across the platforms, particularly across the permissioning stage (e.g., achieving any permit, licence, or authorisation), through a robust business ethics policy, and by undertaking appropriate Know your Counterpart ("KYC") checks and transparent process around financial payments. We treat business partners fairly, by upholding the highest ethical standards with third parties.

## 5. ESG implementation in each stage of the investment process

ESG focus areas are considered at all stages of the investment process, in respect of each individual investment. To implement our Responsible Investment Policy into practice, we carry out the following steps in each stage of our investment cycle described below.

### Stage one: Pre-investment Assessment

ESG focus areas are considered in the pre-investment analysis and addressed throughout the investment approval process through:

- **Screening & Exclusion.** New investments are screened 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. Since our funds only invest in sustainable real assets that make a positive contribution to environmental sustainability by reducing carbon emissions, we automatically exclude investments in sectors such as thermal coal mining, thermal coal power, O&G extraction, O&G power, fossil fuel reserves, palm oil, tobacco, controversial weapons, civilian firearms, GMO, adult entertainment, gambling and other controversial sectors.
- **Rigorously assess ESG risks and implement mitigation plans.** Appropriate ESG due diligence is 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, air quality assessments, habitat management plans, turbine shutdown protocols, and shadow flicker management plans. Relevant ESG risks such as health and safety, in respect of human rights, bribery and corruption issues and supply chain responsibilities are assessed depending on the type and stage of investment. Where we propose to enter into a relationship with a third party to collaborate on an investment, we conduct thorough checks as to the business integrity of the third party. Appropriate mitigation plans are prepared and implemented as part of the 100-day plan to address concerns raised during the ESG due diligence process.
- **Investment Committee Approval.** Following completion of the due diligence, an Investment Committee meeting will be held which will include discussion of the findings of the ESG due diligence process.

### Stage two: Ongoing Management

Asper places a strong emphasis on the active management of its platforms. Transparency on ESG performance is typically achieved through board representation, senior management dialogue, and strong relationships and contractual arrangements with third-party operators. Accordingly, we:

- **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 good governance practices.** All new platforms are required to put in place the 'Asper minimum governance requirements', which include requirements around sound management structures, business ethics, employee relations,

remuneration of staff, tax compliance and the establishment of a risk register, which are regularly reviewed.

- **Put ESG topics on the agenda for every board meeting.** All platforms assess and discuss ESG matters, including but not limited to climate-related risks, H&S risks, and human rights risks, at board level. This structural process enables us to have regular dialogue on ESG topics emphasizing our belief that good ESG management is linked to good financial returns.
- **Require structured monitoring and reporting** from every platform on ESG issues and KPIs. Each platform is required to report on a range of ESG KPIs every quarter. These reinforce the minimum governance requirements and H&S board focus to signal our on-going commitment to key ESG topics.
- 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 initiatives.
- **Share best practice.** We ensure the Asper team and employees of our platforms are provided with sufficient knowledge, training and tools to make sure 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.

### **Stage three: Post-Investment**

Exit processes are planned and conducted in agreement with the platform and its investors and management. The potential impact of the transaction on ESG issues is assessed in the review of offers made by potential buyers, in addition to other transaction terms.

## **6. Reporting & Recognition**

Asper is committed to sharing its progress on ESG with investors, and reports to investors on core KPIs and ESG activities across the platforms on a quarterly basis through its Fund Investor Reports. 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 cascades the reporting of any material incident to its investors in an appropriate and timely way, considering the circumstances surrounding the incident and any applicable restrictions on disseminating the information. Asper is committed to reporting on our sustainability performance across our business and extended value chain. Every year we publish our Sustainability Report, outlining the progress made within our Firm, our Investments, and our Clients.

Asper participates in the PRI assessment each year and publishes its Assessment Report and Public Transparency Report on its website. Asper also participates in the GRESB assessment, a reporting framework widely recognized as the global leader for ESG assessment and benchmarking of real asset portfolios. Its funds and assets participate in the Infrastructure Assessments annually and results are shared with our Investors.

## 7. Embedding ESG in remuneration

Asper has reviewed its remuneration policy in accordance with the requirements of SFDR to ensure consistency with the integration of sustainability risks. Our remuneration policy has two key sustainability-related elements:

**Legacy.** Building the new sustainable infrastructure to positively impact the societies we operate in is one of Asper's core values and plays an important role in our remuneration policy. Individuals' contribution to our Legacy is assessed by reference to regular 360 feedback processes and the continuous feedback that is part of our culture. The results of that feedback form the basis of decisions on promotion and remuneration. Accordingly, consideration of sustainability plays an important role in determining long term career progression and remuneration at Asper.

**Teamwork.** Annual discretionary remuneration of individuals is not directly linked to the achievement of specific KPIs in order to (a) discourage excessive risk taking in relation to sustainability and (b) ensure the focus is on teamwork rather than individual performance. In addition, everyone at Asper shares in the long-term incentive systems linked to the investment performance of our funds, all of which are intended to have a sustainable investment objective as their goal. As a result, sustainability risks are considered over the long term and play an integral role in both discretionary remuneration and overall reward at Asper.