

abrdn Concession Infrastructure ESG Policy

December 2022

For Professional and Institutional Investors only – not to be further circulated. In Switzerland for qualified investors only. In Australia for wholesale clients only.

Our Vision

Our vision is to invest for a better future. We want to make a difference for our clients, society and the wider world – whilst also delivering financial returns. Environmental, social and governance (ESG) considerations have been an integral part of our decision-making process for over 20 years. By putting sustainability at the heart of our investment process, we believe we can generate better outcomes for our clients.

Sustainability Aims and Objectives

Our primary objective in our concession infrastructure markets, funds and mandates is to achieve long term, consistent returns for our investors, through a combination of yield generation and overall return, by investing in infrastructure assets across the world.

Infrastructure provides essential public services, with many of our investments contributing to positive societal and developmental outcomes. We actively seek to integrate sustainability considerations across the investment lifecycle for our projects, engaging with stakeholders, and actively managing our portfolio.

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Sustainability Investment Criteria, Minimum Safeguards and Alignment with Global Standards

Our activities will be conducted in alignment with the following, to the extent applicable:

- UN Global Compact's 10 Principles.
- International Finance Corporation (IFC) Performance Standards or similar best practice standards OECD Guidelines for Multinational Enterprises.
- UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and International Bill of Human Rights.
- Adherence to the principle of 'do no significant harm' to the following objectives:
 - Climate change mitigation.
 - Climate change adaptation.
 - Sustainable use and protection of water and marine resources.
 - Transition to a circular economy (including waste prevention and recycling).
 - Pollution prevention and control.
 - Protection of healthy ecosystems.
- Principles for Responsible Investment (PRI).

Depending on a fund's investment objective, additional sustainability criteria may be applicable.



Scope of Application

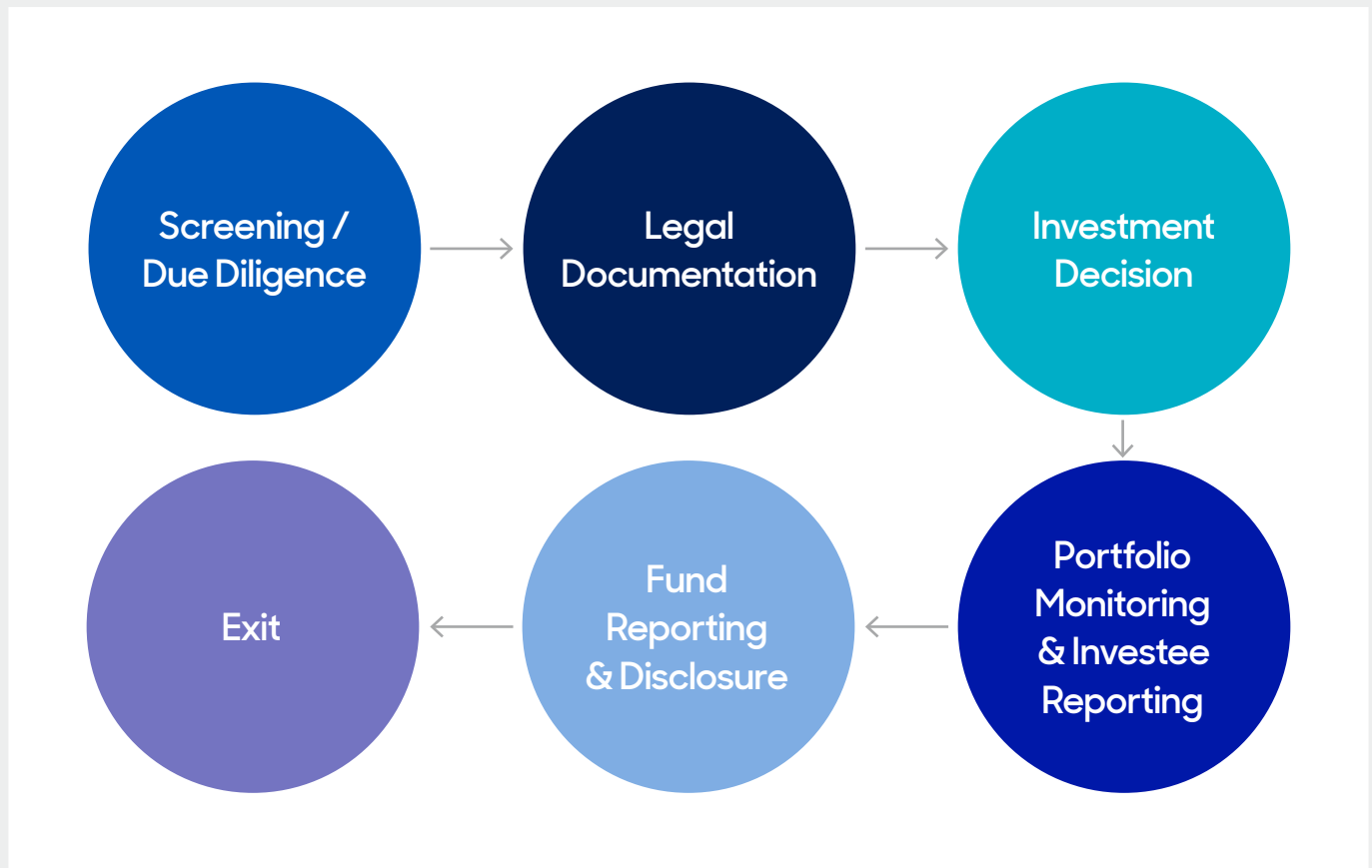
The requirements provided in this Policy are applicable across abrdn concession infrastructure markets, funds and mandates and associated operational processes. This Policy is designed to allow alignment with the requirements of the EU Sustainable Finance Disclosure Regulation (SFDR) at fund and investee level, to the extent applicable, including defining the integration of sustainability risk and how abrdn considers the Principal Adverse Impacts of its investment decisions, on sustainability factors, as appropriate. Full application of these requirements will only apply to concession infrastructure investments made from January 2023, however aspects will be applied retrospectively, where appropriate.

High-level process used to assess, monitor and report sustainability factors

Sustainability factors are integrated within our whole investment process and project lifecycle. To protect and enhance the value of our clients' assets this process aims to identify and assess:

- sustainability/ESG risks and the likely impact on returns
- opportunities to proactively manage these aspects to protect and enhance the value of our clients' assets
- for our Sustainability funds, the extent investments qualify as environmentally or socially sustainable.

The key stages of our investment process are set out below:



Screening, Deal Sourcing and Due Diligence

Our deal teams integrate consideration of sustainability factors within Screening, Deal Sourcing and Due Diligence, as follows:

- Sustainability objectives, risks and impact are identified as part of preliminary screening and materiality assessments.
- If material sustainability-related issues are identified, an enhanced level of due diligence may be required, and/or the project is declined.
- If the investee is operational and has a trading history, we will assess sustainability-related data and documents including policies, processes and governance practices. We will also conduct management interviews and assess capacity and capability, as appropriate.
- If the investee is a new build/greenfield opportunity, we will assess the proposed key contractors and operational management's capacity and capability.
- We will ensure that our key project stakeholders (e.g. counterparties, co-Investors, operators and suppliers) undergo KYC and are appropriate partners.
- We will appoint specialist technical advisors with competence in the assessment of sustainability considerations in infrastructure, focusing on both identification of adverse sustainability factors and associated mitigation/actions plans; as well as opportunities to add value to the project.

Legal Documentation

Where appropriate, sustainability factors are included within the legal documentation which may include: Shareholders Agreement; Design & Construction Agreement; Operations & Maintenance Agreement; Management Services Agreement (MSA).

In summary, key requirements at the project level, during both construction and operation include but are not limited to development, maintenance, and/or reporting of:

- Annual data on the sustainability performance and impact of material issues.
- A Health and Safety management system and Policy.
- An Environmental Management System and Policy.
- An Anti-bribery Management System and Policy.
- A Whistle-blower and Grievance Policy.
- Material environmental and/or social (including health and safety) events and actions taken/planned to mitigate impacts.

Initial Investment Approval (TIR)

Each Transaction Introduction and Review (TIR) submitted to Investment Committee (IC) for approval should include an initial assessment of ESG risks and opportunities and potential sustainability contribution.

Full Investment Decision

Each Full Investment Paper presented to IC for consideration must contain a section detailing findings from due diligence and proposed arrangements of the transaction to align with the requirements of this Policy, ESG legal requirements and good practice. In order to obtain Investment approval, sustainability objectives, material impacts (positive and negative) and material ESG risks alongside any mitigating factors must be identified and highlighted to the IC.

Pre-complete (PC)

The PC paper is presented prior to entering into an investment obligation, confirming whether there have been any material departures from the investment approval sanctioned through the Full Investment Paper.

Portfolio Monitoring and Investee Reporting

Following formal IC approval and then financial close, we shall ensure there is an appropriate governance structure to enable integration of sustainability requirements. Opportunities and issues of concern post investment will depend on the nature and location of the asset(s); they include but are not limited to, occupational health and safety (OHS), community health and safety, labour conditions, safety and security, resettlement, biodiversity, cultural heritage, stakeholder engagement, procurement and supply chain management.

SPV Board make-up will be determined and then supplemented with non-executive directors if required, depending on the size, nature and capabilities of the investee. The SPV Board would typically be responsible for (or as delegated):

- Ongoing compliance with the requirements of the SPV ESG Policy.
- Sustainability matters included as a standing item on SPV Board meetings agenda.
- Direct engagement with investee management on sustainability matters.
- Implementation of any Action Plan, ensuring any other post-closing issues and KPIs are monitored.
- Timely reporting of sustainability-related data from the Investee to the SPV Board.
- Contractors and operators are fulfilling their obligations, to include using audits, as required.
- Escalation/reporting of material incidents and associated corrective actions.

Transparent Fund Reporting & Disclosure

In addition to formal reporting to our Limited Partners, other stakeholders, and as required in line with the Sustainable Finance Disclosure Regulation (SFDR), we are committed to disclosing:

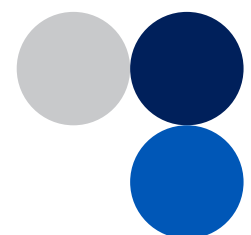
- For our sustainable funds, how and to what extent investments qualify as environmentally or socially sustainable.
- How sustainability risks are integrated into investment decisions and the likely impact on the return of each fund.
- The overall sustainability-related impact of the fund.

How this policy is maintained and applied

This policy will be reviewed annually and updated as required.

Allocation of responsibility for policy implementation

Implementation of this policy is the responsibility of the Infrastructure Heads of Fund, with support from the Sustainability team.



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