

Sustainability-related website product disclosure: AIP Infrastructure II K/S

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This document is the sustainability-related website product disclosure for AIP Infrastructure II (CVR-no.: 41411856) ("AIP Infra II"/"the fund"), managed by AIP Management P/S ("AIP").

This disclosure made in accordance with the requirements in the European Union's Sustainable Finance Disclosure Regulation (SFDR) ((EU) 2019/ 2088) and the regulatory technical standards ((EU) 2022/1288). It includes the disclosures in accordance with:

-Article 10 of (EU) 2019/2088: Transparency of the promotion of environmental or social characteristics and of sustainable investments on webpage.

-Article 24-36 of (EU) 2022/1288: Website product disclosure for financial products that promote environmental or social characteristics.

The statement may be subject to changes due to the issue of further guidance and recommendations by the EU Commission.

Summary

AIP Infra II promotes environmental characteristics. While it does not have sustainable investment as an objective most of AIP Infra II's investments will be in activities that qualify as environmentally sustainable under the EU Taxonomy or in activities with environmental characteristics that do not qualify as environmentally sustainable under the EU Taxonomy. AIP Infra II will in particular contribute to the objective of climate change mitigation. The environmental characteristics promoted by AIP Infra II stem from:

- AIP Infra II's investment mandate that is focused on renewable energy assets and other assets that are part of the transition to a low carbon economy. AIP Infra II can invest in both transitional and enabling activities.
- AIP's ESG Policy, which outlines the principles regarding climate change risks, incl. the aim of continuously minimizing the carbon footprint of its investments with the objective of reducing the effects on climate change in line with good industry practice and regulations.
- AIP's ESG Due Diligence framework, which is used in the screening process of all investments. It includes risk factors that address both climate change mitigation and climate change adaptation. It also includes social and governance risk factors.

The following sustainability indicators are used to measure the attainment of the promoted environmental characteristics:

- Renewable energy capacity
- Renewable energy generated
- Greenhouse gas emissions avoided

In addition to these sustainability indicators, AIP Infra II will publish the principal adverse impact (PAI) indicators for the fund each year in the annual report. AIP Infra II considers principal adverse impacts of investment decisions on sustainability factors.

The investments undertaken by AIP Infra II are subject to AIP's exclusion criteria. They are in addition screened annually to ensure good governance practices.

AIP Infra II has a minimum proportion of 40% sustainable investments aligned with the EU Taxonomy.

AIP tracks the individual investments' performance on sustainability indicators based on data reported by primarily asset operators. AIP performs data checks and apply industry-standard methodologies in calculation of GHG emissions avoided. Data availability may be a limitation for some investments since AIP is dependent on data reporting from asset operators. AIP Infra II is covered by AIP's Engagement Policy that guides AIP's work in actively promoting AIP's ESG Policy, incl. the environmental characteristics promoted by AIP Infra II. AIP has performed due diligence on all investments. AIP Infra II does not have a reference benchmark.

Summary (Danish)

AIP Infra II fremmer miljømæssige karakteristika. Selvom AIP Infra II ikke har bæredygtige investeringer som et mål, vil størstedelen af AIP Infra II's investeringer være i aktiviteter, der kvalificerer sig som miljømæssigt bæredygtige under EU's taksonomien eller i aktiviteter med miljømæssige karakteristika, der ikke kvalificerer sig som miljømæssigt bæredygtige under EU's taksonomi. AIP Infra II vil især bidrage til målet om begrænsning af klimaændringer. De miljømæssige karakteristika, som AIP Infra II fremmer, stammer fra:

- AIP Infra II's investeringsmandat, som er fokuseret på vedvarende energiaktiver og andre aktiver, der er en del af overgangen til en lavemissionsøkonomi. AIP Infra II kan investere i både overgangs- og muliggørende aktiviteter.
- AIP's ESG-politik, der skitserer principperne vedrørende risici relateret til klimaændringer, herunder målet om løbende at minimere CO₂-aftrykket fra dets investeringer med det formål at reducere virkningerne på klimaændringer i overensstemmelse med god industripraksis og reguleringer.
- AIP's ESG Due Diligence-ramme, som anvendes i screeningprocessen af alle investeringer. Den inkluderer risikofaktorer, der omhandler både begrænsning af og tilpasning til klimaændringer. Den inkluderer også sociale og styringsmæssige risikofaktorer.

Der anvendes følgende bæredygtighedsindikatorer til at måle opnåelsen af de fremmede miljømæssige karakteristika:

- Kapacitet af vedvarende energi
- Produceret vedvarende energi
- Undgåede drivhusgasemissioner

Udover disse bæredygtighedsindikatorer vil AIP Infra II hvert år offentliggøre de væsentligste negative indvirkningsindikatorer (PAI) for fonden i årsrapporten. AIP Infra II tager hensyn til væsentlige negative indvirkninger af investeringsbeslutninger på bæredygtighedsfaktorer.

De investeringer, som AIP Infra II foretager, er underlagt AIP's udelukkelseskriterier. De screenes desuden årligt for at sikre god ledelsespraksis. AIP Infra II har en minimumsandel på 40 % bæredygtige investeringer, der er i overensstemmelse med EU taksonomien.

AIP følger de enkelte investeringers præstationer i forhold til bæredygtighedsindikatorer baseret på rapporteret data fra aktiverne. AIP udfører datakontrol og anvender industri-standardiserede metoder i beregningen af undgåede drivhusgasemissioner. Datatilgængelighed kan være en begrænsning for nogle investeringer, da AIP er afhængig af data rapporteret af aktivoperatører. AIP Infra II er dækket af AIP's engagementspolitik, som vejleder AIP's arbejde med aktivt at fremme AIP's ESG-politik, herunder de miljømæssige karakteristika, som AIP Infra II fremmer. AIP har udført due diligence på alle investeringer. AIP Infra II har ikke et referencebenchmark.

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

However, AIP Infra II has a minimum proportion of 40% sustainable investments aligned with the EU Taxonomy.

A number of processes are in place to ensure that the sustainable investments, that the financial product makes, do not significantly harm any of the sustainable investment objectives.

- The sustainable investments undertaken by AIP Infra II are analysed against the EU Taxonomy's "do no significant harm"-criteria as an integrated part of the fund's investment process. The "do no significant harm" principles apply only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.
- The sustainable investments undertaken by AIP Infra II are analysed against the EU Taxonomy's "Minimum Safeguards"-criteria as an integrated part of the fund's investment process. The "Minimum Safeguards" principles apply only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.
- AIP Infra II assess the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex I. The assessment of principal adverse impacts is integrated as part of the ESG Due Diligence that is conducted on all AIP's transactions.
- AIP assesses governance practices of any potential investment as part of our ESG Due Diligence process, including presence of ESG policies, business conduct, anti-corruption and financial crime, suppliers and contractors, and cybersecurity.
- We work to ensure good governance of each investment through active ownership. After the transaction is concluded, all ESG activities relating to the specific investment are handed over to
- AIP's Asset Management team, and the ESG risks and opportunities are included in the action plans for the relevant asset(s).
- The monitoring and reporting of the ESG activities are conducted by monthly and/or quarterly review of Health, Safety and Environment (HSE) reporting regarding the assets and by addressing HSE and other ESG priorities during the asset JV/partner meetings.
- In addition, AIP representatives for each asset work with the relevant co-investors and partners to reduce ESG risks and improve ESG performance.

The Fund's sustainable investments are in line with Article 26(2)(b) of the SFDR Delegated Regulation, and in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This includes compliance with the eight fundamental conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work, as well as the International Bill of Human Rights.

Environmental or social characteristics of the financial product

AIP Infra II promotes environmental characteristics. The environmental characteristics promoted by AIP Infra II stem from:

- AIP Infra II's investment mandate that is focused on renewable energy assets and other assets that are part of the transition to a low carbon economy. AIP Infra II can invest in both transitional and enabling activities.
- AIP's ESG Policy, which outlines the principles regarding climate change risks, incl. the aim of continuously minimizing the carbon footprint of its investments with the objective of reducing the effects on climate change in line with good industry practice and regulations.
- AIP's ESG Due Diligence framework, which is used in the screening process of all investments. It includes risk factors that address both climate change mitigation and climate change adaptation. It also includes social and governance risk factors.
- AIP's ESG Policy requires that no investments are made in assets involved in coal and oil related activities. Furthermore, AIP is not to invest in assets engaged in manufacture of controversial weapons or in the development, production or storage of nuclear weapons, as well as assets involved in the production of components made explicitly for use in controversial or nuclear weapons. Additionally, AIP does not invest in companies involved in the production of tobacco, pornography, alcohol, and gambling.

The attainment of the environmental characteristics are measured using the following sustainability indicators:

- Renewable energy capacity
- Renewable energy generated
- Greenhouse gas emissions avoided

Investment strategy

The investment strategy of AIP Infrastructure II is to invest in assets and activities with infrastructure characteristics in stable geographies that provide or assist in providing essential services to society or an enterprise and are set to yield stable, long-term returns to the benefit of Investors. AIP Infrastructure II's investment mandate is focused on renewable energy and other transition assets. Thereby the investments of AIP Infrastructure II help address the challenges posed by climate change.

AIP Infra II's model for ensuring good governance is based on AIP's policies and practices. The assets in which AIP Infra II invests are screened annually against the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as specified in AIP's ESG Policy.

AIP is a signatory of the United Nations Principles for Responsible Investment (UNPRI) (2019), UN Global Compact participant (2019), GRESB member (2019), Task Force on Climate-related Financial Disclosures (TCFD) supporter (2020 and a member of the Institutional Investors Group on Climate Change (IIGCC) (2021).

Proportion of investments

AIP Infra II will make:

- 100% investments that are aligned with the environmental characteristics promoted by the fund.
- Min. 40% of investments will be sustainable investments aligned with the EU Taxonomy.

Monitoring of environmental or social characteristics

The attainment of AIP Infra II's environmental characteristics is monitored through the fund's sustainability indicators. The performance data on each of the sustainability indicators is provided to AIP by the respective asset operators. AIP reports on the sustainability indicators in the Annual Report and the annual ESG Report that are publicly available. In addition to the external annually published report and individual investor PAI reporting, a quarterly report highlighting specific events and activities across environmental, social and governance and the products performance against the defined sustainability indicator is provided to the investors.

Methodologies

In order to measure the attainment of the environmental characteristics promoted by AIP Infra II, different methodologies are used, in particular:

a) Renewable energy capacity is calculated as the maximum net generating capacity in MW (only for renewable energy investments). This is a standard figure for the asset in question and delivered by the asset developer or operator.

b) Renewable energy generated is calculated as the production of renewable energy in GWh. This is a standard figure for the asset in question and delivered by the asset operator.

c) Greenhouse gas emissions avoided are calculated as the difference between the estimated GHG emissions from the asset in question and the average emissions from the energy mix in the country where the asset is located. The conversion factors used are sourced from the International Energy Agency (IEA). GHG emissions are calculated and provided by the asset operators. Neither CO₂e emissions arising from shipping, transportation, and supply chain activities of all assets (scope 3) nor Life Cycle Assessments of CO₂e emissions are currently available and are therefore not included. However, AIP is in dialog with the asset operators to ensure that scope 3 emissions will be monitored in the future.

Further details on the methodologies used for the measurement of the environmental or social characteristics can be found in the Methodology section of AIP's 2024 Sustainability Report on AIP Management's official website.

Data sources and processing

The data used to attain each of the environmental characteristics promoted by AIP Infra II is provided by the asset operators as periodic measurements. AIP will conduct a review of data quality and process the data in a designated data workflow.

More information on the data sources can be found in the Methodology section of AIP's 2024 Sustainability Report on AIP Management's official website.

Limitations to methodologies and data

AIP Infra II is dependent on receiving data from the asset operators. Data availability and coverage will vary from asset to asset. AIP does not assess that this will have any significant negative impact on the environmental characteristics promoted by the fund.

Due diligence

AIP has performed ESG due diligence on all investments. The ESG due diligence framework is built on universally accepted principles and standards, for example according to UN, IFC and ILO guidelines. The framework has the objectives to ensure that long-term sustainability aspects are assessed and that all material ESG factors for the sectors in which we invest are evaluated. The ESG due diligence is carried out by third party advisors, developing a comprehensive risk register and related mitigations actions in the case of such being identified. AIP will internally review the ESG Due diligence and provided mitigations actions and adopt as necessary.

Engagement policies

AIP actively advocates a strong awareness of ESG issues and strives to ensure that our current and potential investment partners are aligned with AIP's principles as a responsible investor and ESG policies. The purpose of AIP's engagement is on the one hand to minimise and mitigate financial sustainability risks as well as adverse impacts to people and environment. On the other hand the purpose is to actively promote relevant opportunities to improve financial returns and positive impacts to people and the environment. Engagement for AIP starts in the due diligence phase. If a "red flag" (ESG risk) is detected in the due diligence phase, the risk and potential mitigating actions are identified. AIP will engage with the asset to ensure that mitigating actions will be implemented either before or after the transaction to minimize financial sustainability risks and mitigate adverse impacts. AIP also sets out reporting requirements that enhance the ESG performance of any asset and satisfying AIP's reporting requirements. This is, among other, done by pre-closing and post-closing actions: As part of minimizing sustainability risks and mitigating adverse impact, AIP initiates engagement with assets on "red flags" identified during the due diligence, or otherwise identified material risks.

Reference benchmark

AIP Infra II does not have a reference benchmark.