RESPONSIBLE INVESTMENT POLICY

The Transformational Power of Investment



ASTERION

INDUSTRIAL

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1. INTRODUCTION AND PURPOSE

Asterion Industrial Partners is an independent investment management firm focusing on infrastructure investments in the European mid-market. Its strategy is mainly focused on the telecom, energy & utilities and mobility sectors, across Iberia, Italy, France, and the UK (opportunistically rest of Europe). Headquartered in Madrid and with presence in London, Asterion combines transactional and operational experience with an industrial approach and active asset management within an independent and nimble platform. Asterion aims to promote operational transparency, responsible investment practices, best-in-class governance, and a strong culture both for itself and in the companies in which it invests.

This Responsible Investment Policy (hereafter referred to as "the Policy") outlines Asterion's commitment to integrate a responsible approach to the investment process and the management of its operations through the consideration of environmental, social and governance (ESG) factors. As a signatory of the UN Principles for Responsible Investment (UN PRI), Asterion aligns its investment practices with globally recognized standards for responsible investment.

2. POLICY SCOPE

This Policy applies to Asterion Industrial Partners SGEIC, S.A., ("**Asterion**" or the "**Company**"), the funds managed by it (the "**Funds**"), and 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 and it has been formally approved by the Company's Board of Directors.

3. OUR COMMITMENT TO ESG

Asterion believes it is its duty to responsibly manage its third-party capital by positively contributing to the broader economy, the environment and society through its portfolio and operations. As responsible asset managers, we are committed to fulfilling our fiduciary duty and acting in the best interests of our investors and the companies we invest in. To that end, our commitment to ESG management is central to our strategy and fully integrated in all investment processes and operations.

Infrastructure assets and businesses provide a critical public service and have a wide-reaching impact on societal development and well-being. Asterion's strategy is focused on investing behind trends that are key to society, such as the energy transition, digitalization and new mobility. In addition to this intrinsic social value, we believe that as investors and owners of these businesses, we have a responsibility to actively promote ESG considerations through a positive governance model. ESG integration, including the integration of sustainability risks and the consideration of principal adverse impacts on sustainability factors is a fundamental requirement of our business model, alongside generating differentiated returns for our investors. While results are central to our mandate, we firmly believe that the manner in which results are achieved holds equal importance.

In the face of growing global challenges such us climate change and social inequality, ESG management serves as an effective tool for mitigating risks and managing all relevant sustainability factors that may have a negative impact on the financial returns. Moreover, it presents new opportunities and can be a source of competitive advantage. ESG is essential to the sustainability of infrastructure and provides the resilience to adapt to a changing and complex environment.

At Asterion we are fully aware of the great responsibility entailed in managing third-party capital, as well as on the impact our activity has on the broader economy and society. Our approach to integrating sustainability risks and considering adverse sustainability impacts is central to our strategy and fully integrated in our 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:



Our values are rooted in demonstrating that we can be successful with our culture in this industry

As active owners of our businesses, we are uniquely positioned to drive awareness of the importance of ESG factors and to implement robust processes for ESG management and integration. Our investment philosophy aims to promote positive environmental and social characteristics, in addition to enhancing good governance, within our investments.

3.1 ESG Material topics

We believe it is important to address sustainability risks and principal adverse impacts on sustainability factors within our investments on a strong basis of materiality of the sectors that fall within our mandate. Our analysis extends to the most relevant topics affecting the different industries and companies we invest in, with strong alignment with global standards as well as Asterion's values. Our sustainability objectives and efforts revolve around a list of material topics and potential principal adverse impacts including, but not limited to, the ones outlined below:

E	Climate change and low-carbon economy	✓ Control and reduce Greenhouse Gas Emissions ✓ Promote energy efficiency and transition to clean energy ✓ Support investments in-line with a low-carbon economy
	Efficient use of resources	✓ Minimize the use of resources
	Environmental impact on ecosystems	✓ Assess and reduce negative impact of infrastructure on biodiversity
S	Social progress and human rights	✓ Stimulate economic growth and promote infrastructure as a development driver through digitisation & connectivity, mobility, etc. ✓ Ensure health and safety at work ✓ Promote sustainable value chains and human rights principles
	Diversity and inclusion	✓ Foster diversity in all its forms (gender, background, age, nationality, ethnicity) in hiring and promotion to build a more inclusive culture
	Well-being in the workplace	✓ 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	✓ Proactive, regular and transparent 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	✓ Define short and long-term incentive plans with broad based employee coverage for portfolio companies ✓ Align portfolios with our ESG commitment and SDG's contribution
	Full ESG integration	✓ Apply rigorous ESG policy during the whole investment life cycle ✓ Develop strong ESG culture in portfolio companies ✓ Monitor and report regularly on ESG Risks and Opportunities

4. ALIGNMENT WITH INDUSTRY STANDARDS AND GUIDELINES

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.

SFDR regulation (Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector) is applicable to Asterion and its Funds. Detailed information on each product will be disclosed in alignment with the corresponding requirements.

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

Asterion is committed and aligned with the UN's Sustainable Development Goals (SDGs) to help address major global challenges. Our strategy primarily aligns with SDG 9 which focuses on "building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation". In addition, we place special attention on SDGs 10, 13, and 16 as integral components of our portfolio management approach.

5. ESG INTEGRATION IN OUR GOVERNANCE

Implementing a robust sustainability strategy within a company requires the establishment of effective structures and processes to ensure investment decisions align with defined ESG criteria. Asterion is focused on systematically integrating ESG considerations, including sustainability risks and principal adverse impacts on sustainability factors into the investment process through the following organizational, risk management and governance structure and processes:

- **Investment Team**: holds the responsibility of assessing ESG factors within the rationale and due diligence analysis of any investment opportunity and identifying and monitoring ESG targets as part of the post-acquisition plan within portfolio companies. ESG is integrated in the analysis presented to the Investment Committee and ESG progress is reported to the Portfolio Management Committee post-acquisition. When necessary, external experts are hired to assist throughout the different stages of the process.

- **ESG Team**: led by the ESG Manager and overseen by the ESG Ambassador (one of the founding partners), the ESG Team is responsible for leading and coordinating all ESG activities at Asterion, working closely with the investment teams, ensuring ESG considerations are effectively integrated throughout the investment lifecycle and reported to the Investment Committee and Portfolio Management Committee. Together with the IC and Board of Directors, it shapes the Firm's ESG strategy and monitors its implementation, ensuring consistency across different investments.

- **Investment Committee (IC)**: responsible for the oversight of the ESG strategy across the investment lifecycle, especially during the pre-acquisition phase. Serving as the ultimate decisioning-making body for new investments and exits, the IC ensures that sustainability considerations are integrated, together with other financial, operational, and strategic factors, in the decision-making process.

- **Portfolio Management Committee (PMC):** responsible for the oversight of the performance of investments, and it monitors key ESG aspects of portfolio companies throughout the value creation phase. Portfolio companies report to the PMC at least once a year.

- **Board of Directors:** provides ultimate oversight of the ESG strategy of the Firm and reviews and approves Asterion's Responsible Investment Policy on an ongoing basis.

Asterion is committed to integrating sustainability into the Company's culture and extending responsibilities across the organization. To this end, all team members are involved in the development of the Company's ESG strategy. Ongoing **training** initiatives are conducted to enhance the integration of ESG considerations in our investment approach and to keep the team up to date with evolving ESG initiatives and trends, ensuring relevant knowledge and experience is resident within the team. These training sessions, led by Asterion team members or external advisors, occur at least once a year. Additionally, the team is incentivized and aligned with ESG targets through a portion of **variable remuneration**.

6. INTEGRATION WITHIN THE INVESTMENT PROCESS: PRE-ACQUISITION

Asterion incorporates ESG considerations into the pre-acquisition stages of the investment process as follows:

6.1 Exclusions

As part of the firm's strategy, Asterion focuses on infrastructure investments in the European mid-market, mainly focused on the telecom, energy, utilities, and mobility sectors.

Asterion 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 activities that are currently excluded are:

- The production or distribution of tobacco and tobacco-related products.
- The production or distribution of alcohol and alcohol-related products.
- Adult entertainment.
- Production or distribution of modern weapons of any kind.
- Gambling.
- Coal, oil production and nuclear power, unless they represent a 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 would be clear willingness from Asterion to make it greener and reduce its risks and impact on the ecosystem.
- Companies that violate current laws and regulations, including internationally recognized human rights principles. Human rights related issues include human right abuses, modern slavery, fair living wage, child labour, occupational health and safety, the rights of indigenous people and displacement of local communities, freedom of association and collective bargaining and international humanitarian law.
- Companies that do not meet the minimum standards of business practice aligned with international guidelines such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact

- 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.

Compliance with these exclusions is monitored by the Investment Committee with support from the Legal and ESG teams, with ultimate oversight by the Board of Directors.

6.2 Due diligence

To ensure a comprehensive analysis, the investment team, with the support of the ESG Team, engages external experts to perform ESG due diligence before every acquisition. This due diligence allows us to identify any red flags and relevant aspects that should be the basis of our post-acquisition plan to enhance the company's ESG management. During the due diligence process, we assess the ESG topics that are significant to the company's operations and evaluate any associated risks they may pose. In addition to evaluating the investment's alignment with our internal requirements (according to SFDR and our Responsible Investment Policy), a high-level climate risk assessment is also carried out where relevant.

6.3 Decision making: Investment Committee

The investment's fit with our Responsible Investment Policy and the findings and conclusions of the ESG due diligence are included in the investment memorandum and presented to the Investment Committee. The IC considers these findings as part of the decision-making process, ensuring that ESG considerations are integrated into our investment decisions alongside other relevant factors. If concerning issues arise that require close monitoring, the Investment Committee may request further diligence as deemed necessary.

Furthermore, all deal teams are required to include, in addition to the ESG DD findings, a minimum set of ESG-related information in the Investment Committee memos. This includes:

1. An explanation of the ESG rationale for each specific investment, highlighting if and how the investment will generate a positive impact on society and/or the environment.
2. If possible at that stage, the identification of key performance indicators (KPIs) that will be monitored during the post-acquisition phase to measure the potential impact generated.
3. A high-level plan outlining key ESG actions that will be part of the value creation plan.

7. INTEGRATION WITHIN THE INVESTMENT PROCESS: POST-ACQUISITION

Asterion incorporates ESG considerations into the post-acquisition stages of the investment process as follows:

7.1 Asset management

During the post-acquisition phase, all portfolio companies are required to actively manage ESG to meet Asterion's minimum standards and are encouraged to prioritize key ESG aspects as part of the core strategy of their business. Asterion's minimum requirements include:

(i) The definition of an internal ESG governance structure (ESG team or ESG responsible, ESG Committee or forums where ESG decisions are made, involvement of the Board of Directors).
(ii) Development of a minimum set of internal policies (including anti-corruption & bribery, health & safety, internal code of conduct, risk management, business continuity, AML, ESG and supply chain, among others).
(iii) Definition and implementation of an ESG Action plan (including at least aspects related to emissions management and diversity & inclusion) and its progress monitoring.
(iv) Reporting requirements including an impact KPI related to the business activity as well as a set of additional KPIs including PAIs as per SFDR regulation.

The investment team maintains ongoing dialogue with portfolio company management teams to ensure these requirements are met. Furthermore, the investment team should address previous ESG issues identified during the due diligence and implement actions based on the approved plans by the IC. With the support of the ESG Team, the PMC is responsible for overseeing the progress made at portfolio level.

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 in a continuous basis.

In line with our values, Asterion places great emphasis on alignment of interest and shared success as central principles within our portfolio companies. To achieve this, Asterion is committed to implementing Management Equity (or equity-like) Programs across all feasible portfolio companies, aiming to foster broad participation within the management teams and full employee base where possible. Furthermore, as part of our shared success approach, Asterion will work to align the variable compensation of management teams to ESG goals.

7.2 Reporting

In alignment with Asterion's commitment to transparency, we ensure regular communication of our portfolio's sustainability performance to our investors through the delivery of comprehensive fund quarterly and annual reports. Additionally, we are always available to provide further information to our investors upon request.

As a further commitment to transparency, and in order to meet the requirements of the European Union's regulation on sustainability-related disclosures in the financial services sector (SFDR), Asterion is fully committed to periodically publishing the evolution of several KPIs in relation to the ESG performance (known as Principal Adverse Impacts – PAIs) of our investments, making those available through an Annual ESG Report.

As a signatory of the UNPRI, Asterion will complete and disclose the Transparency Report on an annual basis.

Additionally, Asterion makes a copy of this Policy and any relevant ESG report readily available on its website (www.asterionindustrial.com).

By providing comprehensive reporting, complying with regulations, and disclosing our ESG performance, Asterion ensures that our investors and stakeholders have transparent access to

the information they need to evaluate our responsible investment practices and the progress we make in integrating sustainability into our investment decisions.

7.3 Incident Management

Should an ESG incident arise, the investment team will inform the ESG team 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 reported in our quarterly reports and tracked in an internal incident register.

7.4 Exit

The implementation of ESG good practices during the asset management phase should be reflected at exit contributing to enhanced company value. In this regard, Asterion will communicate the actions developed and implemented to potential acquirers. The ESG annual reports produced during the investment period serve as source of information and evidence of sound ESG management.

Moreover, when necessary, Asterion will provide information on future actions required to further advance a company's ESG strategy.

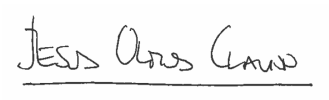
8. ESG APPLIED TO ASTERION AS A COMPANY

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 has 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 and training 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 focus on ensuring we can retain and promote our culture and values sustainably for the long-term.



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