

**Table 1 - Statement on principal adverse impacts of investment decisions on sustainability factors****Financial market participant: AIP Management P/S ("AIP")**

AIP considers principal adverse impacts ("PAI") of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of AIP and its subsidiaries, namely PKA Direct GP Aps, AIP Infrastructure I GP Aps, AIP Infrastructure II GP Aps, AIP Management US INC. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Comprehensive ESG integration has always been a part of AIP's activities. A robust framework as well as procedures to embed ESG considerations throughout the investment analysis and decision-making processes have been developed and implemented. By conducting thorough due diligence, ESG factors are evaluated alongside traditional financial metrics to gain a comprehensive understanding of the risks and opportunities associated with potential investments. AIP recognize the significance of identifying and assessing the principal adverse impacts that our investment decisions may have. To ensure transparency, refer to the list of PAI factors outlined in this document. This comprehensive list guides the assessment of adverse impacts across environmental, social, and governance dimensions. AIP's investment team, asset management team and ESG team, with diverse backgrounds and extensive industry experience, play a pivotal role in integrating PAI considerations into our investment processes. We continuously monitor and analyse a wide range of ESG data from reliable sources to enhance our understanding of potential adverse impacts and inform our decision-making. AIP also actively engage with investee companies, regulators, and stakeholders to foster sustainable practices, advocate for positive change, and address potential adverse impacts. Through collaborative efforts, we encourage transparency, responsible business conduct, and the implementation of effective sustainability strategies. We are committed to providing clear and comprehensive reporting on our PAI assessments and actions taken to mitigate adverse impacts. Our investors and stakeholders can expect regular and transparent disclosure on how we integrate ESG considerations, including PAI, into our investment decisions, as per the requirements set forth by Sustainable Finance Disclosure Regulation ("SFDR").

The provided information in this document outlines the policies and practices of AIP regarding the identification and prioritization of principal adverse impacts on sustainability factors. AIP has implemented a Principal Adverse Impact Statement, which was approved by senior management, including the CEO and COO, on 2 March 2021. Additionally, an ESG policy was approved by the Board of Directors on 19 December 19 2022. These are reviewed annually and adjusted based on insights gained from activities conducted in the previous year. AIP's Responsible Investment policy ensures the incorporation of ESG considerations throughout the investment process.

AIP applies an ESG framework to address risks and opportunities comprehensively. AIP also evaluate environmental, social, and governance risks at each stage of the investment cycle, while continuously engaging with stakeholders to mitigate long-term business risks and explore opportunities that contribute positively to society and the environment.

The implementation of the policies is distributed across relevant teams within AIP. The investment team employs a thorough ESG due diligence framework, developed with the assistance of third-party advisors, to address principal adverse impacts during the investment assessment phase. Once investments are made, the Asset Management team assumes responsibility for identifying and mitigating principal adverse impacts. AIP also exercises governance rights, including through appointed board members, to actively promote ownership of investments.

AIP has selected additional indicators to measure principal adverse impacts. These include a 'non-recycled waste ratio' as an indicator for climate and environment-related impacts and 'the rate of accidents' and 'lack of a supplier code of conduct' as indicators for social and employee matters, human rights, anti-corruption, and anti-bribery issues. The selection of these indicators was based on internal analysis and consultation with a third-party adviser. A qualitative methodology, incorporating industry expertise, is used to assess the probability and severity of adverse impacts. When data related to the selected indicators is not readily available, AIP makes its best efforts to obtain the information. This may involve direct communication with investee companies, additional research, collaboration with third-party data providers or experts, or reasonable assumptions. For the current reporting period, data obtained from investee companies has been used.

AIP's engagement procedure outline how AIP conducts due diligence and negotiation for equity and debt investments, addressing ESG risks and adverse impacts. They implement mitigating actions to minimize financial sustainability risks and establish reporting requirements. Pre- and post-closing actions address identified risks, and contractual protections are sought to limit significant ESG risks. AIP's Asset Management team engages with asset operators, co-investors, and partners to improve ESG performance and monitor actions. ESG priorities include renewable energy, greenhouse gas emissions, health and safety, and global standards. In equity investments, AIP participates in sustainability assessments and engages asset operators to reduce carbon footprints. In debt investments, they aim to minimize financial sustainability risks and address breaches or violations.

In general, AIPs policies and procedures align with best-practice responsible business code of conducts and internationally recognized standards for due diligence and reporting. The company's reporting and investment practices adhere to frameworks such as the UN Global Compact, UN Principles for Responsible Investments, IIGCC (Investor Group on Climate Change), and TCFD (Task Force on Climate-related Financial Disclosures). These frameworks guide AIP's responsible investment practices and provide a foundation for

assessing potential principal adverse impacts. However, AIP has not yet incorporated forward-looking climate scenarios into its practices, and historical data for comparison is currently unavailable.

AIP acknowledges that sustainable finance is an evolving landscape and remain dedicated to staying informed about emerging trends, regulatory developments, and best practices in ESG integration. We strive for continuous improvement in our processes. AIP believes that integrating PAI considerations is not only a regulatory requirement but also a fundamental responsibility towards achieving a more sustainable future. We are fully committed to meeting SFDR's objectives and contributing to a positive impact on society and the environment through our investment activities.

## PRINCIPAL ADVERSE IMPACTS 2022

The below is the principal adverse impact on sustainability factors for the Financial Market Participant AIP, see the annual report 2022 for the financial products for the article 7 disclosure.

### Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2022	Unit	Explanation	Actions taken, and actions planned and targets set for the Next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	31,090.3	Tonnes CO <sub>2</sub> e/year	In the current reference period AIP has focused on data collection from investees and develop a comprehensive data collection framework to understand the baseline. In the next reference period AIP plans to set targets through the initiated work on committing to Net Zero Asset Manager Initiative.
		Scope 2 GHG emissions	33,527.3	Tonnes CO <sub>2</sub> e/year	
		Scope 3 GHG emissions	33,997.5	Tonnes CO <sub>2</sub> e/year	
		Total GHG emissions	98,615.1	Tonnes CO <sub>2</sub> e/year	

	2. Carbon footprint	Carbon footprint (including Scope 3 GHG emissions)	55.4	Tonnes CO2e/EURm invested/year			
		Carbon footprint (excluding Scope 3 GHG emissions)	27.2	Tonnes CO2e/EURm invested/year			
	3. GHG intensity of investee companies	GHG intensity of investee companies (including Scope 3 GHG emissions)	9,410.4	Tonnes CO2e/EURm revenue/year			
		GHG intensity of investee companies (excluding Scope 3 GHG emissions)	115.8	Tonnes CO2e/EURm revenue/year			
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4.3%	%	The exposure is due to investments in natural gas assets.		The fossil fuel sector is not part of AIP's current investment strategy.
	5. Share of nonrenewable energy consumption and production	"Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources, expressed as a percentage of total energy sources "	25.1%	%	The non-renewable energy consumption is related to investments in electrified train transport without renewable PPAs.		In the current reference period AIP has focused on data collection from investees and develop a comprehensive data collection framework to understand the baseline. To the extent possible, renewable energy is the preferred source of energy consumption in AIP investments.
6. Energy consumption	"Energy consumption in GWh per EURm of	All 0.6	GWh/EURm revenue/year				

	intensity per high impact climate sector	revenue of investee companies, per high impact climate sector"	Sector D 0.3 Sector H 0.3 Sector J -			
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	-	%		In the current reference period AIP has focused on data collection from investees and develop a comprehensive data collection framework to understand the baseline.  Through the investment process it is ensures that all assets have the necessary environmental impact assessments in place and that biodiversity sensitive areas are not negatively affected.  In the next reference period AIP plan expand the data collection and measurements of biodiversity and ecosystem impact.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per EURm invested, expressed as a weighted average	-	Tonnes/EURm invested/year		Through the investment process it is ensures that all assets have the necessary environmental impact assessments in place and that emissions to water are not above egal thresholds.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per EURm invested, expressed as a weighted average	1.7	Tonnes/EURm invested/year		Through the investment process it is ensures that all assets have the necessary environmental impact assessments in place hazardous waste is limited to a minimum as well as handled correctly within legal requirements.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	-	%	No violations reported	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	22.8%	%	The measure is based on the assessment of the minimum safeguards criteria in the EU Taxonomy performed by third party.	AIP will continue to implement measures to better monitor compliance with especially UNGC guidelines in the next reference period.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15.0%	%	Companies without direct employees are excluded.	AIP persistently promotes diversity across activities, and constantly evaluate whether the right measures are in place to support positive change.

	13. Board gender diversity	Average ratio of female to male board members in investee companies	12.8%	%		
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	"Share of investments in investee companies involved in the manufacture or selling of controversial weapons"	-	%		The asset class is not part of AIP investment strategy
<b>Other indicators for principal adverse impacts on sustainability factors</b>						
<b>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</b>						
<p>The Principal Adverse Impact Statement has been approved by the responsible senior management, CEO and COO as per 2 March 2021 and the ESG policy has been approved by the Board of Directors as per 19 December 2022. The policy and the statement are reviewed annually and adjusted as needed, based on learnings through the activities conducted the previous year. Further, the Responsible Investment policy outlines how ESG is incorporated into the selection, analysis and decision-making process, as a responsible investor AIP is applying an ESG framework to ensure a comprehensive approach is applied when addressing both risks and opportunities. Environmental, Social and Governance risks are addressed throughout the investment cycle and AIP continuously evaluates impact on - and feedback from - its stakeholders, in order to reduce long term business risks and to explore opportunities to increase both the financial value creation and the positive contribution to the environment and the society at large.</p> <p>The implementation of the policy is distributed as appropriate in relevant teams in AIP, the investment team addresses principal adverse impact through a thorough ESG due diligence framework developed with third party advisors. After closing of the investment, the responsibility of identifying and mitigating principal adverse impact is handed over to the asset management team. Governance rights shall be exercised (directly and/or through appointed board members) to promote the active ownership of an investment.</p>						

AIP has selected one additional indicator for climate and other environment-related principal adverse impact adverse impact and two additional indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, as shown in Table 2 of Annex 1. In addition to the mandatory principal adverse indicators, AIP has selected to report on 'non-recycled waste ratio' as the additional climate and other environment-related indicator and 'rate of accidents' and 'lack of a supplier code of conduct' as additional indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. These indicators have been selected based on a thorough internal analysis on best-practice reporting and material topics for the industries that AIP invest in. In the process an analysis has been conducted together with a third-party adviser on the probability and severity of principal adverse impact, including their potential irremediable character. The methodology is based on best practice and includes the deep expertise from leading industry experts however as the methodology is highly qualitative a small margin of error cannot be mitigated.

Where information relating to any of the indicators used is not readily available the best efforts used to obtain the information either directly from investee companies, or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions can be used. For the current reporting period only data from investee companies has been used.

#### **Engagement policies**

AIP engages in due diligence and negotiation for both equity and debt investments, aiming to identify and mitigate ESG risks and principal adverse impact, this is outlined in the Engagement Procedure. If any red flags are detected, AIP works with the asset to implement mitigating actions before or after the transaction to minimize financial sustainability risks and adverse impacts. Reporting requirements, including SFDR, EU Taxonomy, GRESB, and Green Loan reporting, are contractually established and ensured vis-à-vis the investee company through an ESG addendum in equity and debt agreements setting out these reporting requirements towards AIP. Pre-closing and post-closing actions are taken to address identified risks and improve sustainability. Contractual protections are sought during the negotiation process to limit significant ESG risks. Once the transaction concludes, AIP's asset management team takes over the ESG activities. They actively engage with asset operators, co-investors, and partners to minimize risks, improve ESG performance, and monitor the implementation of pre- and post-closing actions. ESG priorities are promoted across assets, with a focus on renewable energy, greenhouse gas emissions, health and safety, and adherence to global standards.

In equity investments, AIP advocates for participation in sustainability assessments like the GRESB Infrastructure Assessment and initiates dialogue with asset operators to reduce carbon footprints and assess scope 3 emissions. They also engage in activities related to EU



Taxonomy, Principal Adverse Impacts reporting, business improvement, and market behaviour. Monitoring and reporting of ESG priorities and factors occur through regular reviews. Shareholder voting rights are utilized to advance sustainability, while promoting awareness of ESG topics and ensuring investment partners align with AIP's responsible investor approach.

In debt investments, engagement opportunities during the ownership phase are limited, but AIP still seeks to minimize financial sustainability risks and adverse impacts. In case of breaches or violations, AIP conducts research, engages with assets to understand the situation, and aims to mitigate the issues through dialogue or, in rare cases, annulment of contracts.

Overall, AIP's engagement practices cover the entire investment process, with a focus on ESG integration, risk mitigation, performance improvement, and contribution to industry-wide sustainability initiatives.

#### **References to international standards**

AIP reporting and investment practices adhere to best-practice responsible business code of conducts and internationally recognised standards for due diligence and reporting. AIP has developed a set of core values which permeate the organisational behaviour and are aligned with the fiduciary responsibility entrusted upon us and the objective of investing with long-term value creation in mind. In building a comprehensive responsible investment policy, AIP has chosen to build this around the three key pillars of sustainability in Environmental, Social and Governance matters. Thus, ESG integration is defined as executing the investment and asset management strategy in accordance with the ESG conceptual framework outlined by the UN Global Compact and UN Principles for Responsible Investments and IIGCC as well as TCFD. These frameworks are also used to understand principal adverse impact. AIP has been using the before mentioned frameworks as guidance for responsible investment practices and following these also norm-based frameworks as well as sound methodologies for addressing risks is a solid foundation for forecasting potential principal adverse impact. Forward-looking climate scenario has not been used yet.

#### **Historical comparison**

There is currently no historical data to make a comparison.

### **Table 2 - Additional climate and other environment-related indicators**

#### **Indicators applicable to investments in investee companies**

Adverse sustainability indicator	Metric	Impact 2022	Unit	Actions taken, and actions planned and targets set for the Next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>					
Water, waste and material emissions	1. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per EURm invested, expressed as a weighted average	17.8	Tonnes/EURm invested/year	In the current reference period AIP has focused on data collection from investees and develop a comprehensive data collection framework to understand the baseline. The next reference period AIP will take actions to understand the possibilities enhance recycling of waste at asset level.
<b>Table 3 - Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>					
<b>Indicators applicable to investments in investee companies</b>					
Adverse sustainability indicator	Metric	Impact 2022	Unit	Actions taken, and actions planned and targets set for the Next reference period	
<b>SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>					
Social and employee matters	1. Rate of accidents	"Rate of accidents in investee companies expressed as a weighted average	6.6	Rate of accidents per million hour worked/year	In the current reference period AIP has focused on data collection from investees and develop a comprehensive data collection framework to understand the baseline. The next reference period AIP will take actions to understand the possibilities to reduce incident rates ad increase data quality.
	2. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	25.0%	%	In the current reference period AIP has focused on data collection from investees and develop a comprehensive data collection framework to understand the baseline. The next reference period AIP will take actions to understand the possibilities to decrease the share of investee companies that do not have a supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour).

