

Infrastructure ESG Policy

December 2021

In EU/EEA for Professional Investors, in Switzerland for Qualified Investors - not authorised for distribution to retail investors in these regions.

01 Scope of Application

The requirements provided in this Policy are applicable across all of abrDN 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 Regulation¹ at the fund and investee level, to the extent applicable, as appropriate.

02 Our Vision

At abrDN, our vision is to invest for a better future. We want to make a difference for our clients, society and the wider world – while also delivering financial returns. Environmental, social and governance (ESG) considerations have been an integral part of our decision-making process for almost 30 years. By putting ESG factors at the heart of our investment process, we believe we can generate better outcomes for our clients.

For more on abrDN's approach and commitments please see our Responsible Investment [website](#).

03 abrDN's Infrastructure's Sustainability Aims and Objectives

abrDN's primary objective in our 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. In addition we actively integrate sustainability considerations across the investment lifecycle for our projects, engaging with stakeholders, and actively managing our portfolio.

04 abrDN's ESG principles

We put stewardship and ESG considerations at the heart of:

Our investment process

We integrate and appraise environmental, social and governance (ESG) factors in our investment process, with the aim of generating the best long-term outcomes for our clients.

Our client journey

we clearly define how we act in our clients' interests in delivering our stewardship and ESG principles and transparently report on our actions to meet those interests.

Our investment activity

we actively take steps as stewards and owners to protect and enhance the value of our clients' assets.

Our corporate influence

we actively advance policy, regulation and industry standards to deliver a better future for our clients, the environment and wider societal stakeholders.

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector and related draft Regulatory Technical Standards



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05 Sustainability Investment Criteria, Minimum Safeguards and Alignment with Global Standards

abrdn's 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:
 - protection of water resources;
 - transition to a circular economy;
 - pollution prevention and control;
 - healthy eco-systems
 - fundamental International Labour Organisation conventions (as, above).

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

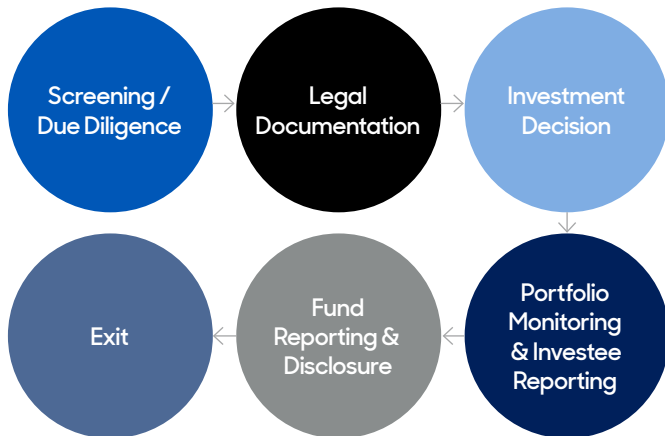
This Policy is supported by documented operational procedures, which sets out in greater detail the processes, tools and templates available.

Sustainability factors are integrated within our whole investment process and project lifecycle. This process aims to identify and assess the ESG risks and opportunities in potential investments and enables us to proactively manage these aspects accordingly post acquisition/ investment. We actively take steps as managers to protect and enhance the value of our clients' assets.

These processes are aligned with the six Principles for Responsible Investment (PRI), in that abrdn:

- incorporates ESG issues into investment analysis and decision-making processes
- are active owners and incorporate ESG issues into our ownership policies and practices
- seeks appropriate disclosure on ESG issues by the entities in which we invest
- promotes acceptance and implementation of PRI within the investment industry
- works to enhance our effectiveness in implementing PRI.
- reports on our activities and progress towards implementing PRI.

The key stages of our process are set out below:



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Screening, Deal Sourcing and Due Diligence

Our deal teams integrate consideration of sustainability factors within Screening, Deal Sourcing and Due Diligence, as provided in the following examples, where appropriate:

- Sustainability factors and risks 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
- 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; plus opportunities to add value to the project.

Legal Documentation

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

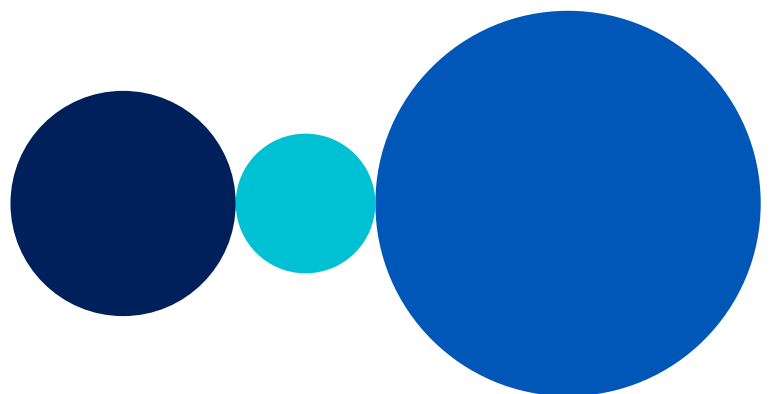
In summary, key requirements at the project level, during both construction and operation include but are not limited to development, maintenance, and/or reporting of:

- a Health and Safety management system
- an Environmental Management System
- an Anti-bribery Management System
- a Whistle-blower and Grievance policy
- annual data to enable provision of climate and other environmental indicators and various social and employee matters
- material environmental and/or social (including health and safety) events and actions taken/planned.

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
- confirmation that the due diligence scope planned meets full requirements set out in this ESG Policy
- due diligence is planned to be conducted in line with the documented operational procedures.



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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, and ESG legal requirements and good practice. In order to obtain Investment approval, ESG risks must be identified and highlighted to the IC, alongside any mitigating factors.

This typically includes presentation of:

- Due diligence findings: material sustainability-related risks and opportunities, identification of adverse indicators and associated mitigation/actions
- Confirmation of alignment of meeting the requirements set out in this Policy: including specifically the criteria included with 'Sustainability Investment Criteria, Minimum Safeguards and Alignment with Global Standards'
- Confirmation of alignment of ESG legal requirements and good practice
- Action Plan: allocation of responsibility (eg SPV, investee, contractor etc) and Conditions Subsequent/Precedent etc, as required.

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 this 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:

- Being transparent and persuasive in communication and discussion of sustainability strategy, approach and performance with clients and stakeholders
- Staying connected to clients on their evolving thinking on sustainability, making sure that products and infrastructure solutions are in line with their aspirations.

07 How this policy is maintained and applied

This Policy will be reviewed annually, and updated as required.

08 Allocation of responsibility for policy implementation

Implementation of this Policy is the responsibility of the Infrastructure Heads of Fund, with support from the ESG team.

This communication constitutes marketing, and is available in the following countries/regions and issued by the respective abrdn group members detailed below. abrdn group comprises abrdn plc and its subsidiaries:

(entities as at 1 January 2022)

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¹ In EU/EEA for Professional Investors, in Switzerland for Qualified Investors – not authorised for distribution to retail investors in these regions.

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