



SUSTAINABLE INVESTING POLICY

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1 - INTRODUCTION	2
2 - SUSTAINABLE PRINCIPLES.....	2
3 - GOVERNANCE MODEL.....	2
4 - APPROACH	3
5 - APPLICATION TO THE ADVISORY PROCESS.....	4
6 - DISCLOSURE	7
7 – APPENDIX – EXCLUSION LIST.....	8

1 - INTRODUCTION

This policy applies to Serena Industrial Partners, S.L., Serena Industrial Partners GP S.à r.l. and its affiliates (“**Serena**”).

Infrastructure assets have a fundamental role in the solutions to the economic, environmental and social challenges the world is facing. In this context, Serena is committed to generating positive impacts by providing consultancy services regarding matters related to mobility, environmental and social infrastructure developments:

- Mobility: rail, road, urban mobility and logistics.
- Environmental: water, waste and hydropower.
- Social: health, education and digital infrastructure.

The generation of positive impacts is understood with a holistic approach and considers different activities such as the enhancement of socio-economic development in communities, the contribution to building more resilient economies, greater responsibility in the use of natural resources, and helping to limit climate change.

To this end, Serena has developed this Sustainable Investing Policy, which lays down the general principles that govern its members and affiliates’ services, to ensure that its activities are carried out without forgetting the need for delivering returns to society.

This commitment to providing sustainable consulting, services and activities is reinforced by the firm’s intention of contributing to the achievement of the Sustainable Development Goals (SDGs) at every stage of the investment process.

2 - SUSTAINABLE PRINCIPLES

The principles which support the activities of the Serena are built around the commitment to develop a robust framework to ensure the credibility and rigor of its focus on the contribution to the achievement of the SDGs. These principles are inspired by the main international standards and major financial institutions’ guidelines and are summarized as follows:

- The protection of the environment and in particular air, land and water pollution;
- A sustainable use of the available resources;
- The struggle for maximum business integrity;
- Full respect to fundamental rights and development of human capital;
- The commitment to employee engagement;
- A corporate governance based on market best practices.

These principles set a robust regulatory framework that secures compliance in the performance of all its activities and the application of professional integrity in all projects. To this end, each employee of Serena subscribes to the Code of Ethics ensuring that the performance of their functions is regulated by this code and making them commit to the principle of zero tolerance for corruption issues, in line with Serena Industrial Partners’ [Anti-corruption Policy](#).

Finally, Serena Industrial Partners is a signatory of the Principles for Responsible Investment of the United Nations (UNPRI), committing to implement the six investment principles on their investment activities.

3 - GOVERNANCE MODEL

Serena participates, supports and promotes projects that implement the integration of sustainable investment principles. To this end, the Serena will search for the maximum involvement possible according to its affiliates’ participation on each project by applying one or

several of the following elements:

- Representation on the Board of Directors: Serena aims to be represented on the Board of Directors of the project companies;
- Appointment of specific staff of the project company: Serena aims to appoint full-time members and/or provide seconded staff to the management team of each asset;
- Active/involved management according to a local approach, ensuring investments are properly managed at all levels;
- Definition of guidelines and management procedures for the construction and operation of the projects, aligned with Serena's principles and priorities.

When needed, Serena will also be supported by external specialists in order to benefit from their expertise and to equip projects with powerful and evolving tools.

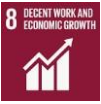

4 - APPROACH

Serena commitment to generating positive impacts will be achieved by its activity to promote environmental or social characteristics.

Through this philosophy, Serena will firstly apply a selective filtering of projects, via exclusion and restriction lists (see appendix), followed by a positive selection of resilient infrastructure projects that can potentially contribute to the generation of positive impacts. Thus, resources will be mobilized to projects that answer to present and future challenges such as water shortage and sanitation, the absence of resilient infrastructures, the new and growing needs of populations concentrated in cities, climate emergency and the need for high quality-low emission sustainable transport schemes.

In this respect, the SDGs serve as a tailored framework to measure Serena's contribution to the achievement of the one and only common global roadmap for 2030 of an economic transition towards a more sustainable society.

Serena has therefore performed an analysis on the core or priority SDGs for the entities of Serena. This prioritization of some SDGs is due to several reasons; firstly, Serena's activities, secondly, the nature of the infrastructure projects themselves and, lastly, Serena's willingness to contribute to these specific SDGs through all projects. The core SDGs are included in the next table.

Core SDG	Potential contribution from Serena Industrial Partners
	Civil infrastructure projects require significant amounts of workforce in the construction phase which Serena will take into account and promote to be covered through local employment, therefore contributing to economic development.
	Serena is committed on the development of quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being.
	Through its activities, Serena will contribute to the creation of sustainable and resilient buildings, ensuring access to basic services, enhancing transport systems and general capacity for sustainable human settlement management.
	In all projects where Serena participates, it will rely on the development of public-private partnerships both in the construction and in the operation phase.

Additionally, there are other SDGs to which Serena may also contribute through its activities and

projects. The contribution potential will be analyzed on a project-by-project basis and will be conditioned by the project's location, the applicable regulations or the requisites established in the construction process, among others. The next table reflects a preliminary analysis on the additional SDGs that could be addressed based on the areas of activity and considering Serena's focus.

Further potential contribution



Developing essential infrastructure in less developed areas (for example by improving road transport between rural and urban areas).



Improving life quality conditions in the areas where infrastructures are developed (for example by providing access to health-care services).



Ensuring, through the development of quality infrastructure, the access to a complete education (for example through first level infrastructures within educative institutions).



Contributing through our activities and projects to the reduction of the gender inequality..



Enhancing availability and sustainable management of water and sanitation through first level water treatment infrastructures.



Generating clean energy through hydropower facilities or urban waste valorization.

Further potential contribution



Providing high-standards health and education facilities available to the whole population.



Enhancing sound management of waste and reducing waste generation through recycling and other forms of valorization.



Integrating climate change mitigation into projects, by implementing efficient and low emission solutions.



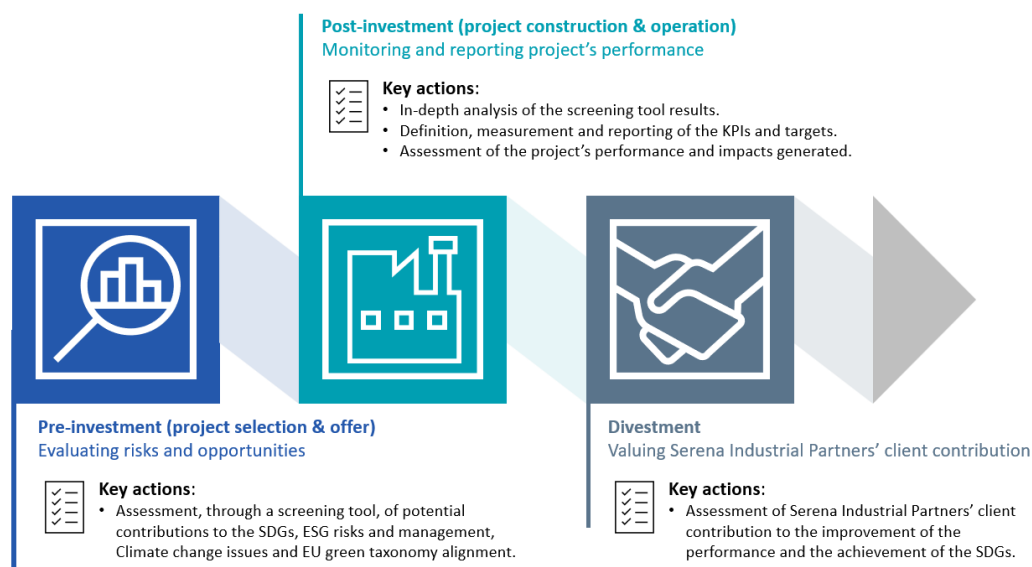
Helping, through the development of efficient infrastructure, to minimize pollution and therefore, improving the conditions for land and water biodiversity.



This approach is fully integrated into Serena's activities and services.

5 - APPLICATION TO THE INVESTING PROCESS

Serena wants to integrate its approach along the whole investment cycle of its members and affiliates. This will allow the group members and affiliates to build strategies to create long-term sustainable value and to identify potential risks and value creation opportunities from the very early stages of the investment process. This approach is summarized in the following figure:



Pre-investment stage (project selection & offer): evaluating risks and opportunities

Since Serena aims to foster the creation of resilient infrastructure that meets the needs of local communities, the integration of sustainability risks and opportunities is mandatory in every decision-making process. This includes sustainability risks that are defined as in the 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 ("SFDR"): environmental, social or governance events or conditions that, if they occur, and could cause an actual or potential material negative impact on the value of the investment.

To this end, Serena has developed an exhaustive screening tool to evaluate the degree of maturity and the ability of the potential investment under analysis to contribute to the main goal of its members, affiliates and partners of generating positive impacts. Thus, the tool assesses sustainability risks and opportunities and helps to identify and determine the severity of potential impacts of the projects. It is based on first-level guidelines on ESG performance and impact valuation within the investment process.

It consists of a four-dimensional assessment, which considers the country of operation and the area of activity as the starting point, to then adapt it to the reality of the project based on the answers to four sections:

- **SDG Assessment:** provided that SDG contribution is on the center of Serena's strategy, the tool allows making a preliminary evaluation on the SDGs contribution of every project, detecting all potential SDGs where the project may contribute and the level of this potential contribution.
- **ESG Assessment:** the tool evaluates project ESG risk and management ability against the main ESG topics: Compliance, Labour & Working Conditions, Environment and Community Impact and Ethics & Human Rights.
- **Climate Change Assessment:** being climate change key in the investment process, projects are also evaluated against their level of readiness and exposure to climate change. This serves as a basis for developing tailored measures to manage and report climate-related risks and opportunities, and developing mitigation actions.
- **Taxonomy Assessment:** the tool includes an assessment on the potential alignment of the project's activity with the green taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088). This assessment includes two sections:
 - (1) Evaluate if the project does 'substantial contribution' to one of the taxonomy objectives and 'does not significant harm' to the rest of the objectives.

- (2) Evaluate the alignment of the project with the minimum safeguards, namely the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The screening tool with the four-dimensional assessment provides Serena with four preliminary results that provide the group's team with a first analysis of the project in relation to material ESG issues. After this assessment and depending on the results, the team could conduct additional due diligence and set an environmental and social action plan, or even initiate an environmental and social impact assessment (or a study of the deviations between an existing impact study and international performance standards) or any other required study. Depending on the scope of the studies to be carried out, Serena Industrial Partners Group may call on external consultants specializing in environmental and social studies. Finally, the results of the preliminary analysis or any further study performed, which are not investment recommendations, may be incorporated in the affiliate's investment memorandums presented to its Investment Committee.

Post-investment stage (project construction & operation): **monitoring and reporting project's performance**

According to Serena, the holding period is the best moment for applying the principles and criteria set in this policy. As part of this approach, Serena is committed to consider and promote the monitoring and reporting of the performance of every project in relation to ESG issues. With this information, Serena will be able of taking informed services an activities towards the maximization of the generation of positive impacts throughout this period.

Monitoring

The measurement and monitorization of ESG issues takes into account different indicators and metrics. In this sense, Serena could consider, among others, principal adverse impacts of investment decisions on sustainability factors, which are defined in the SFDR as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

This process starts by performing an in-depth analysis of the results of the screening tool to validate key risks and opportunities identified and get a deeper knowledge of the main issues to be considered within the project.

In parallel to this analysis, Serena will work on the identification of potential qualitative and quantitative impact KPIs to be monitored during the holding period of any investment. This process aims to use as a basis the principal adverse indicators from the SFDR, as well as other international standards and frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the GIIN-IRIS catalogue, the UN SDG indicators or the guidelines of the Institutional Investor Group on Climate Change (IIGCC).

The process will be fine-tuned to create a shorter list of KPIs that is adapted to the specific project based on an analysis of the indicators considered to be relevant within the sector, the location, the demands of the main stakeholders affected by the project and the priorities of Serena when monitoring each specific project. The results of the in-depth analysis of the screening tool will also be used as a key input to define the indicators to be monitored.

Reporting

Serena has developed a monitoring tool to assist its affiliates in the collection of all the relevant information and support them to calculate the indicators to assess the performance and the impacts generated by the project. Serena will make efforts to include, among other parameters, the principal adverse indicators from the SFDR, as well as a selection of the optional lists, this is fundamental for Serena's approach towards a tangible assessment of its investments' sustainability report

Divestment stage: valuing Serena's contribution

Before the exiting, Serena will analyze the performance of the project from its beginning, according to the KPIs defined to this end. This analysis will allow Serena to draw conclusions, put in value its activities and services to the improvement of the performance of the project and its contribution towards the achievement of the SDGs.

On a case-by-case basis, Serena may help affiliates to perform a vendor due diligence to inform about the value of the company, the improvement opportunities, and the potential capacity to create value in the short and medium term.

6 - DISCLOSURE

The different tools and reports developed throughout the different stages of the investment process will serve as evidence of the practical application of Serena's commitment to the integration of sustainability into the activities and services of the group.

Stage of the investment cycle	Potential disclosure
Pre-investment stage	Serena's screening tool for the projects evaluated up to date and result of this evaluation.
Post-investment stage	Performance calculation tool of a specific project to develop associated services about its impact report.
Divestment stage	Most relevant KPI performances during the holding period and internal analysis on the project's contribution to the SDGs. Support to develop a potential vendor due diligence report, if applicable.

Notwithstanding this, Serena will foster collaborative relationships with its affiliates to ensure that they have the sustainability related information so it can be taken into consideration within the entire Serena's activities and investment cycle.

To this end, Serena will include the ESG related information as part of the information provided to any corresponding party.

At last, as part of its commitment to the adherence to the Principles for Responsible Investment (www.unpri.org) initiative, the corresponding entities of Serena will periodically communicate its performance through the annual Transparency Report.

7 – APPENDIX – EXCLUSION LIST

Serena applies the following exclusion and restriction screening to its activities and, therefore, will not be directly or indirectly involved in:

- a) Activities prohibited by national legislation or international agreements ratified by the European Union:
 - a. Trans-boundary trade in waste or waste products unless compliant to the Basel Convention and the underlying regulations¹.
 - b. This includes any products or activities subject to international phase out or bans, including production of or trade in products containing PCBs production, placing on the market and use of asbestos fibres production², use of or trade in ozone depleting substances³ and other substances which are subject to international phase-outs or bans, including pharmaceuticals⁴, pesticides/herbicides⁵, chemicals, and other hazardous substances; trade in mercury, mercury compounds, and a large range of mercury-added products; production or use of or trade in persistent organic pollutants; production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
 - c. Wildlife or wildlife products regulated under the Convention on International Trade and Endangered Species of Wild Fauna and Flora⁶.
 - d. Activities prohibited by host country legislation or international legal instruments ratified by the European Union, relating to the protection of biodiversity resources, or cultural heritage.
 - e. Any activities relating to the deliberate release of genetically modified organism (GMO).
- b) Projects which result in limiting people's individual rights and freedom, or violation of human rights, such as:
 - a. Production and distribution of racist, anti-democratic or other material with the intent to discriminate part of the population.
 - b. Projects which result in limiting people's individual rights and freedom, or in violation of human rights.
 - c. Production or activities involving forced labour⁷ or child labour⁸.
- c) Ethically or morally controversial projects:
 - Animal and human reproductive cloning.
 - Activities involving live animals for scientific and experimental purposes, including gene editing and the breeding of these animals.
 - Sex trade and related infrastructure, services, and media.
 - Projects with the purpose of producing, manufacturing, processing, or distribution of tobacco.
 - Gambling facilities and related equipment, hotels with in-house casinos.
 - Weapons and munition production or sales.
 - Production or trade in alcoholic beverages other than beer or wine, or any alcoholic beverages if contrary to local religious or cultural norms.
- d) Conversion or degradation of critical forest areas or forest-related critical natural habitats.
- e) Projects in or impacting natural World Heritage Sites – please refer to the website <https://www.iucn.org/theme/world-heritage/natural-sites> - unless it can be demonstrated through an environmental assessment that the project (I) will not result in the degradation of the protected area and (II) will produce positive environmental and social benefits.
- f) Projects in or impacting areas on the United Nations List of National Parks and Protected Areas <https://www.protectedplanet.net/> unless it can be demonstrated through an environmental assessment that the project (I) will not result in the degradation of the protected area and (II) will produce positive environmental and social benefits.
- g) Extraction or infrastructure projects in or impacting protected area Categories I, II, III, and IV (Strict Nature Reserve/Wilderness Areas and National Parks, Natural Monuments and Habitat/ Species Management Areas), as defined by the International Union for the Conservation of Nature (IUCN). Projects in IUCN Categories V (Protected Landscape/Seascape) and VI (Managed Resource Protected

Area) must be consistent with IUCN management objectives – please refer to the website <https://www.iucn.org/theme/protected-areas/about/protected-areas-categories> – unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits⁹.

- h) Destruction¹⁰ of High Conservation Value areas¹¹.
- i) Production of or trade in radioactive materials¹², including nuclear reactors and components thereof.
- j) Marine and coastal fishing practices, such as large-scale pelagic drift net fishing, with nets in excess of 2.5 km in length, and fine mesh net fishing, or other practices (e.g. blast fishing) harmful to vulnerable and protected species in large numbers and damaging to biodiversity and habitats.
- k) Companies found by a court or administrative body of competent jurisdiction to be engaging in unlawful monopolistic practices.

1. As defined by the Basel Convention; see <http://www.basel.int/>
2. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
3. A list of the chemical compounds that react with and deplete stratospheric ozone together with target reduction and phase-out dates is available at <https://ozone.unep.org/treaties/montreal-protocol-substances-deplete-ozone-layer/text>
4. list of pharmaceutical products subject to phase-outs or bans is available at <http://www.who.int/en/>.
5. A list of pesticides and herbicides subject to phase-outs or bans is available at <http://www.pic.int/TheConvention/Chemicals/AnnexIIIChemicals/tabid/1132/language/en-US/Default.aspx>.
6. A list is of CITES species is available at <https://cites.org/>.
7. Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.
8. Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply
9. High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see <http://www.hcvnetwork.org>).
10. Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of an habitat in such a way that the area's ability to maintain its role is lost.
11. Convention concerning the Protection of the World Cultural Heritage.
12. This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which DFC considers the radioactive source to be trivial and adequately shielded.