Asper Investment Management

Integrated Report

Financial year 2022

Contents

1. Asper's approach to sustainability	
Leadership statement	3
Asper's footprint	4
Asper's growth in people and places	5
Asper's value creation model	6
"Building the New" at a glance	7
Key highlights of 2022	8
Sustainability leadership	9

2. Our Investments	
Our Investments: Overview	11
ESG Integration in decision-making	12
New co-investment partnership: Duke	13
Introducing 1Energy platform	15
Enhancing biodiversity in Ireland	18
QHSE improvements in 2022	20
Our response to SFDR & EU Taxonomy	23

3. Our Clients	
Our Clients: Overview	25
Collaboration within ESG Industry	29
Performance on key benchmarks	30
Our approach to additionality	31
Our voice in the industry	32

4. Our Firm	
Our Firm: Overview	34
Our Net-Zero commitment	36
Commitments for collective progress	38

5. Way Forward	
Outlook: 2023 and beyond	42
Connect with us	43

You will find this icon throughout the Integrated Report, which means that you can click and continue reading about the topic

After two incredibly consequential years, 2022 was another theatre of dramatic events and momentous change. But the direction of travel remains steady, as the macroeconomic and geopolitical shift **makes the need for transition towards a sustainable future even more evident and urgent**. Capital has a decisive role to play by financing the projects of the future. The European Commission has estimated that at least 1 trillion euros of investment is needed to deliver the green transition globally. To reach European energy and climate targets by 2050, the current market share of onshore wind and solar energy must increase five to eight times. We need to fully decarbonize the electricity and heating sector to meet the EU's objective of becoming the first climate-neutral continent by 2050. **Regulatory developments and investor sentiment has further consolidated the focus on sustainability** in both the industrial and the financial fields in the EU and the UK. All these measures are designed to increase transparency across the industry and allow investors to track, compare and hold managers accountable. **All of which we at Asper welcome as a step change in the right direction**! Looking ahead, we believe now is the time for focused implementation, transparent accountability, and increased ambition within our industry. Since 2019 we have been measuring ESG performance in our portfolio and at the firm level, and in 2022 we have made significant progress across both.

Asper's mission to **"Build the New"** has become even more crucial: the platforms we build give businesses and customers access to **sustainable, affordable and locally produced energy**. In 2022 we started building our **new platform 1Energy**, with sustainable heating infrastructure, and continue to support Energy for Each other ("EVE") our sustainable heat network in the Netherlands. But we have also conceived new ways of interacting with our Clients and stakeholders, of supporting our colleagues and management teams, and of disclosing our performance. We are particularly proud of the results achieved on the impact of our projects and the value created for our Clients. Our investment portfolio performed strongly through the economic turmoil: **all assets under our management increased in value over the year**. We are also pleased with the high level of community engagement in our platforms which, after 2 years marked by the pandemic logistic constraints, we prioritized in 2022 with the involvement of 100% of our projects. At the firm level, we are delighted to report a top-class NPS score of 81 from our team survey, testament to the fantastic work of our leadership team's focus on culture and values.

Through 2023 and beyond, **Asper aims to be a partner and sounding board** to you for all the – often complex – topics around sustainability; 'Building the New' is never straightforward! We are always keen to learn and develop our own thinking alongside you, and welcome feedback, debate and challenge on any of the topics raised in our Integrated Report. We hope you find this report a useful insight into how we are fulfilling our Mission, into what is happening at Asper and around us and, as ever, we look forward to your feedback.

Asper's Sustainability Committee

"Current developments are making the need for transition towards a sustainable future even more evident and urgent"

Luigi Pettinicchio – CEO at Asper

Asper's footprint as of December 2022

1,307MW

Sustainable energy built across Europe*

23,075kt

CO2 emissions avoided by newly built or upgraded assets in their lifetime

€1.9bn

Total investments in new build

2021	1,265MW	21,885kt	€1.7bn
2020	1,248MW	17,125kt	€1.4bn
2019	930MW	12,825kt	€1.0bn

*Investment decision taken to build or materially upgrade/improve whilst under Asper management

Asper's growth in people and places

New members who recently joined the Asper team, leading up to 24 FTE:

Alanna Thompson
- Compliance Officer
- Previously Internal Audit EME and Asia Pacific, Blackstone

Alex Boeke
- Head of Finance
- Previously Financial Controller, Intermediate Capital Group

Wahaab Fariq
- Sustainable Fund Accountant
- Previously Client Service Team, IQ-EQ

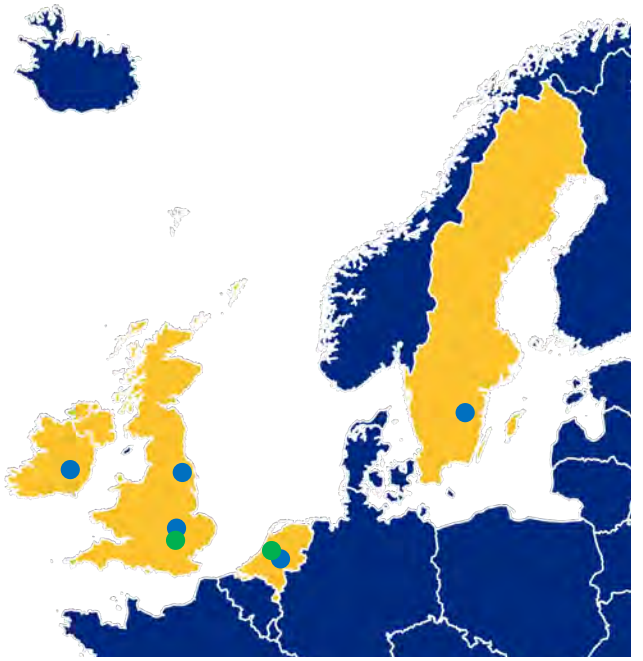
Jen Sheridan
- Operations Executive
- Previously Executive Assistant, Alliance Bernstein

Adriana Rodriquez Cobas
- Principal, Investment team
- Previously Managing Director, Vattenfall Heat UK

Benjamin Ehambaram
- Sustainable Fund Accountant
- Previously Client Service Team, IQ-EQ

Calum Drummond
- Analyst, Investment team
- Previously Investment Analyst, Northland Power Inc.

Charles Serilas
- Senior Analyst, Investment team
- Previously Investment Analyst, Ancala Partners



- Asper presence
- Investment managed by Asper
- Asper office

Asper's value creation model

With our second Integrated Report we aim to provide our key stakeholders with a **detailed, comprehensive and holistic account** of how Asper has created value. We do this using the reference framework of the **International Integrated Reporting Council (IIRC)**, articulating input and output KPIs along key sources of Capital.

Input Capitals	2022 Input KPIs	2022 Output KPIs	Notes	Self-rating
Financial Capital Growth investments and funding from investors in renewables, asset management fees & commissions	- €223m invested in new build in 2022, leading to a total of €1.9bn to date	- 140 tailored Client reports created	In 2022, our Investments created value for our Clients contributing to the welfare of thousands of pensioners and policy holders	
Manufactured Capital Suppliers and other external resources, (and power plants based on renewable energy)	- 4 platforms, 'Building the New' together with (local) suppliers - 7 new partnerships created	- 2 Asper Platform Forum sessions organised - 100% key suppliers screened on ESG	We organized Asper Forum sessions to share learnings among the portfolio companies, such as on the topic of Health & Safety	
Human & Intellectual Capital Time, skills, expertise, knowledge, experience of our team, systems, processes and technology	- 24 FTEs in team - 6 nationalities - 10 trainings provided - 23% women in investment team	- 81 points on employee engagement score (NPS score in survey) - 2,019 feedback points given & received across team	The NPS score is used to measure how our team feels about working at Asper. We are delighted to have increased our score in 2022	
Social & Relationship Capital Relations with stakeholders (e.g., investors, employees, local communities, suppliers, society)	- 38 Clients invested with us - 100% Good Neighbour plans developed for operational plants	- € 467,472 funds provided for community projects - 79 community events organized on platform level	We prioritized the community engagement events across our platforms after 2 years of pandemic constraints	
Natural Capital Direct use and impact on natural resources through our business activities (e.g., energy, sustainable biomass, water)	- 546MW renewable energy capacity operational - Operational footprint of 65 tons of CO_2 emissions as Asper (scope 1, 2 and 3)	- 108,681 tons of CO_2 emissions avoided in 2022 - Support the transition of the energy system	The emissions went slightly up in comparison with last year since business travel has started up again after pandemic constraints.	

‘Building the New’ in 2022 at a glance

In line with our Sustainability reporting of the past years, in this report we also give an account of the progress we made on our Mission to **Build the New**.
We do this by tracking our performance on the Sustainability goals we set out since 2019, across our three stakeholder groups: Our Investments, Our Clients and Our Firm.

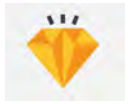
Our Investments

1,307MW

Sustainable energy built* across Europe

23,075kt

CO2 emissions avoided by our assets in their lifetime



100%

Invested in sustainable real assets, contributing to a low carbon economy

Our Clients

140

Tailored reports produced for Clients

5-stars

GRESB score of one of our assets

93/100

PRI score for our approach to Infrastructure

Our Firm

24

FTE dedicated employees

2

Offices in London and Amsterdam

Net-zero

Asper made its net-zero and SBTi commitment

*Investment decision taken to build or materially upgrade/improve whilst under Asper management

Key highlights of 2022

In 2022, we made solid progress across all areas of Asper's Goals:

- We established a new vehicle, **Duke**, for greenfield sustainable district heating network investments in the UK, for which we raised **£220m (c. €250m)** of capital which will be used to fund 100% sustainable energy investments
- Duke enabled a rapid expansion of our new platform **1Energy** and Dorothea continued to support **Energy for Each other** ("EVE") our sustainable heat network in the Netherlands
- We have invested more than €200m in newly built sustainable real assets this year, reaching a total of **€1.9bn** equity and debt invested in newly built to date
- We launched **229MW** of new projects in construction, that are expected to **avoid 7,996,000 tons of CO_2 emissions** over their lifetime
- Together with our platform **Invis Energy**, we joined the biodiversity project Nature+Energy to maximize the positive impact of wind farms on biodiversity and nature in Ireland
- We improved our **scores on both the PRI and GRESB** benchmarks and increased our wider industry engagement by joining TCFD and the PCAF initiative
- Asper won **two ESG awards** at the Private Equity Wire's European ESG AAA Awards for Best Infrastructure Fund and ESG fund of the Year

Sustainability Leadership within Asper

- Asper's **Sustainability Committee** is formally in charge of delivering our goals
- The Committee, chaired by the Sr. Sustainability Manager, is composed of members coming from all business functions
- The Committee reports to the Board and includes **all relevant functions**: portfolio, investments, clients, compliance and strategy
- All functions collaborated in the preparation of our annual Integrated Report

ALLISTER SYKES

Director

Portfolio-wide initiatives

Platform Governance

LUIGI PETTINICCHIO

Co-founder, CEO

Firm strategy

Organization alignment

Governance

EMMA TINKER

Co-founder, CIO

Sustainability in our investment strategy

Firm initiatives

LUIS QUIROGA

Co-founder, IR

Delivering on Clients' expectations

Industry best practices

JISKA KLEIN

Sr. Sustainability Manager

Delivering on our sustainability strategy

KPIs and Client reporting

Firm initiatives

HUMPHREY EDGINTON

General Counsel

Risk monitoring and management

Regulation and Compliance

Client engagement

2. Our Investments

Design of newly built district heating network in Bradford, United Kingdom

Our Investments: Overview

	Environmental	Social	Governance
BUILD THE NEW	We want to be a key player in the "hardware revolution" to make human society sustainable. Our Mission is to build large-scale sustainable assets and infrastructure with a **meaningful, positive impact** on the environment.	We aim to **develop new projects responsibly**, with the highest environmental and social standards. We also want our portfolio companies to be "**good neighbors**", outstanding employers and responsible links in their value chains.	We want our platforms to be drivers of change by creating **new industry partnerships.**
OUR GOALS	IE1. Build sustainable, durable and efficient assets IE2. Respect and foster the natural habitats around our projects IE3. Use only truly sustainable sources of fuel IE4. Meet highest standards on fuel emissions	IS1. Promote responsible development of new projects IS2. Sustain local communities around our projects IS3. Meet highest H&S standards IS4. Promote excellent employment standards IS5. Promote the upholding of human rights in our projects & supply chain IS6. Treat customers fairly and responsibly	IG1. Promote new, industry-shaping partnerships IG2. Treat our business partners fairly IG3. Uphold highest ethical standards with third parties
WHERE ARE WE IN OUR JOURNEY?	We are proud of the **avoided carbon emissions** from our platforms, and of how fast these are growing. In 2022, we continued supporting the goal of **net-zero GHG emissions** and striving to minimize the environmental impact of our operations and improve our efficient use of resources.	We engaged on health & safety by implementing leading practices and organized an **Asper Forum Session on this topic to support the goal of zero safety incidents**. We foster a positive work environment based on respect for human rights, and we improved our supply chain screening.	As we further built our sustainable real assets in 2022, we kept strong stakeholder relationships through **transparency and active engagement**. We operate to the highest ethical standards by conducting business activities in accordance with our Code of Business Conduct and Ethics.

ESG integration in decision-making

At Asper, we integrate ESG into our decision-making to **minimize the risk of negative impacts**, **create long-term value and opportunities** for our stakeholders and to **take responsibility** for the lifecycle of the sustainable infrastructure. Sustainability is central in every step of the investment process – from careful due diligence when assessing investment opportunities to work on our ongoing investments. We have developed an internal ESG Due Diligence Tool through which the Sustainability Framework is implemented and supervised in each platform.

To formally incorporate ESG into our full investment cycle, we undertake the following steps for each potential investment:

Pre-Investment: ESG Due Diligence

- ✓ Utilize internal ESG Due Diligence Tool to define project scope and conduct initial screen of ESG issues
- ✓ Identify the material ESG factors relevant to the potential investment's industry
- ✓ Ensure compliance with ESG standards and ESG Regulations using internal experts or external consultants via a review of available information, documents and by site visits when necessary
- ✓ Determine the impact of material ESG factors on underwriting assumptions and provide required disclosures in the investment committee presentation once diligence is finalized
- ✓ Assess EU Taxonomy eligibility and alignment of investment
- ✓ Perform Human Rights Assessment
- ✓ Utilize ESG supplier screening tool with stringent onboarding criteria which are particularly focused on issues such as upstream labour practices and value chain emissions.

Investment Decision

- ✓ Develop a post-acquisition ESG action plan as part of 100-day plan
- ✓ IC makes investment decision, taking into account the identified ESG risks or opportunities

Post-Investment: Integration & Ongoing Monitoring and Management

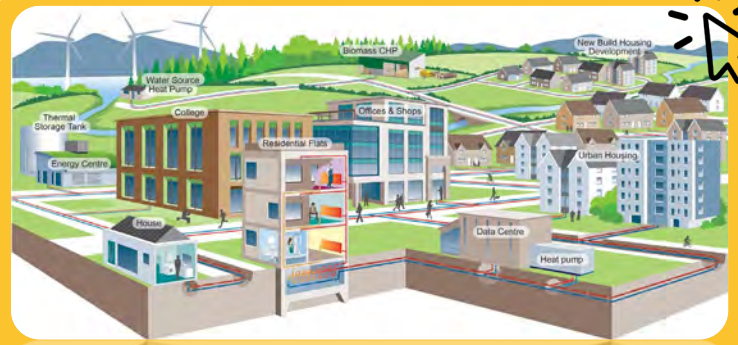
- ✓ Work with management of portfolio companies on priorities for ESG-related performance improvements
- ✓ Have board representation on every platform investment to play a direct and active role in monitoring, assessing, and influencing on ESG
- ✓ Ensure strong governance practices by putting in place Asper's governance requirements
- ✓ Structured monitoring and reporting from every platform on ESG-related KPIs on quarterly basis
- ✓ Continually look for ways to create value by improving management of ESG factors
- ✓ Encourage every platform to actively engage with and support the local community to ensure projects have a positive impact
- ✓ Engagement with portfolio companies on sustainability matters and sharing best practice between platforms

Continue reading about our approach to ESG integration in Asper's updated Responsible Investment Policy

ASPER

New co-investment partnership: Duke

- During 2022 we raised **Duke,** a new vehicle structured for investment in the UK district heating sector. Duke is structured as a co-investment partnership with a **seeded pipeline of greenfield projects** in United Kingdom and a JV agreement with a local development team called 1Energy. Introduction to 1Energy is provided on page 15.
- Duke follows the model of **Iona, Columba and Dorothea** and is **replicating the strategy to decarbonize heating which has been successful in Sweden and the Netherlands**
- Duke's structure was set through a **collaborative process with our Clients**, during which their input regarding time horizon, commercial terms and governance were taken on board
- Like Iona, Duke also enjoyed **strong support from our existing Clients**, who provided **c. 80% of the total capital raised of £220m** from a total of seven leading institutional clients
- Duke's **fundraising** was highly **efficient**, taking only six months from data room opening to final financial close
- Duke has **positive additionality** for its contribution to environmental sustainability and a clear sustainable investment objective on **climate change mitigation** through the construction and operation of sustainable heating networks
- This is reflected in its classification as **SFDR "Article 9"** and made it particularly attractive to Duke's investors, who have a **strong impact focus** and alignment with Asper's ESG approach



"We saw a very strong appetite for Duke amongst sophisticated investors. This reflects the appeal of Asper's approach to greenfield sustainable infrastructure."

Luis Quiroga
Co-founder,
Head of Investor Relations

Our Investments: Environment

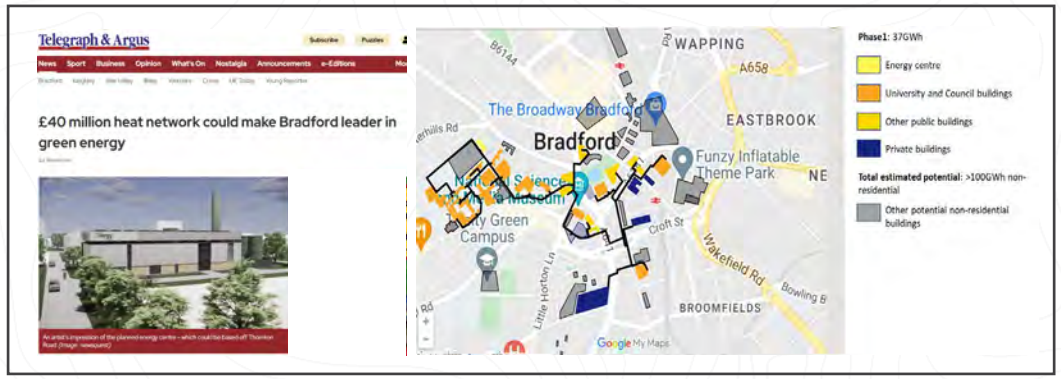
SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
I.E 1	Build sustainable, durable and efficient assets	Newly built or renovated MW (power + heating units) to date	1,265	1,307		Assets launched into construction or materially renovated/ improved by Asper
		Operational MW held (power + heating units)	923	546		Decrease in operational MW due to sold assets
		Construction MW held (power + heating units)	263	229		
		Lifetime avoided CO2 emissions by newly built or renovated MW (in kt CO2)	21,885	23,075		Avoided CO2 emissions calculated for each asset in at the time of investment using IFI guidelines and harmonized grid emissions factors, multiplied by the expected lifetime of the asset. Decrease due to sold assets in 2022
I.E 2	Respect and foster the natural habitats surrounding our projects	# environmental incidents reported to authorities in our projects	2	3		
		# Wildlife fatalities	0	0		
		% projects with a Good Neighbor plan	100	100		Our Good Neighbor plans document actions being taken on an asset-by-asset level related to local stakeholders and the local environment

CASE STUDY: 1ENERGY

Introducing our new platform: 1Energy

- The United Kingdom was the first major economy to **commit to legally binding targets to reach net zero emissions by 2050**. Decarbonization of heat is now in the spotlight as the sector accounts for the second-highest CO_2 emissions in the UK, after power. Sustainable heating networks are set to grow rapidly as a key tool for UK heat decarbonization strategy.
- The **UK is a prime district heating market** for Asper due to its strong growth and drive to decarbonize as well as its dense population and number of large, expanding cities
- Asper partnered with the **local developer 1Energy**, who has built an extensive project pipeline including projects in Exeter, Bradford and Rotherham amongst the most advanced ones
- To date, 1Energy and Asper have also secured more than **£90m of UK Government grant finance** for the first two of these networks
- We will continue to develop the 1Energy organization with the focus on **building up construction and operations management capabilities**, by adding another 6 team members to the business leading up to a total of 17 members in the near term

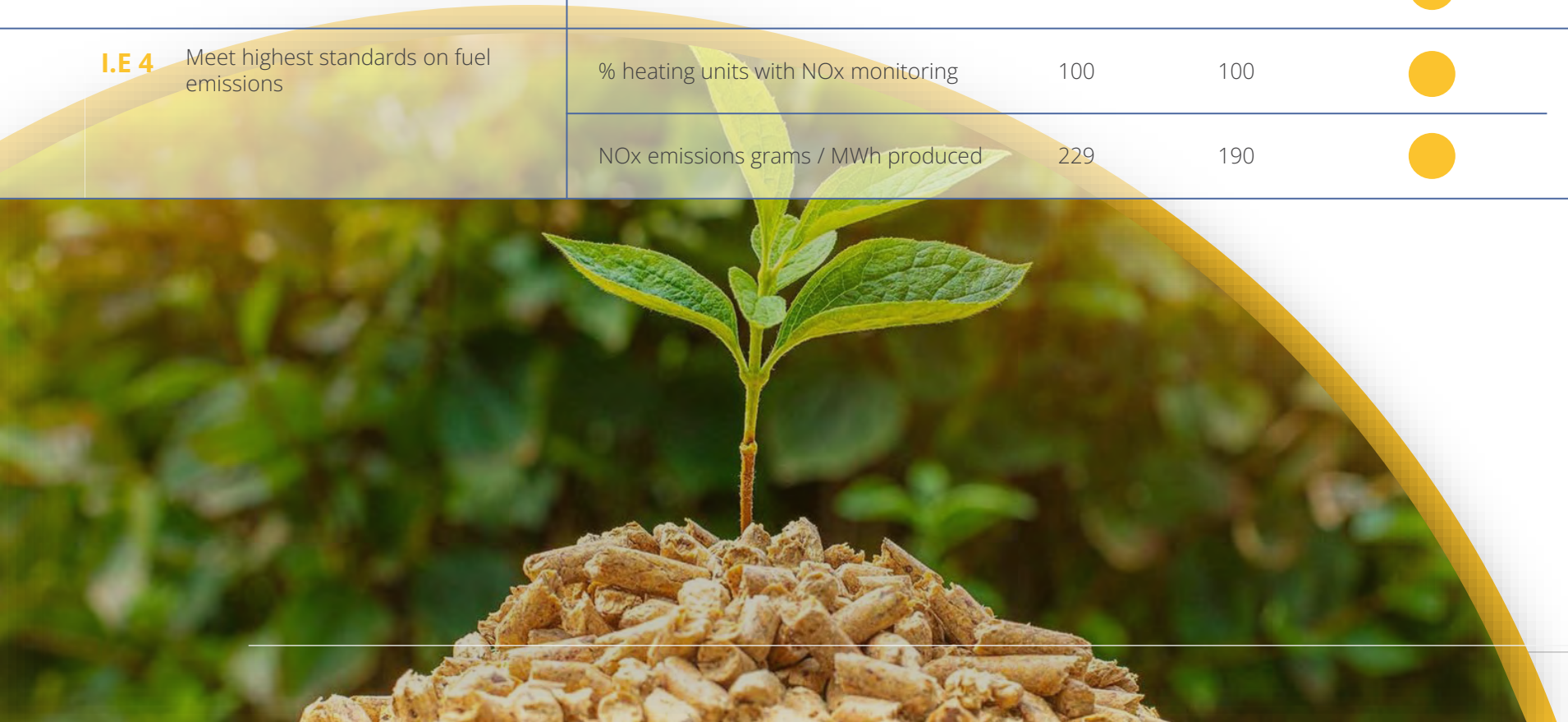


ASPER

Our Investments: Environment

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
I.E 3	Use only sustainable sources of fuel	% heat and steam deliveries from sustainable sources	94	94		
		% share of certified biomass consumed	100	100		Part of our commitment (Better Biomass NTA8080 certification scheme)
I.E 4	Meet highest standards on fuel emissions	% heating units with NOx monitoring	100	100		Covering the NOx emissions from the district heating network. The ratio has significantly improved due to efficiency measures taken and investments made in condensers
		NOx emissions grams / MWh produced	229	190		



CASE STUDY: ENERGIE VOOR ELKAAR

Growth in EVE's sustainable heat network

- Energie voor Elkaar (EVE) started in 2013. This year it will celebrate 10 years of delivering sustainable local heat to customers. EVE began in the municipality of Ede in the Netherlands, and has now spread to 15 municipalities, including Amersfoort and Almere
- The Amersfoort heat network continues to expand throughout the city. By applying an innovative way of 'directional drilling' in these complex infrastructure operations, the new heat network has been successfully connected to the existing network as shown on the picture.
- Besides the consumption of local and certified biomass, EVE is looking into other potential heat sources, such as waste heat from datacenters. In 2022, EVE signed an agreement with a data center to use the residual heat produced by the data center in the smart green heat network in Ede. With this 'data thermal', additional homes and businesses can be supplied sustainably by a heating network that currently already provides 21,000 homes and businesses with sustainable space heating and hot tap water
- These steps will make more sustainable, local and affordable heat available, in order to replace natural gas and deliver the Dutch energy transition. Find the "*Jaarbeeld 2022*" for more information on EVE's efforts.

CASE STUDY: INVIS ENERGY

Enhancing biodiversity in Ireland

- The Global Biodiversity Framework at COP15 is an important agreement that will require businesses and financial institutions to report more clearly on biodiversity impacts, dependencies, risks and opportunities to lead the transition to a nature-led economy
- In 2022, our platform Invis Energy in Ireland joined the research project Nature+Energy – an initiative of Wind Energy Ireland, MaREI, the Science Foundation Ireland Research Centre for Energy, Climate and Marine and a consortium of Irish renewable energy companies
- The research project has been founded on the idea that wind farms have the potential to provide so much more than only renewable energy. If managed properly, the biodiversity on onshore wind farms has the potential not only to take even more carbon out of the atmosphere, but also to improve the resilience of ecosystems to climate change and to enhance the provision of ecosystem services, such as pollination, water filtration and habitat provision.
- The main objective is to develop new ways of accounting for the value of nature on onshore wind farms, in order to maximize the positive impact of wind farms on natural capital in Ireland. Looking ahead, a state-of-the-art environmental monitoring system will be designed that will revolutionise how we monitor biodiversity on wind farms. Sector-specific Natural Capital Accounts, Decision Support Tools and Biodiversity Action Plans will be developed to facilitate the enhancement of biodiversity and to mitigate the effects of wind farms on key species.
- Finally, the project will develop a programme for sector-specific industry-academia education and collaboration. A graduate training and mentorship programme will be co-developed by industry and academia with the goal of building more knowledge and capacity in natural capital accounting, which will be key in delivering the upskilling required to facilitate Ireland's transition to a net-zero economy.
- For more information about this project, please visit the website (link)

"Wind farms have the potential to provide so much more than only renewable energy"

Our Investments: Social

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
I.S 1	Promote responsible development of new projects	MWs planning approved	25	721	●	KPI is subject to year-on-year swings driven by projects progressing through their pipelines. In 2022, multiple assets in development and construction phase.
		MWs submitted in planning	356	215	◔	
I.S 2	Sustain the local communities around our projects	€ of community benefit funds provided in the year	418,902	467,472	◔	Small increase due to additional platform in 2022; amount per platform went slightly down due to COVID-19 restrictions
		€ of community benefit funds provided per MW of operational assets in the year	454	856	◔	Newly introduced KPI to better show the relative contribution per operational asset
		% of platforms that held at least 2 community events in the year	33%	100%	◑	COVID-19 restricted our ability to host community events in 2021. This has been prioritized in 2022.
I.S 3	Meet highest H&S standards in our projects	# health & safety incidents	1	1	◑	
		# incidents requiring time off	0	1	◔	
		# near misses reported	11	8	◔	
		% of projects with at least 4 health & safety committee meetings held	100%	100%	●	

CASE STUDY: VASA VIND

QHSE improvements in 2022 made at our platforms

- During 2022, several QHSE improvements have been made at our platforms. One to specifically highlight is the Swedish onshore wind power company Vasa Vind, which has obtained **ISO45001 certification** (occupational health and safety management system) in 2022.

- The construction and operation of wind power plants involves **potentially dangerous activities** such as heavy lifting, working at heights, high voltage, ice throws etc.

- To share this specific knowledge among the other portfolio companies, an **Asper Platform Forum Session was organized** on QHSE and the **ISO45001 certification** scheme, in which the CEO of Vasa Vind presented their journey.

- Continuous improvements is a general core theme of health & safety work. **ESG topics including health and safety are on the agenda at every board meeting** of each of the investments. This structural process enables us to have regular dialogues on ESG topics emphasizing our belief that good ESG management is linked to good financial returns.

Our Investments: Social

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
I.S 4	Promote excellent employment standards in our portfolio companies	Direct staff employed by platforms (FTE)	90	156	●	Significant growth in direct staff at EVE, construction works at Invis Energy and with the advent of the platform Duke
		Estimated indirect jobs created in year*	1,736	1,831	◑	The methodology of indirect jobs created has been refined to include insights of latest research, which shows on average 6.6 indirect jobs are created per MW of construction activities per year
		Estimated indirect jobs created to date*	8,836	10,618	◕	
		% average gender diversity staff across all platforms (female / male)	26 / 74	34 / 66	◕	Newly introduced KPIs as part of our Diversity & Inclusion Policy and its underlying goals
		% difference in average gender pay across all staff roles	31	29	◕	
I.S 5	Promote the upholding of human rights in our projects & supply chain	% of our suppliers certified or screened	100	100	●	In 2022 we have developed a supplier screening tool to enable portfolio companies to robustly screen potential suppliers
I.S 6	Treat platform customers fairly and responsibly	# adverse press episodes on customer treatment	NA	NA	●	

* Proxy used from research of Aldieri, L.; Grafström, J.; Sundström, K.; Vinci, C.P. Wind Power and Job Creation. Sustainability 2020, 12, 45. (link)

Our Investments: Governance

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
I.G 1	Promote new, industry-shaping partnerships	# new partnerships created (defined as min-2y contractual engagement)	8	7		
I.G 2	Treat our business partners fairly	# formal commercial disputes against platforms	0	1		
I.G 3	Uphold highest ethical standards with third parties	# names and affiliates of fund investments/platforms included in daily ongoing screening for sanctions, adverse media and PEP status changes	N/A	155		The KPIs have been amended in 2022 to better reflect the ethical standards related to investment governance (previously in 2021: number of KYC checks performed)
		% anti-bribery trainings performed across new platforms	100	100		

Asper's response to the SFDR and EU Taxonomy

- Regulatory developments and investor sentiment has further consolidated the focus on sustainability in both the industrial and the financial fields in the EU and the UK. The UK FCA released their sustainability disclosure regime proposals, and level 2 EU SFDR requirements came into effect on January 1st, 2023. The SFDR aims to create a framework for better disclosure and to encourage a shift in capital towards sustainable activities. It continues to drive the transition amongst the investment community in Europe and beyond, with Article 8 and 9 funds capturing growing share of fund flow. The first part of the EU Taxonomy has also been enforced.

Although we are very supportive of the EU SFDR and its direction of travel to improve transparency, to shift capital to sustainable activities and minimize the risk of greenwashing, we find it a pity that these requested ESG metrics do not accurately present what is needed to deliver the energy transition. This is because their focus is on 'doing no significant harm' rather than on delivering positive benefits, also called 'additionality'. Under SFDR reporting, an Art. 9 fund with solely brownfield stage renewable energy investments would show better sustainability performance than an Art. 9 fund with only greenfield stage investments. Without investments that deliver additionality, achieving the energy transition and halting climate change will not be possible, since no new capacity will be added to the national electricity grid that displaces fossil fuels. We believe the focus should be on both features. Please continue reading about our advocacy efforts on page 31.

Jiska Klein – Sr. Sustainability Manager

- In 2022, Asper has updated its Responsible Investment Policy, Remuneration Policy as well as its Principal Adverse Impact Statement to ensure alignment with the SFDR requirements. At the end of 2022, all Article 10 website disclosures for Asper's funds have been updated to include more information such as the percentage of minimum EU Taxonomy Alignment of the investments. Before June 2023, all the level 2 SFDR requirements will be included in the first periodic report of each Article 9 funds with explanation of the product's PAIs on sustainability factors.

- Find below the overview of Asper funds and its SFDR classifications:

Fund names	SFDR classification	Fund's Sustainable investment objective (Article 9)
• Asper Columba	Article 9	Climate change mitigation through the construction and operation of electricity generation facilities that produce renewable electricity from wind power
• Asper Iona	Article 9	Climate change mitigation through the construction and operation of electricity generation facilities that produce renewable electricity from wind power
• Asper Dorothea	Article 9	Climate change mitigation through the construction and operation of sustainable heating networks
• Asper Duke	Article 9	Climate change mitigation through the construction and operation of sustainable heating networks

3. Our Clients

Our Clients: **Overview**

	Environmental	Social	Governance
BUILD THE NEW	We believe **mobilizing capital** is one of the keys to the sustainability transition We want Asper to make a **valuable contribution** to the growth and development of the infrastructure investment industry	We want to **help our Clients build their own** legacy towards their beneficial owners We also want to help the investment industry on its journey towards diversity and equality	We want to build a firm that stands out in the way we serve our Clients, truly putting their needs front and center in our strategy
OUR GOALS	CE1. Promote and mobilize investments in high quality, sustainable real assets CE2. Share technical and business knowledge that can help protect the environment	CS1. Create and deliver value to our Clients through our investments CS2. Uphold and promote equality and diversity in the infrastructure and investing industries CS3. Contribute to the positive social impact of sustainable infrastructure investing	CG1. Treat our Clients with transparency, fairness and humility CG2. Share our sustainability data with our Clients to advance our and the industry's standards
WHERE ARE WE IN OUR JOURNEY?	As we grow the firm, we aim to increase our efforts to communicate and **share knowledge** on our investment platforms	Investment after investment we are building up **our track record of value** delivered to our Clients As part of our Diversity & Inclusion Policy, we are also working on initiatives to promote **equality, diversity and social impact** in the investment community	We are **proud of our increasing scores on PRI and GRESB** and aim to keep investing in reporting and benchmarking, to increase our own standards and help raise those of the industry

Our Clients: Environment

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
C.E 1	Promote and mobilize investments in high quality, sustainable real assets	# investment papers published/investor conferences attended	2	4	●	Super Return Infrastructure Conference, Private Equity Conference, Commonfund Forum, Private Equity Lawyers Forum
		# seats in investment-related bodies/associations	1	2	◔	IIGCC Co-Chair of Sustainable Finance working group & IIGCC UK Taxonomy working group
C.E 2	Share with Clients technical and business knowledge that can help protect the environment	# technical papers published/industry conferences attended	2	4	●	Paper on additionality of greenfield renewable energy projects, EH&P Conference, Wind Energy Ireland Conference, D2Grids
		# seats in industry-related bodies/associations	3	4	◔	Irish Wind Energy Association, UK Heat Network consultation body, EuroHeat & Power and IVL Swedish Environmental Institute's EU Taxonomy working group

Our Clients: Social

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
C.S 2	Uphold and promote equality and diversity in the infrastructure and investing industries	# contributions to equality / diversity industry events/initiatives	1	2		Partnership with GAIN and Women in Energy event organized in Asper office
		# nationalities / FTEs	0.40	0.40		Number of nationalities divided by the number of FTE within the Asper team
C.S 3	Contribute to the positive social impact of sustainable infrastructure investing	# social impact papers published / conferences attended	0	1		UN Global Compact network event on the experiences and challenges that companies face when tackling sustainability issues
		# seats in impact-related bodies / associations	0	1		Supportive member of the research group on the impact and applicability of the EU Taxonomy on the district heating sector

Our Clients: Governance

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
C.G 1	Treat our Clients with transparency, fairness and humility	# LPAC meetings held	3	2		
		average % support on LPAC votes	NA	NA		Self-rating maintained despite no additional votes during 2022
		# responses to Client survey	NA	NA		No survey conducted in 2022; planned to be carried out in 2023
		% reports published on time	100	100		
		# tailored reports produced for our Clients	83	140		There has been a significant increase in requests for both financial and non-financial reporting due to factors such as an increase in funds and clients, as well as a desire to gain greater transparency
C.G 2	Share our sustainability data with our Clients to advance our and the industry's standards	GRESB benchmarking scores (fund level)	RPP2: 82% Columba: 86%	Columba: 92% Dorothea: 90%		See more information about the GRESB scoring on page 30
		PRI benchmarking scores	A+ Infrastructure A Strategy / Governance	93 Infrastructure 90 Investment & Stewardship		PRI module scores have changed from alphabetical grading (A+ to E) in 2020 to a numerical grading system ranging (from 1 to 5 stars) in 2021 to create dispersion.
		# seats in sustainability-related bodies / associations	1	1		Co-chair of IIGCC's EU Sustainable Finance Working Group

Collaboration within ESG Industry

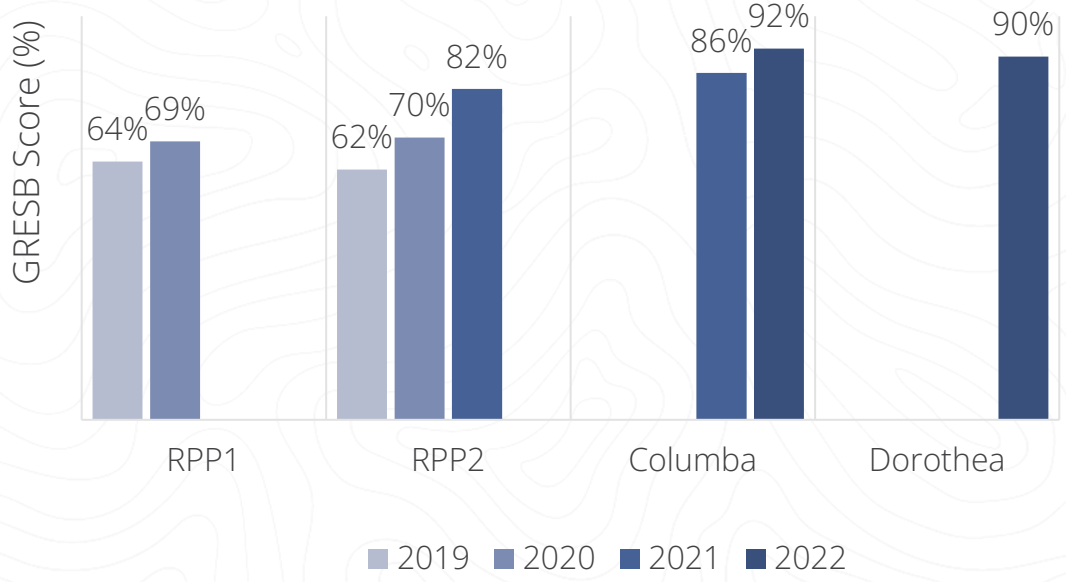
We want to build a firm that stands out in the way we serve our Clients, truly putting their needs front and center in our strategy. We want to contribute to the positive social and environmental impact of sustainable infrastructure investing. Asper is a member of several organizations that work together for sustainable investments, such as:

- **GRESB**
  - Reporting on our investments' funds and platforms through GRESB since 2017
- **PRI**
  - Signatory since 2016
- **TCFD**
  - Supporter and reporting in line with TCFD since 2021
- **IIGCC**
  - Joined in 2018
  - Taking part in the Working Group on UK Taxonomy, and Carbon Offset principles
  - Co-Chair of EU Sustainable Finance Working Group
- **Support the Goals (Sustainable Development Goals)**
  - Joined in 2021
- **EU Taxonomy working group – IVL Swedish Environmental Institute**
  - Supportive member of the research group on the impact and applicability of the EU Taxonomy on the district heating sector

Improving our performance across key benchmarks

Asper has engaged with **Sustainability benchmarking initiatives GRESB and PRI** since becoming independent and will continue to do so

GRESB



PRI Principles for Responsible Investment

Assessment 2021

INFRASTRUCTURE
93/100
★★★★★

INVESTMENT & STEWARDSHIP
90/100
★★★★

Asper won two ESG awards at the Private Equity Wire's European ESG AAA Awards for **Best Infrastructure Fund** and **ESG fund of the Year**

New publication on additionality and industry outreach

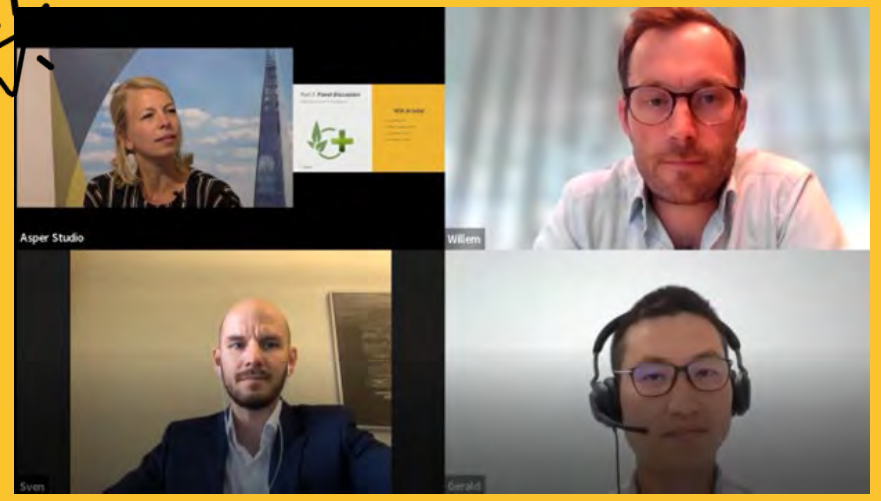
- We believe that reaching global net zero goals requires us to shift focus from **'passing the parcel'** to developing and building new renewable energy capacity

- In May 2022, Asper held a **webinar and panel discussion** where we invited Willem Huidekoper, Head of Non-listed Equities at IMAS, Gerard Wu, Senior Analyst Infrastructure at LPPI, Sven Clasen, Partner at Palladio and Emma Tinker, CIO at Asper to share their experience and challenges on the topic of additionality

- In 2022, **Asper together with Royal HaskoningDHV published a thought leadership paper** with the aim to address the fact that the current carbon reporting standards fail to incentivize additional 'greenfield' renewable energy development. We propose new metrics for measuring investors' contribution to the development of additional renewable energy capacity. The proposed metrics will improve transparency and accuracy in assessing their contribution to advancing the energy transition.

- We have shared the publication with all our clients and other stakeholders. We have received positive feedback and support on this topic since many financial industry players recognize the issue. This paper led to multiple publications:
  - Full Article published in the **Financial Investigator** (link)
  - Abstract of publication published in the **Infrastructure Investor** (link)

- Asper has engaged with multiple investors and industry bodies such as **PCAF, GRESB and IIGCC** and will continue to do so to better reflect the concept of additionality in sustainability reporting standards and investors' corporate ESG reporting



Our voice in the industry

Making meaningful contributions to sharing knowledge and best practice is integral to Asper's mission. Here are some examples from 2022 of the team's engagement with the industry:

- At the **Commonfund Forum** in March, Emma Tinker joined an engaging panel on the current opportunities for sustainable investing in sectors such as renewables, food, agriculture, water and resource efficiency

- At the **EuroHeat & Power Conferences** in June, two of our team members made a contribution to the discussions.
  - Allister Sykes was invited onto a panel at REWARDHeat Conference focused on investors perspectives of 5G DHC where he explained how to assess the risk and reward profile of greenfield investments
  - Jiska Klein was invited to speak in the session focused on Sustainable Investments for Sustainable Heat Networks in Brussels where she discussed how the EU Taxonomy Regulation represents a great opportunity to accelerate the transition and modernization of DHC networks

- At **Private Equity Conference** in London, Jiska Klein contributed to the session on juggling environmental, social and governance priorities: **'How your business should be focusing on the 'E', 'S', and 'G' at the management firm level'**

- At the **SuperReturn Infrastructure investor conference** in September, three of our team members contributed to the discussions:
  - Emma Tinker hosted the session '**Onshore wind vs. offshore wind**'
  - Luigi Pettinicchio contributed to a panel on the **future of the Renewable Energy industry** and explained what must be done to accelerate the process to achieve net zero
  - Luis Quiroga contributed to a panel on **GP views on fundraising**, as well as the fundraising opportunities, challenges and lessons learnt post-Covid

4. Our Firm

"Access to local, flexible co-working spaces helped the Asper team stay in touch during and after the logistical challenges of the pandemic"

Debbie Hudgell – Head of Operations

* TOG co-working space near Borough Market, London. This is a snapshot from the Working at Asper video we have created.

Our Firm: Overview

	Environmental	Social	Governance
OUR MISSION: Build the New	Build a firm that stands out for our people's personal engagement on the environment, setting the example for our investment and business partners	Build a vibrant, high-energy firm that is also deeply caring towards our people Grow a diverse pool of talent, and nurture it by relentlessly focusing on peoples' development	Build a firm where people are empowered and accountable, decisions are taken in teams so that complex issues can be looked at from different angles – including independent opinions
OUR GOALS	▪ Increase efficiency and reduce waste in work practices by finding smart ways to operate ▪ Be carbon neutral in our operations	▪ Look after the physical and mental wellbeing of our team members ▪ Seek and support diversity in our team, enhancing our intellectual and cultural capital ▪ Uphold a high-achieving, caring culture based on teamwork and talent development	▪ Embed and promote empowerment and accountability across the whole organization ▪ Rigorously practice team-based decision making ▪ Ensure independent oversight in key governance bodies
WHERE ARE WE IN OUR JOURNEY?	To ensure that necessary steps are taken to reduce the Firm's environmental footprint by drafting and implementing various office-wide policies, such as the reduction of plastic and paper, carbon-offsetting mechanisms for electricity use, enhanced travel & expense policies and other important initiatives	Even as a small team, we are **proud of our talent diversity** and of how we nurture it. We are tracking more D&I performance KPIs and introducing new recruiting, training and team initiatives In 2022, Asper formed a partnership with Shelter4Ukraine, an independent charity helping to connect Ukrainian refugees with potential hosts and housing shelters in Europe	Since we created Asper, we sought to **draw talent from the whole team** into our key roles and decision bodies. This is because we firmly believe that strong and diverse teams make better decisions.

Our Firm: Environment

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self-rating	Notes
F.E 1	Increase efficiency and reduce waste in work practices by finding smart ways to operate	# resource efficiency initiatives in place across firm	5	6		
F.E 2	Be carbon-neutral in our operations	CO_2 emissions in our operations (scope 1, 2, and 3 emissions in tons per FTE)	21.0	36.0		The emissions went slightly up in comparison with last year since business travel has started up again after COVID-19. We have implemented a Travel & Expense Policy to stimulate more sustainable travel options. We report on our CO2 inventory each year, see page 36

Continuing with our Net-zero commitment

- Financial organizations have a key role to play in achieving the objectives of the Paris Agreement and the Sustainable Development Goals. Our mission is to build and invest in renewable energy platforms, which are avoiding tons of CO_2 emissions through replacing fossil fuels.
- As part of our mission, we are committed to Net-Zero and look for areas of further carbon reduction in our own operations and at platform level. Like last year, we have contracted Royal HaskoningDHV to review our CO_2 emissions 2022 data.
- Our operational platforms avoided more than 108 kt of CO_2 emissions in 2022. This is slightly lower than previous year, since some operating assets have been sold and new projects are in construction phase, which do not yet lead to additional avoided emissions. The development and construction of a renewable energy plant will produce some degree of emissions, albeit tiny. We are committed, as net-zero investors, to report and further reduce these carbon emissions going forward.
- In 2022, we have developed a thorough methodology to better measure the GHG impact and additionality of greenfield development – see page 31 for more information on this.

Step 1. Calculation of entity's carbon footprint

Step 2. Reduction of CO_2 emissions

Step 3. Reaching Net Zero by 2040, or sooner

Category	Definition of GHG Protocol categories	Asper's explanation on performance	CO_2 emissions (in tons)
Scope 1	**Direct emissions arising from owned/controlled**	No direct emissions in own operations arising from fossil fuel or fugitives	0
Scope 2	**Direct emissions arising from owned/controlled**	No emissions in own operations from the generation of purchased electricity, heat, steam or cooling	0
Scope 3 *(most material categories included)*	**Purchased goods and services**	Emissions related to our operations (e.g., IT equipment)	1.0
	Business travel	Emissions related to business travel and hotels of employees for work	36.7
	Employees commuting & home office	Emissions related to energy consumption at home, and employees commuting to work	12.7
	Upstream leased assets	Emissions related to energy consumption of the leased office in the UK and NL	11.6
	Financed emissions*	Scope 1 and 2 emissions from investee companies we manage (based on operational control)	1,393.7
Total scope 1 + 2 + 3 generated CO_2 emissions in 2022			**1,456 tons**
"Scope 4"	**Avoided CO_2 emissions****	Avoided emissions through renewable energy generation by investee companies	**-108,681 tons**

*Methodology for calculating financed emissions can be found in the PCAF Global GHG Accounting & Reporting Standard. Financed emissions includes both Scope 1 and 2 from platform companies during reporting year. Office-related emissions are covered in 'upstream leased assets' since we lease our offices.
**Avoided emissions through the energy generation from our platforms based on an average country-specific fossil fuel mix.

Our Firm: Social

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self rating	Notes
F.S 1	Look after the physical and mental wellbeing of our team members	# team training events and firm initiatives in relation to physical and mental wellbeing	8	9		
		% employees who had an Asper-sponsored health check	50	75		
		benchmark rating of Asper's employee benefits (%)	73	N/A		We conduct the benchmark assessment on a bi-annually basis.
		% employees regularly involved in a fitness program	94	91		
F.S 2	Seek and support diversity in our team, enhancing our intellectual and cultural capital	% gender mix of investment team	23	23		
		difference in average gender pay* across all roles (%)	31	39		Calculated based on unadjusted gender pay gap methodology. Difference is mainly due to average seniority of women vs men and the proportion of women vs men in the investment team.

*Unadjusted gender pay gap is defined as the difference between the average gross hourly earnings of men and women expressed as a percentage of the average gross hourly earnings of men

Commitments for collective progress

We are deeply committed to nurturing and supporting our team, furthering learning and development and continuing our progress in diversity, equity and inclusion

- **Diversity, equity & inclusion:**
  - Hosted a Women in Energy networking event at the Asper office
  - Improved our recruitment processes, creating clearly identified D&I checkpoints
  - Created "Working at Asper" our first corporate movie (link), with team members from across the firm sharing what makes working at Asper meaningful to them
- **Learning and development:**
  - Continued development of our feedback system, shifting focus from quantitative analysis to the quality of information being shared
  - Provided team training on sensitive communication and inclusive language
  - Explored ways in which technology can support our wellbeing programme, resulting in implementation of a new HR platform
  - Facilitated a group session on mental health awareness with an external speaker
- **Taking care of our team's wellbeing:**
  - Benchmarked our employee benefits suite and extended cover, including increased critical illness protection for all employees
  - 10 wellbeing trainings/initiatives held in 2022 (from 8 in 2021)
  - Introduced a Hybrid Working Policy, helping employees fully embrace flexible working while maintaining alignment with firm goals
  - Maintained our commitment to whole team collaboration and integration with a series of team events, focused on learning and development and social wellbeing.
  - Increased engagement in our programme of preventative medicine, with 75% of the team taking advantage of comprehensive annual medical screening
  - Maintained focus on physical wellbeing >90% of the team engaged in our fitness programme

Women in Energy Event organised in the Asper office, London

Our Firm: Social

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self rating	Notes
F.S 3	Uphold a high-achieving, caring culture based on teamwork and talent development	# feedback points given & received across team	2,023	2,019		Feedback continues to form a significant element of our firm culture and talent development programme. In Q4 we concentrated on maintaining effectiveness and started to shift focus from quantity to quality
		# feedback points given & received per team member	117	108		
		# 360 meetings held	195	146		Figures dropped slightly in 2022 because we focused on higher quality input of the 360 meetings held
		# 360 meetings held per team member	11	9		
		# staff surveys	2	1		We extended the number of questions in our survey in 2022, to deep-dive into employee satisfaction on Values & Culture, Worklife Balance & Wellbeing, Training & Development, Compensation and Office & Environment
		employee Net Promotor Score (eNPS)	73	81		We use this KPI to measure how our team feels about working for our organization. It is scored from -100 to 100; we are delighted to have increased our score

Our Firm: Governance

SPECIFIC SDG TARGETS

	Asper goal	KPI	2021	2022	Self rating	Notes
F.G 1	Embed and promote empowerment and accountability across the whole organization	% of team members who presented firmwide at least twice	77	27		In 2022, we have changed the scope to Super Huddle events only to provide greater qualitative focus. All team members presented weekly at Monday Huddle
		average size of key decision-making bodies (Board, IC, PMC, RCC)	4.8	4.8		
F.G 2	Rigorously practice team-based decision making	# decisions taken by key bodies	29	49		
F.G 3	Ensure independent oversight in key governance bodies	% of decision-making bodies with independent members	80	80		
		% independent member's votes across all bodies	25	25		

5. Way Forward

*Extension of the district heating network in Amersfoort, the Netherlands

Outlook: 2023 and beyond

We made strong progress towards our key actions last year and we are looking forward to building on this in 2023 and beyond

Key actions on our pillars for 2023 and beyond:

❖ **Our Investments:**

- We will continue the biodiversity assessment at our Irish platforms together with a consortium in Ireland. The study aims to maximise the positive impacts of wind farms on biodiversity and ecosystem service provision, while mitigating the negative effects.
- We will further develop and implement decarbonization plans and the TCFD recommendations through engagement with platform companies

❖ **Our Clients:**

- We will stay compliant with SFDR and EU Taxonomy regulatory requirements and beyond to meet our own Sustainability goals and our Clients' ambitions
- We will continue our efforts within the industry for more recognition of ESG additionality of greenfield project construction (i.e., delivery of sustainability outcomes that would not have happened without investors' intervention)

❖ **Our Firm:**

- We will set up an internal D&I Steering Group to maintain focus and momentum on firm initiatives and diverse recruitment
- We will continue our efforts to reduce CO2 emissions and support sustainability in firm operations

Build The New

Please reach out

Asper likes to receive feedback or questions from stakeholders on the Integrated Report. If you want to give Asper feedback, please feel free to contact us.

Contact details

Asper Investment Management
24/25 The Shard,
32 London Bridge Street,
London, SE1 9SG.
United Kingdom

Investor Relations
investorrelations@asper-im.com

www.asper-im.com