

ESG POLICY & FRAMEWORK

The Transformational Power of Investment



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1. DEFINITION AND APPLICABILITY OF THE POLICY

This Policy applies to Asterion Industrial Partners SGEIC, S.A. (“**Asterion**” or the “**Company**”), all its employees and parties directly or indirectly involved in the investment process.

This policy is an updated and enhanced version of Asterion’s previous ESG policy. It has been formally approved by the company’s Board of Directors on 29th October 2019 with the goal of:

- Aligning the Company’s strategy with best practices and market standards in Environmental, Social and Governance (“**ESG**”) matters
- Defining specific areas of focus and creating an internal governance structure
- Creating a framework that contributes to promote ESG among key stakeholders

2. WHY ESG

Infrastructure assets and businesses provide a critical public service and have a wide-reaching impact on societal development and well-being. In addition to this intrinsic social value, we believe that as investors and owners of these businesses, it is in our hands to promote and further ESG through an active and positive governance model. ESG integration into the investment process and the day-to-day management of our business and portfolio companies is a fundamental requirement of our business model, in addition to producing differentiated returns for our investors. Results are central to our mandate, but in our opinion the focus on how those results are achieved is equally as important.

The world is facing a growing number of complex global challenges including climate change and social inequality. ESG management is an effective tool for mitigating and managing those risks, as well as becoming a source of new opportunities and competitive advantage. It is key to the sustainability of infrastructure and provides the necessary capacity to adapt to a changing and increasingly complex environment. In addition, it has been demonstrated that companies with good ESG management face lower risks and produce higher long-term profitability.

Asterion is aware of the great responsibility entailed in managing third-party capital, as well as on the impact its activity has on the broader economy and society. The Company's approach to ESG management is central to its strategy and fully integrated in its investment process and operations. Asterion gives us the opportunity to use **the transformational power of investment** to contribute to improving society while delivering attractive returns to our investors. Our values reflect our approach:



3. ESG FRAMEWORK USING INDUSTRY STANDARDS AND GUIDELINES

3.1. Partnerships and alignment with industry bodies



Asterion is a signatory member of the UN's Principles for Responsible Investment (UNPRI) since February 21st, 2020.



Asterion follows ILPA industry guidelines and best practices to foster transparency, good governance and alignment of interests with our investors and the market.

3.2. International guidelines as a reference



Asterion's ESG material topics follow the SASB standards (Sustainability Accounting Standards Board) as a reference guide. These standards focus on financially material ESG issues.



Recommendations made by the EU High-Level Expert Group on Sustainable Finance in its Report on Climate Benchmarks and Disclosures have also been considered.



Asterion is committed and aligned with the UN’s Sustainable Development Goals to help address major global challenges.

4. MATERIAL TOPICS

We believe it is important to address ESG within our investments on a strong basis of materiality, particularly in the context of the relevant sectors and industries within the focus of the mandate. Our analysis extends to the most relevant topics affecting the different industries we invest in, with strong alignment to the abovementioned standards as well as Asterion’s values. Our ESG focus and efforts mainly revolve around a list of material topics as outlined below:

E	Climate change and low-carbon economy	<ul style="list-style-type: none"> ✓ Control and reduce Carbon and Greenhouse Gas Emissions ✓ Promote energy efficiency and transition to clean energy ✓ Support investments in-line with a low-carbon economy
	Efficient use of resources	<ul style="list-style-type: none"> ✓ Minimize the use of resource input and the creation of waste and pollution ✓ Improve productivity of resources
	Environmental impact on ecosystems	<ul style="list-style-type: none"> ✓ Assess and decrease the physical impact of infrastructure on ecosystems and biodiversity
S	Social progress and human rights	<ul style="list-style-type: none"> ✓ Stimulate economic growth and promote infrastructure as a development driver through mobility, interconnectivity, etc. ✓ Take care of health and safety at work ✓ Ensure sustainable value chains and further human rights and equality
	Diversity and inclusion	<ul style="list-style-type: none"> ✓ Foster diversity in all its forms (gender, background, age, nationality) in hiring and promotion to build a more inclusive culture
	Well-being in the workplace	<ul style="list-style-type: none"> ✓ Initiatives around the work place including fair wage policies, professional training, employee empowerment, health and wellness and work-life balance
G	Transparency, ethics and integrity	<ul style="list-style-type: none"> ✓ Proactive, regular and clear stakeholder engagement and dialogue in adherence with regulation and public policy ✓ Zero tolerance policy towards corruption and bribery ✓ Guarantee Data Privacy and Cybersecurity
	Shared success	<ul style="list-style-type: none"> ✓ Define short and long-term incentive plans for Portfolio companies ✓ Align portfolios with our materiality and SDG’s contribution
	Full ESG integration	<ul style="list-style-type: none"> ✓ Apply rigorous ESG policy during full investment life cycle ✓ Develop strong ESG culture in portfolio companies ✓ Monitor and report regularly on ESG Risks and Opportunities

This list of material topics provides the overarching framework for Asterion’s ESG strategy and is also the basis for determining and setting the relevant assessment metrics. It will be periodically reviewed to ensure the validity of the relevant topics, incorporating evolving developments in market and industry standards and guidelines as well as feedback from investors, which will be gathered through annual surveys.

Furthermore, Asterion’s goals are aligned with the UN’s Sustainable Development Goals to help address major global challenges. Its most direct impact is related to SDG 9, which is focused on "building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation". Nevertheless, Asterion’s strategy will also have an impact on other SDGs, which we intend to strongly align ourselves with and continue to promote as long-term goals of our activities. The below list includes SDGs addressed by Asterion’s strategy:



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Achieve gender equality and empower all women and girls.



Ensure access to affordable, reliable, sustainable and modern energy for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Take urgent action to combat climate change and its impacts.



Reduce inequality within and among countries.



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Additional information on the above SDGs can be found on <https://sustainabledevelopment.un.org/>.

5. ESG INTEGRATION IN OUR GOVERNANCE

Implementing a sustainability strategy in a company requires organizing structures and processes that ensure investment decisions are made according to the defined ESG criteria. Asterion is focused on systematically integrating ESG into the investment process through the following organizational structure and processes:

- **Investment Team:** responsible for including ESG in the due diligence analysis of an investment opportunity as well as identifying and monitoring ESG targets as part of the post-acquisition plan within portfolio companies. ESG is integrated and forms part of the analysis presented to the Investment Committee.
- **ESG Manager:** responsible for leading and coordinating all ESG activities at Asterion, working closely with the investment teams and reporting to the Investment Committee.
- **Investment Committee (IC):** formed by the three Partners, it is responsible for the supervision, approval, review and update of Asterion’s ESG strategy and its implementation. As the ultimate decisioning making body on investments, portfolio and exits, the IC will take

into consideration ESG matters in the same way as any other factors (financial, operational, strategic) and may request additional information on specific ESG topics. When necessary, external experts may be hired to assist with this ad-hoc analysis.

Within the IC, one of the Partners will be specifically focused on overseeing the Company's ESG strategy and, as "ESG Ambassador", will coordinate and lead all communications to investors and other stakeholders on these matters.

Asterion's goal is to continue to make sustainability an integral part of the Company's culture, extending responsibility throughout the organization. To this end, all team members have been involved in creating the Company's ESG strategy.

The team will be provided with ongoing annual training on how to better integrate ESG in the overall investment approach as well as on the evolving ESG initiatives around the Company. Furthermore, the team's incentives will be linked to the delivery of the ESG strategy, among other things.

6. APPLICATION TO THE INVESTMENT PROCESS

Asterion, through its active asset management strategy, is well positioned to significantly improve awareness of the importance of ESG and to implement processes and measures to improve ESG-related matters within its portfolio.

During the various stages of the investment process, Asterion will consider all relevant ESG themes as part of a comprehensive review of an investment opportunity:

1. Pre-Screening: Exclusions
2. Due Diligence
3. Decision Making: Investment Committee
4. Post-Acquisition & Reporting
5. Incident Management

According to the classification by the European Sustainable Investment Forum (Eurosif) of the different applicable ESG strategies, Asterion as a participant in the European financial markets, follows the main recommendations suggested in an effort to achieve long-term sustainable returns and provide for stable, well-functioning, well governed social, environmental and economic systems. These strategies among others include specific ESG selection criteria & screening, exclusions, ESG integration and engagement, all around the theme of sustainability, which is in line with both Asterion's approach to ESG and also its industrial, hands-on and active asset management.

6.1. Pre-Screening: Exclusions

While the focus of the mandate is investing in European infrastructure, Asterion takes a holistic view on all sectors and has a specific policy on exclusions as part of the screening process of potential new opportunities. While the list of exclusions does include some sectors that are less

relevant to the scope of the mandate, it is aligned with the overall values and cultures of the Company. The sectors and industries that are currently excluded:

- Tobacco
- Alcohol
- Adult entertainment
- Weapons of any kind
- Gambling
- Coal, oil production and nuclear power (unless they represent a very marginal activity within a broader portfolio. In these situations, a case by case analysis will be carried out requiring a high level of assurance on the business risks. If after careful consideration and analysis the investment were to be carried out, there will be clear willingness from Asterion to make it greener and reduce its risks and impact on the ecosystem.)
- Companies in tax heavens (according to the European Commission's list of non-cooperative countries) and companies operating in countries covered by international sanctions or demonstrating breach of UN's Global Compact's principles or OECD guidelines

6.2. Due Diligence

The investment team carries out an ESG analysis as part of the due diligence process (both in the preliminary and confirmatory due diligence phases). Findings and conclusions obtained are included in the investment memorandum presented to the Investment Committee, which will consider these as part of the investment decision making.

We have developed a standard due diligence check list that covers the relevant topics to be analyzed at this stage. This document is available upon request.

Depending on each situation, the investment team may decide to hire external experts to assist with the ESG due diligence or to carry out specific ESG audits.

When relevant ESG risks are identified, additional ESG Due Diligence may be required and / or a corrective action plan may be included as part of the agreed transaction terms.

6.3. Decision Making: Investment Committee

The Asterion Investment Committee holds the responsibility for the supervision, approval, review and update of Asterion's ESG strategy and its implementation. ESG-related risks and potential value-add measures are considered as part of the analysis of a transaction and brought to the IC, who take these matters into account alongside other relevant factors.

As the ultimate decisioning making body on investments, portfolio and exits, the IC will take into consideration ESG matters in the same way as any other factors (financial, operational, strategic) and may request additional information on specific ESG topics. When necessary, external experts may be hired to assist with this ad-hoc analysis.

Within the IC, one of the Partners will be specifically focused on overseeing the Company's ESG strategy and, as "ESG Ambassador", will coordinate and lead all communications to investors and other stakeholders on these matters.

6.4. Post-acquisition & Reporting

ESG targets are set for each portfolio company as part of the Post-acquisition Operating & Strategic Targets ("POST") Plan. This POST plan includes targets for the short term (120 days), medium term (6 to 24 months) and long term (over 24 months). Relevant ESG issues from the due diligence findings are formally addressed during those 120 days and then reviewed and monitored over the medium and long-term.

These targets are monitored by the investment team through ongoing and fluid dialogue with the management teams, and a selection of quantitative KPIs to measure its progress are reported on a quarterly basis. Qualitative updates on the evolution of ESG matters are also included in the quarterly reporting.

When new ESG opportunities or risks arise at a portfolio company, Asterion will assist management teams in developing action plans to adequately manage them. It is Asterion's intention to discuss ESG matters at portfolio companies' Board of Directors.

Among the different areas Asterion will focus on at its portfolio companies, alignment of interest and shared profit are central principles in line with the Company's values. Asterion will work to align management teams with ESG goals by linking their remuneration structures to them where applicable. Profit sharing is key to Asterion's culture and we will work to implement it through Management Equity Programs as part of the transaction parameters where possible.

It is Asterion's intention to develop specific ESG programs focused on selected material topics to help companies across its portfolio improve and implement best practices. In the short term, Asterion plans to launch the "*Stay on Trends*" initiative which will consist of creating communities around all of its stakeholders, including portfolio company management teams and investors, to collectively share ESG trends and insights on selected topics on an annual basis, with the goal of providing updates on the main challenges and opportunities.

6.5. Incident Management

Should an ESG incident arise, the investment team will inform the ESG manager and the Investment Committee as soon as they become aware of the issue. After assessing the importance of the incident, Asterion will inform its investors as soon as reasonably practicable, also in accordance with the urgency of the matter. ESG incidents are also included in quarterly reports and Asterion maintains an internal incident register.

7. ESG APPLIED TO ASTERION AS A COMPANY

In addition to integrating ESG into its investment process, Asterion has sustainability enshrined in its culture and works to apply the same best-in-class standards both at portfolio company level

and at Asterion as a Company. An internal set of guidelines have been developed containing initiatives to promote ESG integration within the company and among its employees. We believe ESG integration is also fundamental to attracting and retaining top talent within an evolving and competitive generation.

These guidelines follow the main pillars of the Asterion culture & values:

- **Head & Heart Team:** initiatives to increase awareness of the team on ESG matters, to improve well-being and work-life balance, to foster ongoing professional and career development and a dedicated commitment to diversity.
- **Change Agent in Society:** initiatives to reduce and mitigate our environmental footprint, to raise awareness among the team and to engage with local communities in infrastructure-related and socio-educational projects.
- **Agile & Aligned Partner:** initiatives to ensure transparency, dialogue and the highest ethical standards, promote responsible ESG practices with the people we work with (providers, advisors) and become a proactive player in promoting and implementing these initiatives.

We will continue to monitor and update these initiatives to remain current in today's environment as well as focused on ensuring we can retain and promote our culture and values sustainably for the long-term.

8. TRANSPARENT AND UP-TO-DATE INFORMATION

Asterion makes the following documents available on its website (www.asterionindustrial.com): a copy of this policy and any relevant ESG report produced by the Company. For additional information, please contact:

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