Aberdeen Standard Investcorp Infrastructure Partners

Environmental Social and Governance (ESG) Policy
August 2021

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Glossary

ASIIP	Aberdeen Standard Investcorp Infrastructure Partners
ESAP	Environmental Social Action Plan
ESDD	Environmental Social Due Diligence
ESG	Environmental Social and Governance
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMPF	Environmental and Social Management Planning Framework
ESMS	Environmental and Social Management System
ESP	Environment and Social Policy
ESS	Environment and Social Standard
GCC	Gulf Cooperation Council
GRM	Grievance Redress Mechanism
IFC	The International Finance Corporation
IPP/ IPPF	Indigenous People Plan/ Indigenous People Plan Framework
MENA	Middle East and North Africa
RP/ RPF	Resettlement Plan, Resettlement Plan Framework

Background

We aim to achieve long term, consistent returns for our investors, through a combination of yield generation and overall return, by investing in core infrastructure assets across the GCC and MENA region.

Infrastructure involves the provision of essential public services, hence recognising stakeholders' requirements, considering ESG risks and impacts are critical components of successful investing. We engage in active management with a key focus on appropriate governance and responsible investing.

Principles

We believe that a company run in the long-term interests of its shareholders should manage its relationships with its employees, suppliers, and customers, and behave responsibly towards the environment and society. This is best done through strong and effective governance at board level and beyond.

Companies that demonstrate a commitment to environmental and social responsibility are likely to enjoy a comparative advantage in the long run. Companies that fail to maintain adequate governance processes to manage these issues increasingly risk damage to their reputation, brand and image that can negatively impact their financial performance

ASIIP has been created to invest in Infrastructure assets, we believe it is important that we seek best practice standards of ESG management with a view to protecting and enhancing the value of the investments made on behalf of our clients.

Objective

Our ESG policy sets forth mandatory environmental, social and governance requirements for all investments.

Through the implementation of this Policy, we believe we are consistent with international accepted standards and principles including IFC Performance Standards and our investors' Environmental and Social Policies requirements. We are also subject to (a) Our Environmental and Social Exclusion List, (b) applicable host country national laws for the investments; and (c) the applicable Environmental and Social Standards (ESSs) as detailed in our ESG processes and procedures.

ESG Requirements

Our investment process aims to identify and assess the ESG risks in investments and our ability to manage and respond to these accordingly post acquisition/investment. The process will include the following steps:

A. Pre-investment

Step 1: Screening and Categorization (Initial ESG Toolkit)

A. Exclusion List: Screen the investment for excluded activity (Appendix 1) and prohibited practice *(Appendix 6)*
B. Categorization: Determine the categorization *(Appendix 2)* of the investment
C. Applicability of ESSs: Establish if there has been/will be any adverse ESG risks and impacts, involuntary resettlement or impact on Indigenous Peoples. (*Appendix 3*)

Step 2: Due Diligence –Review (Documents including Project Appraisal Form (Appendix 4), and other applicable documents (e.g., ESDD, ESAP)

A. Appraisal: Evaluate the investment in a manner that is (a) appropriate to its nature and scale; and (b) proportional to the level of potential ESG risks and impact. This may be supplemented using independent consultants.
B. Review of investment documentation: Evaluate the following (a) have all key risks and impacts been identified; (b) if applicable, have all effective measures been incorporated into the design or Environmental and Social Management Plan (ESMP)/ Planning Framework (ESMPF); (c) are committed and capable resources available to manage the risks and impact; (d) have the role(s) of third parties been defined; and (e) has there been consultation with any affected people.
C. Consultation: Evaluate whether the procuring authority or/ and others has engaged in meaningful consultation with stakeholders during the investment's preparation and implementation phases, in a manner commensurate with the risks to, and impacts on, those affected by the investment.
D. Disclosure and Availability: Evaluate whether the procuring authority or/ and others have made/ are making disclosure of the project available in a timely and accessible manner and in a form and language(s) understandable to the project-affected people, other stakeholders, and the public.
E. Regulatory permits: Ensure that all relevant host country regulatory permits have (or will be) been obtained.
F. Site visit: Conduct site visit to the investment

Step 3: Due Diligence – Assessment (ESIA, ESMP and other applicable documents which may include ESMS, IPP/ IPPF, RP/ RPF as relevant and others)

A. Requirement: Depending on the ESG categorization, ensure that an assessment is conducted for ESG risks and impacts (e.g., ESIA, equivalent, and others).
B. Elements: The ESIA would include (a) description of the investment; (b) policy, legal and administrative framework, including the international and national legal framework applicable to the investment; (c) scoping, including stakeholder identification and consultation plan; (d) available information regarding the analysis of alternatives, including the "without investment" situation carried out by the procuring authority; (e) as far as possible, baseline environmental and

social data; (f) evaluation of environmental and social risks and impacts; (g) details of any public consultation and information disclosure; and (h) development of mitigation, monitoring and management measures and actions in the form of an ESMP or ESMPF.

C. Requirement: Depending on the ESG categorization, ensure that provision is made for mitigation and monitoring (e.g., ESMP/ ESMPF, equivalent and others).
D. Elements: The ESMP would include (a) mitigation measures; (b) environmental and social monitoring and reporting requirements; (c) related institutional or organizational arrangements; (d) provisions for information disclosure; (e) capacity development and training measures; (f) implementation schedule; (g) cost estimates, if relevant; and (h) performance indicators.
G. Grievance Mechanism: Evaluate whether the procuring authority or/ and others (a) have or will establish a suitable grievance mechanism to receive and facilitate resolution of the concerns or complaints of people who believe they have been adversely affected by the investment; (b) informed investment-affected people of its availability.

B. Post-investment

Step 4: Monitoring and Reporting:

A. Reporting: If applicable, ensure that the investment is implemented in compliance with the ESAP/ ESMP/ ESMPF and to furnish the fund with periodic monitoring reports on the performance, including environmental and social risks and impacts.
B. Monitoring: Review investment's performance against obligations set forth in legal agreement on an ongoing basis until investment exit.

Portfolio and investment information

We will furnish investors with monitoring reports (Appendix 5) on the performance, including ESG risks and impacts. In the event of significant adverse ESG news of any investment, we commit to inform our investors promptly. We will also disclose the name, location, sector, grievance redress mechanism, appropriate ESMP/ ESMPF and relevant links to Category A and selected Category B investments on our website, within twelve months from closing an investment.

Capability Building and Collaboration

We will facilitate the timely and effective sharing of knowledge, skills and insights on relevant ESG factors within ASIIP and together with relevant joint venture companies ASI / Investcorp's teams and support from the Central ESG Investment & Stewardship team. ESG will be a dimension of role descriptions, objectives, performance management and continued professional development for all relevant investment staff. We will help lead the Infrastructure sector in practising responsible investing, through collaboration with clients and industry partners, and through the demonstration of best practice.

Transparency and Integrity
We will be transparent and persuasive in communication and discussion of ESG strategy, approach and performance with clients and stakeholders. We will stay connected to clients on their evolving thinking on ESG. We will continue to have a formal communication and governance structure which is responsible for the implementation of this Policy and which keeps the approach under review, identifying new trends and targets as appropriate.

Managing Partner
Aberdeen Standard Investcorp Infrastructure Partners
August 2021

This policy is scheduled to be reviewed within two years from the signed date above.

Appendix 1 – Exclusion List

Our investment process aims to identify and assess the ESG risks in potential investments and our ability to manage and respond to these accordingly post acquisition/investment, whilst we take a risk-based approach there are certain investment types that we see as incompatible with our responsible investment policy and as such we will not invest in the following activities:

1. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans.*
2. Production or trade in weapons and munitions (including paramilitary materials).
3. Production or trade in alcoholic beverages.
4. Production or trade in tobacco.
5. Gambling, casinos and equivalent enterprises.
6. Coal related activities (including mining, transport, power plant, infrastructure services) **
7. Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
8. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest or old-growth forests.
9. Production or trade in wood or other forestry products other than from sustainably managed forests.
10. Trade in wildlife or production of, or trade in, wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora
11. Trans-boundary movements of waste prohibited under international law (Basel Convention)
12. Production of, trade in, or use of unbonded asbestos fibres
13. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.
14. Shipment of oil or other hazardous substances in tankers that do not comply with IMO requirements (IMO, MARPOL, SOLAS and Paris MOU)
15. Any investment which will involve (i) an international waterway or (ii) de facto government (as defined in the OP on IR), (iii) or a disputed area, (iv) or an entity or transaction that would be prohibited by a measure decided by the UN Security Council under Chapter VII of the Charter of the UN.

* Includes activities prohibited by legislation of the country in which the investment is located or by international conventions relating to the protection of biodiversity resources or cultural resources, such as, Bonn Convention, Ramsar Convention, World Heritage
Convention and Convention on Biological Diversity, polychlorinated biphenyl (PCBs), Rotterdam Convention, Stockholm Convention and Montreal Protocol.
** Coal mining, coal transportation or coal-fired power plants, as well as infrastructure exclusively dedicated to support any of these activities will also be excluded.

Appendix 2 – Categorization

A

Definition: An investment is categorized A if it is likely to have significant adverse environmental and social impacts that are irreversible, cumulative, diverse or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works and may be temporary or permanent in nature.

Requirement: The fund/ investee is required to conduct an ESIA or equivalent environmental and social assessment and prepare an ESMP/ ESMPF, which is included in the ESIA report for the investment. The assessment examines the investment's potentially negative and positive environmental and social impacts and recommends any measures needed to avoid, minimize, mitigate, or compensate for adverse impacts and improve environmental and social performance of the investment. Includes a comparison with feasible alternatives including the investment not going ahead.

B

Definition: An investment is categorized B if it has a limited number of potentially adverse environmental and social impacts; the impacts are not unprecedented; few if any of them are irreversible or cumulative; they are limited to the investment area; and can be successfully managed using good practice in an operational setting.

Requirement: The fund/ investee is required to conduct an initial review of the environmental and social implications of the investment. On the basis of this review, determine the appropriate instrument to assess the investment environmental and social risks and impacts, on a case-by-case basis. The fund may determine that an environmental and social assessment or another similar instrument is appropriate for the investment. The scope of the assessment may vary from investment to investment but is narrower than a Category A ESIA (above). As in the case of a Category A investment, the assessment examines the investment's potentially negative and positive environmental and social impacts and recommends any measures needed to avoid, minimize, mitigate, or compensate for adverse impacts and improve environmental and social performance of the investment.

C

Definition: An investment is categorized C if it is likely to have minimal or no adverse environmental and social impacts.

Requirement: The fund does not require an environmental and social assessment, but does require a review of the environmental and social implications of the investment.

Appendix 3 – Application of ESSs

Environmental and Social Standard 1 Environmental and Social Assessment and Management: ESS 1 applies if the investment is likely to have adverse environmental risks and impacts or social risks and impacts (or both). The scope of the environmental and social assessment and management measures are proportional to the risks and impacts of the investment. ESS 1 provides for both quality environmental and social assessment and management of risks and impacts through effective mitigation and monitoring measures during the course of investment implementation.

Environmental and Social Standard 2 Involuntary Resettlement: ESS 2 applies if the investment's screening process reveals that the investment would involve Involuntary Resettlement (including Involuntary Resettlement of the recent past or foreseeable future that is directly linked to the investment). Involuntary Resettlement covers physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land and natural resources; loss of assets or access to assets, income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers such displacement whether these losses and involuntary restrictions are full or partial, permanent or temporary.

Environmental and Social Standard 3 Indigenous Peoples[1]: ESS 3 applies if Indigenous Peoples are present in, or have a collective attachment to, the proposed area of the investment, and are likely to be affected by the investment. The term Indigenous Peoples is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the investment area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social or political institutions that are separate from those of the dominant society and culture; and (d) a distinct language, often different from the official language of the country or region. In considering these characteristics, national legislation, customary law and any international conventions to which the country is a party may be taken into account. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the investment area because of forced severance remains eligible for coverage, as an Indigenous People, under ESS 3.

1 There is no universally accepted definition of Indigenous Peoples. Indigenous Peoples may be referred to in different countries by such terms as "indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups."

Appendix 6 - Prohibited Practices

1. **Highest ethical standards.** The Fund requires all parties to adhere to the highest ethical standards as defined in its policies and the terms and conditions of the corresponding agreements (as applicable).
2. **Prohibited Practices**. No party may engage in any of the following Prohibited Practices in any Project:
    - **a.** **Coercive Practice:** impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of a party to influence improperly the actions of a party.
    - **b.** **Collusive Practice:** an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
    - **c.** **Corrupt Practice:** the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.
    - **d.** **Fraudulent Practice:** any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
    - **e.** **Misuse of Resources:** improper use of the Fund's resources, carried out either intentionally or through reckless disregard.
    - **f.** **Obstructive Practice:** any of the following practices:
        - i. deliberately destroying, falsifying, altering or concealing of evidence material to an investigation;
        - ii. making false statements to investigators in order to materially impede a Bank investigation into allegations of a Prohibited Practice;
        - iii. failing to comply with requests to provide information, documents or records in connection with a Bank investigation;
        - iv. threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to an investigation or from pursuing the investigation; or
        - v. materially impeding the exercise of contractual rights of audit or inspection or access to information.
    - **g.** **Theft:** the misappropriation of property belonging to another party.