



ESG REPORT 2020

AIP MANAGEMENT

A MESSAGE FROM OUR MANAGING PARTNER

2020 has been a year of challenges, uncertainty, and adaptation due to COVID-19. However, it will also be remembered as a very eventful year for us at AIP Management.

First of all, I would like to express deep gratitude to our partners, suppliers and operators, who have managed to continue the work with construction and operations of the assets in our portfolio in a safe and prudent manner under challenging circumstances. I would also like to send a warm thank you to the team at AIP, who have adapted impressively to the new circumstances with home office, travel ban and endless conference calls. Last, but not least, I would like to pass on our appreciation towards the essential workers in our society, in particular those we represent.

Despite the worldwide pandemic, 2020 was a year when many governments and investors around the world made significant commitments to reduce greenhouse gas emissions. The increasing attention towards climate actions supported by regulatory change shows that this is a global effort to limit global warming and at AIP we are dedicated to support this positive development.

With our second ESG report, we aim to shed light on our ongoing environmental, social and governance (ESG) journey including the initiatives we embarked on the past year.

During 2020 we expanded our portfolio by adding almost 1 GW capacity in solar and onshore wind assets in Texas and California, and entered a new asset class with the acquisition of a state-of-the-art Hitachi rolling stock fleet in the United Kingdom. We also entered an agreement to co-develop 640MWh of battery storage systems in conjunction with our solar PV facilities in California, co-owned with our partner Southern Power. The energy transition towards a low-carbon energy economy is at the heart of our investment strategy and we are determined to execute investment opportunities that contribute to climate change mitigation and adaptation.

During the spring and the summer, we became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). We also submitted our second reporting to the GRESB Infrastructure assessment and are proud that as a fund manager, AIP achieved a top ranking in the 2020 GRESB Infrastructure Fund Assessment. The results of the 2020 GRESB assessment validate our approach and confirm our dedication towards responsible investing and ESG.

In the fall of 2020, we were very pleased to welcome Storebrand as a new cornerstone investor to our platform. Storebrand is one of the Nordic region's largest institutional investors. In addition, a consortium of Swiss institutional investors, all with a focus on sustainable investing has joined the platform. With these new commitments, alongside PKA and PenSam, our new energy transition fund of up to EUR 4 billion will become one of the largest climate and infrastructure funds raised in the Nordic region. We look forward to continue executing on the successful investment strategy and deliver attractive risk-adjusted returns to current and future investors.

We entered 2021 as members of the Institutional Investors Group on Climate Change (IIGCC). The contributions and mission of the IIGCC match our way of doing business and we see it as a steppingstone to keep the momentum on the climate talks and important initiatives supported by a growing group of responsible investors. We are hopeful of the new year and pleased to join forces with like-minded investment managers.



A stylized, handwritten signature in blue ink, appearing to read 'Kasper Hansen'.

*Kasper Hansen
Managing Partner
March 2021*

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AIP AT A GLANCE

AIP Management is a Danish investment company dedicated to investing into energy and infrastructure assets in Europe and the United States.

AIP was originally founded in 2012 and has since 2018 operated as an independent investment manager, co-owned by our cornerstone institutional investors and the AIP partners.

AIP provides an investment platform that offers likeminded, long-term investors the opportunity to participate in sizeable energy transition related assets. This approach captures the benefits of scale and focus on investments structured to fit the desired risk/return profile, while contributing positively to society and the environment.

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

AIP manages six funds: PKA Direct I (2012-2014), PKA Direct II (2015-2017), PKA Ophelia, AIP Infrastructure I (2018-2020), AIP Swiss Feeder, and AIP Infrastructure II (2020-). AIP Infrastructure II is one of the largest climate and infrastructure funds raised in the Nordics. The target for the coming years is to invest approximately EUR 1 billion per year.

AIP's investors include the Danish pension funds PKA and PenSam, the Norwegian financial group Storebrand and a consortium of Swiss institutional investors including Retraites Populaires, Vaudoise and CPEG.

AIP's investors are characterized by a strong focus on responsible investing, including supporting the energy transition and mitigating climate change.

AIP's investors support the investment industry's contribution to responsible investing through participation in a number of initiatives, such as UN PRI, UN Global Compact, IIGCC, Climate Action 100+, and TCFD.

The AIP team consists of 45 professionals with extensive investment, energy and infrastructure experience.

Since 2012, the AIP team has led investments and managed a portfolio of more than EUR 4 billion in 19 infrastructure assets across Europe and the United States.

ESG HIGHLIGHTS 2020



GRESB: AIP RECOGNISED AS A #1 LEADER WITHIN ESG

In our second submission to the GRESB Infrastructure platform, AIP was ranked #1 out of 118 infrastructure funds globally within the management component of the 2020 GRESB Infrastructure Fund Assessment. The management component of the GRESB Fund Assessment objectively measures ESG performance at AIP Management, including ESG integration in the investment process and overall ESG management within AIP. The management component is structured into five ESG aspects including leadership, policies, reporting, risk management, and stakeholder management. AIP received a best-in-class score of 30/30 in the management assessment.

The GRESB fund assessment is made up of two components: the management component (30%) and the performance component (70%). The latter measures ESG performance at individual asset level in the funds managed by AIP. Some of the asset operators decided not to participate in the assessment this year. Assets not participating lowers the GRESB performance score, and thereby the total GRESB score for AIP Management.

We will continue the dialogue with our partners and asset operators to increase the asset participation in GRESB reporting with the objective of adding at least two extra assets every year.



IMPLEMENTATION OF UPGRADED ESG DUE DILIGENCE FRAMEWORK

From the beginning of 2020, we started using our new ESG due diligence framework. During 2020 we have used it as part of the investment evaluation process on more than 20 investment cases.

Our framework consists of 43 specifically defined ESG risk factors that are analyzed separately. The ESG risk factors are defined by incorporating universally

accepted principles and standards and by assessing the materiality of ESG risk factors for the sectors in which we invest.

See page 15 for additional details on our ESG due diligence framework.



PUBLICATION OF OUR FIRST ANNUAL ESG REPORT

In Q2 2020, we published our first ESG report. The 2019 ESG report was also our first Communication of Progress (CoP) to the UN Global Compact.



SUBMISSION OF FIRST UN PRI REPORT

In 2019 we signed up to the UN PRI and we submitted our first UN PRI Transparency report in 2020.



TCFD SUPPORTER

During 2020 we became official supporters of the TCFD.

See pages 21 to 22 for additional details on our approach to the climate change challenge.



PARTNER TO "KVINDER I FINANS"

During 2020 we became a partner to the organization Kvinder i Finans (KiF) – a non-profit organization that aims to increase the talent pool of women in the financial sector and provide support to retain female professionals in the industry.

We look forward to supporting the organization's goals and ambitions and contributing to the upcoming mentor programme.

In 2020, AIP doubled the number of female employees, hiring as many females as males that year.



UPDATED ESG POLICIES

During 2020 we updated our responsible investment policy and our ESG policy. This included an aim for AIP as an organization to achieve carbon neutrality.

ESG INITIATIVES 2021

During 2020 we significantly developed our approach to ESG and we expect to continue this development in 2021. We are working on the following initiatives:

MEMBER OF THE IIGCC

From 2021 we become members of the Institutional Investors Group on Climate Change (IIGCC) and will be joining the Infrastructure working group to expand the current Net Zero Investment Framework.

TCFD

We are working on TCFD aligned reporting as part of the PRI Transparency report and the GRESB fund assessment 2022.

EU SUSTAINABILITY TAXONOMY

We are working on assessments and disclosure in line with the EU Sustainability Taxonomy.

See page 21 to 22 for additional details on AIP's approach to the climate change challenge.

SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

We are reviewing our current disclosure and reporting on sustainability impacts to ensure we comply with SFDR disclosure requirements. Among other this included update of policies in accordance with the regulation.

GRESB ASSET PARTICIPATION

We will continue our dialogue with our partners and asset operators to increase the asset participation in GRESB reporting with an objective of adding at least two extra assets every year.

AGREEMENT WITH ØRSTED ON GREEN CERTIFICATES

From 2021 we have entered into an agreement with Ørsted to buy Green certificates, which guarantees that AIP's own electricity consumption is generated from renewable energy sources.



ENERGY CAPACITY, GENERATION, AND CO₂ FOOTPRINT FROM ASSETS IN AIP'S PORTFOLIO - UNADJUSTED FOR EQUITY OWNERSHIP¹

RENEWABLE ENERGY CAPACITY¹

3,201

MW of renewable energy
capacity in operation

+

1,199

MW of renewable energy
capacity under construction

=

4,400

MW of total renewable
energy capacity

RENEWABLE ENERGY GENERATED

10,551

GWh of renewable
energy in 2020



corresponding to

3,169,804

tonnes CO₂ avoided



which is equivalent to

689,088

cars off the road



and powered
corresponding to

2,397,923

Danish households with
renewable energy

CO₂ FOOTPRINT

3,169,804

tonnes of CO₂ avoided from
renewable energy generation

450,458

tonnes of CO₂ generated
from assets

Net asset CO₂ footprint

-2,719,346

tonnes CO₂ avoided

¹ The renewable energy capacity, generation and CO₂ emissions avoided are for 100% of the assets and are not adjusted for AIP investors' equity ownership share of the assets. Renewable energy assets refers to our solar, biomass, offshore and onshore wind assets. CO₂ generated from assets, includes scope 1 and 2 emissions from the Nyhamna and Vestprosess gas facilities and scope 1-3 emissions from TDC. Scope 3 emissions of TDC are not audited. The table does not include emissions from the operation of the renewable energy assets. For further information see section "Methodology", page 41.

ENERGY CAPACITY, GENERATION, AND CO₂ FOOTPRINT FROM ASSETS IN AIP'S PORTFOLIO - ADJUSTED FOR EQUITY OWNERSHIP²

RENEWABLE ENERGY CAPACITY

989

MW of renewable energy
capacity in operation

+

373

MW of renewable energy
capacity under construction

=

1,362

MW of total renewable
energy capacity

RENEWABLE ENERGY GENERATED

2,270

GWh of renewable
energy in 2020



corresponding to

660,515

tonnes CO₂ avoided



which is equivalent to

143,590

cars off the road



and powered
corresponding to

515,871

Danish households with
renewable energy

CO₂ FOOTPRINT

660,515

tonnes of CO₂ avoided from
renewable energy generation

80,485

tonnes of CO₂ generated
from assets

Net asset CO₂ footprint

-580,030

tonnes CO₂ avoided

² The renewable energy capacity, generation and CO₂ emissions avoided are adjusted for AIP investors' equity ownership share of the assets. Renewable energy assets refers to our solar, biomass, offshore and onshore wind assets. CO₂ generated from assets, includes scope 1 and 2 emissions from the Nyhamna and Vestprosess gas facilities and scope 1-3 emissions from TDC. Scope 3 emissions of TDC are not audited. The table does not include emissions from the operation of the renewable energy assets. For further information see section "Methodology", page 41.

OUR INVESTMENTS IN 2020

PROSPERO I & LITTLE BEAR

Prospero I and Little Bear are two solar generation assets situated in Texas and California, United States and have a combined capacity of 590 MW. The two assets became operational during 2020 and combined they will provide renewable electricity to the equivalent of 279,000 Danish households every year.

AIP I holds a 50% equity stake in an equity partnership with Longroad Energy Holdings. In addition, AIP investors indirectly have provided a term loan to the Prospero I project.



VESTPROSESS

Vestprosess DA is a natural gas liquids (NGLs) processing facility in Norway located at the Mongstad processing plant.

AIP investors acquired an 8% participating interest in Vestprosess DA from A/S Norske Shell, through its subsidiary North Sea Infrastructure in October 2019. Following acquisition from Total E&P Norge AS and ExxonMobil in 2020, North Sea Infrastructure's ownership in the facility is now 23%.



OUR INVESTMENTS IN 2020

ESCALADE

Escalade is a 336 MW onshore windfarm located in Knox County, Texas which is set to start operation in the fourth quarter of 2021. The park will consist of 25 Vestas V150 and 40 Vestas V162 turbines and construction will be managed by the experienced parties Akuo Energy USA, Mortenson Construction and Vestas. The park has entered into a 30-year service agreement with Vestas and Akuo Energy that will act as long-term asset manager during operations. Additionally, the park is expected to provide renewable electricity to the equivalent of 275,000 Danish households every year.

AIP II holds a 35% equity stake alongside Taaleri Energia, Taaleri SolarWind II, Ilmarinen and Akuo Energy. In addition, AIP investors have also provided a term loan to the project.



ZION BATTERY ENERGY STORAGE SYSTEMS (BESS)

Zion BESS is two 4-hour battery energy storage systems in California, with a total combined capacity of 160 MW / 640 MWh. The energy storage systems will be co-located with the operational solar PV facilities Garland and Tranquillity in Kern and Fresno County.

AIP investors hold a 49% equity stake with Southern Power owning the remaining 51%.



OUR INVESTMENTS IN 2020

AGILITY TRAINS EAST

Agility Trains East ("ATE") is a rolling stock fleet of 65 Hitachi Class 800/801 Intercity Express trains running on the East Coast Main Line in the UK. The fleet, which is comprised of both electric and bi-modal trains, is fully delivered and in operation.

AIP investors hold a 30%* equity stake in ATE alongside Hitachi (40%) and GLIL (30%).



"Storebrand Asset Management has more than 25 years experience with sustainable investing. This marks the start of our expansion into infrastructure as an investor and asset manager and it enables us to further contribute to the green transition in an excellent way. Our clients show great interest in these kind of long-term investments with stable returns and positive impact. We therefore embrace this collaboration which gives our clients access to a large and diversified investment pool and look forward to growing this part of our business further allowing for our clients to co-invest with us."

Dagfin Norum, Chief Investment Officer at Storebrand Asset Management.

*The AIP investors will acquire John Laing's 15% stake later in the year but as of the end of 2020 only hold 15%.

ESG IN OUR INVESTMENTS

Focus on responsible investing will create long-term value for our investors

Environmental, Social and Governance considerations are important for investment decision-making, both to understand and manage risks, and to identify opportunities for enhancement. We believe that a strong focus on responsible investing and ESG will create long-term value for our investors.

Our ESG principles are based on global and universally recognized standards

We have identified a set of key ESG principles that are integrated in our investment process. AIP's principles for responsible investments are based on global, universally recognized standards and guidelines, developed by international bodies, such as the UN, IFC, OECD and the EU. These standards and guidelines form the foundation for our work with ESG in our investments.



Environmental principles

- 1 Continue to invest in renewable energy
- 2 Minimize environmental consequences related to construction and operation of infrastructure assets
- 3 Minimize carbon footprint of investments
- 4 Minimize carbon footprint of own operations
- 5 Exclude investments in coal, oil and tar sands.

Social and human rights principles

- 1 Identify and assess relevant social and human rights issues.
- 2 Promote relations with local community and relevant authorities
- 3 Observe fundamental employee's rights, including those of suppliers
- 4 Protect privacy and personal data
- 5 Prioritize health and safety for workers and communities
- 6 Exclude investments in controversial weapons manufacturers

ESG IN OUR INVESTMENTS

The ESG principles are integrated in our investment process

Our ESG principles are formalized in our ESG Policy and are applied throughout the investment process.

“We are proud to have implemented an ESG framework that fully integrates ESG throughout all stages of the investment process, from initial screening and investment analysis, during due diligence, negotiation and closing of transaction, and thereafter in the asset management phase. The implementation has been done in close cooperation with our dedicated third party ESG advisor Klinkby Enge.

Our ESG processes are now so well-integrated that GRESB rated them best-in-class resulting in a #1 ranking in 2020”

— Ulrik Pallisø Bornø, Partner

We are committed to international best practice principles

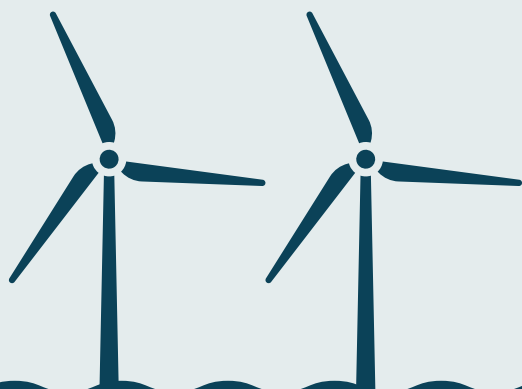
AIP is a signatory of the United Nations Principles of Responsible Investment, a UN Global Compact participant, a TCFD supporter and a member of GRESB Infrastructure. AIP supports the UN Sustainable Development Goals.

Governance principles

- 1 Compliance with laws and regulations at all times
- 2 Zero-tolerance for corruption and bribery
- 3 Prevent risk of money laundering and/or fraud
- 4 Avoid conflict of interest and encourage transparency
- 5 Responsible and transparent tax practice
- 6 Promote active ownership of the investments through the appointed board members
- 7 Develop responsible business relationships with alignment of interests, engage with partners to promote ESG
- 8 Promote full disclosure on ESG in accordance with good industry practice



INVESTMENT PROCESS



OUR ESG DUE DILIGENCE FRAMEWORK

AIP's approach to ESG due diligence

The world is increasingly focused on how we protect the planet and its people. We believe that taking this into consideration during the investment process makes good investment sense and contributes to creating long-term value.

Our new ESG due diligence framework

From the beginning of 2020 we started using our new ESG due diligence framework. During 2020 we have used it as part of our investment process for evaluating 20 investments.

The ESG due diligence framework is built based on universally accepted principles and standards, for example according to UN, IFC and ILO guidelines. The framework has as 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. Based on this, we have defined a number of ESG risk factors which are evaluated for all new investments.

We work with our dedicated ESG due diligence advisor, Klinkby Enge, to help us evaluate the likelihood and potential impact from these risks for each investment.

Where risks are identified, it is our policy to identify and evaluate mitigating measures. If high risks are identified, and sufficient mitigating measures cannot be implemented, we will not invest.

EXAMPLES OF RISK FACTORS IN OUR DUE DILIGENCE FRAMEWORK



ENVIRONMENTAL

- Biodiversity and habitat
- Greenhouse gas emissions
- Air quality
- Hazardous materials
- Catastrophe and disaster risks
- Climate change risks



SOCIAL

- Occupational health and safety
- Community health and safety hazards
- Working conditions
- Freedom of association
- Diversity and discrimination
- Stakeholder engagement



GOVERNANCE

- ESG policies
- Business conduct
- Anti-corruption and financial crime
- Tax policies
- Suppliers and contractors
- Cybersecurity

INTERVIEW ABOUT THE NEW ESG DUE DILIGENCE FRAMEWORK WITH KRISTIAN SCHMIDT CLAUSEN, INVESTMENT MANAGER

Question 1: How many transactions have you worked on where the new framework was used?

During 2020 I have worked on five transactions within offshore wind and onshore solar across Europe and the US, where the framework was used. I think the framework works well across both jurisdictions and asset types. It helps the deal-team to understand how local governments and municipalities typically evaluate projects, particularly from an environmental standpoint.

Question 2: What is your experience with the new ESG due diligence framework?

My experience has been positive as it has helped us focus on relevant issues across environment, social and governance and ensuring consistency across projects. It helps us demand strong coherent standards across all three areas from all the partners we work with.

Particularly as we work with some developers, who do not have the same focus, experience or resources as large companies, our high standards and this rigid ESG due diligence also helps them focus, and asking the right questions through their value chain.

As we work repeatedly with partners, we can see how they incorporate suggestions and requirements in their processes from time to time. So, it is not just that it improves and sets the bar high for our own work, it also contributes to permanently improving the ESG focus of the people we work with and in the industry as a whole.

Question 3: What type of insights on the transactions does the ESG due diligence process provide?

One that has come up on multiple projects is endangered species, which when evaluating an investment from a spreadsheet, it is not something you think about. But it is an important consideration for the renewable energy industry,

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Kristian is an Investment Manager responsible for analyzing and executing investments. Kristian has been with AIP for more than four years and has since been part of the transaction teams executing the acquisition of TDC A/S, BlaFa onshore wind farm and most of the US assets in AIP's portfolio.

Prior to joining AIP, Kristian worked with M&A at KPMG in their offices in Copenhagen and London. Here he was responsible for executing financial analysis, valuation and due-diligence for Private Equity clients.

Kristian holds a M.Sc. in Applied Economics & Finance from Copenhagen Business School and Hong Kong Polytechnic University.

Kristian is responsible for the asset management of TDC A/S.

INTERVIEW ABOUT THE NEW ESG DUE DILIGENCE FRAMEWORK WITH KRISTIAN SCHMIDT CLAUSEN, INVESTMENT MANAGER

(continued)

as renewable projects typically require vast spaces of land, which will put some pressure on keeping a diversified flora and fauna in the local communities. I have actively been part of putting plans in place, considering the protection of the nests of endangered sea turtles and eagles.

Another thing that is typically not top of mind, is ensuring proper human rights and fair wages throughout the projects value chain, including all suppliers. For AIP this is a very important topic, for example in the solar panel supply chain in China. It is important to have a structured and rigid approach to this, continuously looking at it and demand high standards from all suppliers.

Question 4: Do you have any concrete examples of actions you have taken in the ESG due diligence process or afterwards?

Yes, in the case of the endangered sea turtles, we demanded proof that the two nests that were found were relocated. We also negotiated a requirement that if more nests were found going forward it would be our joint responsibility to relocate them, even though it comes at a cost.

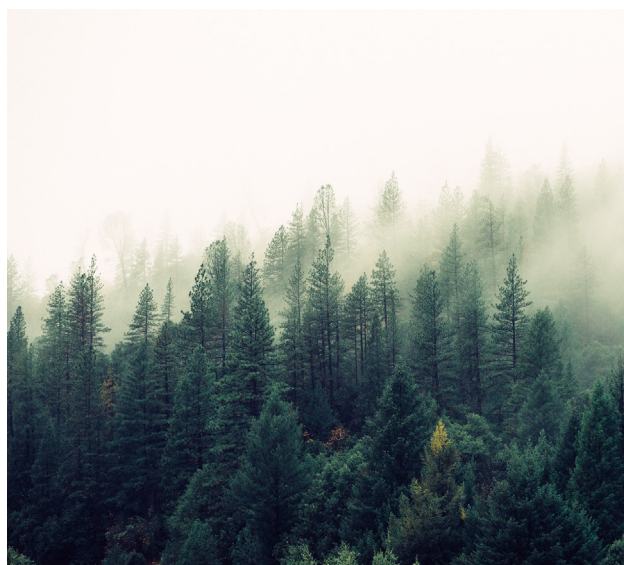
Question 5: How, and to what extent, does the ESG due diligence process contribute to value creation seen from a financial risk/return perspective?

To me, ESG due diligence is binary in contributing financial value. On one hand, ESG risks can become significant as they can relate to for example permitting or a breach of our investment mandate. However on the other, they can translate into minor effects that do not tear at the business case. It is more probable that it's in relation to permits not being correctly handled. If something has to be redesigned, the consequences if you have to take down two of the wind turbines, or a full row of solar panels, that obviously portrays a significant financial risk. So being prudent and diligent from day one and having these conditional precedents to

closing on the key issues is really something that helps you avoid these risks.

Therefore, it is important to perform the ESG due diligence before you close a transaction. It would definitely be of less value to do so afterwards. And I see value from several findings from across the projects I have worked on that contributes to risk mitigation, when we do it prior. I definitely see risks that could materialize if you hadn't been aware of them before you entered.

You can mitigate most of these risks through the contractual framework and put the risk onto the responsible parties. Secondly, you can insure your way out of it. If you are aware of the risk and you don't want it and you can price it right, you can sell it to an insurance company. Thirdly, if the risk is too big or unacceptable from an ESG perspective, projects could be not investable.



INVESTMENT CASES

Case: Zion Battery Energy Storage Systems (BESS)

First investment into energy storage

In December 2020, AIP investors agreed with Southern Power to co-develop two 4-hour battery energy storage systems ("BESS") in California, with a total combined capacity of 160MW / 640 MWh. Southern Power is a leading US wholesale energy provider.

It will be co-located with the operational solar PV facilities Garland and Tranquillity in Kern and Fresno County, California. AIP investors acquired a 49% equity stake in the solar PV facilities in 2018 with Southern Power owning the remaining 51%.

The BESS additions to the Garland and Tranquillity solar PV facility will contribute to the critical need of balancing peak demand and energy supply from intermittent resources, thereby creating a more stable and efficient transmission grid. The construction mobilization commenced in December 2020, and both systems are expected to be fully operational by August and October 2021, respectively.

As the BESS system will be directly linked to the solar PV sites it will only be charged by power produced on the solar farms, hence making power drawn from the battery 100% renewable. Furthermore, the BESS will have the advantage of being a less intrusive addition of energy storage to the existing solar facilities. The configuration allows both the solar and battery facilities to be discharged at a maximum power with great flexibility, thanks to the fact that they can be dispatched independently or together.

The BESS will also help facilitate California meeting its Renewable Portfolio Standard (RPS) programme of having 60% of its energy generation coming from renewable sources by 2030 and growing to 100% by 2045. Today solar and wind count for approximately 25% of the generation in the state. Given the ambitious targets set by the RPS programme we foresee an increasing share of renewable generation and storage solutions complementing the intermittent resources.



"This transaction felt a little different as it was an add-on to our good partnership with Southern Power and the exploration of a new asset universe with the first energy storage system in our portfolio. It was also another step in AIP's mission to support the energy transition: ensuring a more stable and efficient transmission grid and supporting the power supply from intermittent resources, such as our two solar projects in California."

Lasse Helstrup, Investment Director.

INVESTMENT CASES

Case: BlaFa

ESG in asset management

Blakliden/Fäbodberget onshore windfarm (BlaFa) is a 353 MW on-shore wind farm located in Sweden. In 2018 AIP investors partnered with the Swedish utility Vattenfall and Danish turbine supplier Vestas to build the wind farm. Its 84 turbines will be in place in 2022 and will be able to generate renewable electricity for approx. 220,000 Swedish households annually.

The wind farm has been under construction since 2018. Every year, the cold weather and deep snow force the construction site to pause during the winter months. The project has also agreed with affected Sami villages to break off work for the winter to make things easier for reindeer herding in the area.

AIP has worked with Vattenfall and Vestas throughout 2020 to improve HSE performance on the site. Specifically, Vattenfall has employed new resources to their HSE monitoring team. Environmental monitoring on site has increased and environmental specialists are regularly at site throughout the construction season.

We are pleased that the internal HSE review Vattenfall conducted on the project showed an improvement from 3.8 to 4.1 (out of 5) in the third quarter of 2020. It is a core focus for AIP that health and safety is a priority item on all projects. That is why we procure that HSE issues are actively monitored and addressed as a priority item at non-executive board level in portfolio companies.



“The Blakliden/Fäbodberget wind farm is the first of many for us at AIP, among others: first project in Sweden, first onshore wind asset and first partnership with Vattenfall and Vestas. We are proud to be part of this journey through the construction to the operations of one of Sweden’s largest onshore windfarm but mostly because of the key contributions the project brings to the natural and cultural environment of the area.”

Domenico Tripodi, Partner at AIP.

INVESTMENT CASES

Case: Agility Trains East

Our first investment into rolling stock

In September 2020, AIP announced its acquisition on behalf of investors of a 30% equity stake in Agility Trains East (“ATE”), a rolling stock fleet of 65 new state-of-the-art Hitachi Class 800/801 Inter-city Express trains running on the East Coast Main Line in the UK. The fleet is already fully delivered by Hitachi and in service on the East Coast Main Line.

The investment represents a significant step for AIP into a new asset class. Trains are an important part of the transportation system in the UK, with the UK having one of the most used rail networks in the world.

Due to the significantly lower CO₂ emissions of trains versus comparable modes of transportation there is a substantial role of rail in the UK Government’s long-term plan to decarbonize transportation and achieve net-zero carbon in the transportation sector by 2050. In line with the ongoing increase of renewable energy in the UK electricity mix, the CO₂ emissions from electric trains is expected to decrease even further going forward.

The fleet is comprised of both electric and bi-modal trains, meaning the fleet can operate on both the electrified and non-electrified parts of the East Coast Main Line. Today, the most northern part of the East Coast Main Line is not electrified, and therefore trains need to run on diesel on these parts of the lines. However, the Hitachi bi-modal trains can be converted to pure electric, if or when the train lines are fully electrified in the future.

The majority, 93%, of the total covered mileage are driven on the electrified line and only 7% of the total mileage are driven on the non-electrified line. In total, it is expected that the train fleet will cover more than 11m miles in 2021, being a significant contributor to sustainable transportation and mobility in the UK for the years to come.

As part of the due diligence process, we used our new ESG due diligence framework that is also described in this report. This included a red flag ESG report, and a full scope ESG DD report before the Investment Committee approved the investment. During the ESG due diligence phase we create a post-transaction action plan.



“I am thrilled about AIP’s first investment in rolling stock, which not only is a perfect way of diversifying our portfolio and providing reliable and sustainable returns for our investors, but equally important it is a great opportunity for contributing positively to the decarbonization of the rail infrastructure sector by acquiring this impressive new-generation fleet of electrified trains.”

Mads Iversen, Investment Director.

THE CLIMATE CHANGE CHALLENGE

The challenge we are facing

“As the Earth’s temperature rises, increasingly common natural disasters are disrupting ecosystems and human health, causing unanticipated business losses, and threatening assets and infrastructure. In response, governments and private sector entities are considering a range of options for reducing global emissions, which could result in disruptive changes across economic sectors and regions in the near term.

Currently, however, investors, lenders, and insurers don’t have a clear view of which companies will endure or even flourish as the environment changes, regulations evolve, new technologies emerge, and customer behavior shifts – and which companies are likely to struggle.

Without reliable climate-related financial information, financial markets cannot price climate-related risks and opportunities correctly and may potentially face a rocky transition to a low-carbon economy, with sudden value shifts and destabilizing costs if industries must rapidly adjust to the new landscape.”

- TCFD 2020

How we are addressing the challenge

A key issue in the transition to a low carbon economy is the transition of the energy production sector from fossil based to renewable based. This is a major change that requires significant investments. It is this challenge that AIP operates within. Our portfolio primarily consists of renewable energy production and other assets which we believe are compatible with the transition to a low carbon economy.

Governance and strategy

The challenges posed by climate change is a core part of

our investment mandate. Our ESG Policy, which is part of our ESG Strategy framework, outlines our principles with regards to climate change risks.

AIP is committed to continuously minimizing the carbon footprint of our investments with the objective of reducing the effects on climate change in line with good industry practice and regulations.

AIP aims to achieve carbon neutrality by minimizing its own carbon footprint seeking alternative ways to reduce and/or offset its greenhouse gas emissions.

ESG due diligence

Our ESG due diligence framework, that is also described in this report, includes risk factors that addresses both climate change mitigation and climate change adaptation. It also includes risk factors that cover possible opportunities related to climate change.

Investments within renewable energy and low-carbon assets

Our main contribution to minimizing our carbon footprint is our investment strategy which focuses on renewable energy and other transition assets. Our current investments in renewable assets displaced 660,515 tons of CO₂e compared to fossil-based energy production.

Measurement of carbon footprint

Another step towards minimizing the carbon footprint, is measuring and monitoring the carbon footprint of our assets, as well as future carbon emissions targets where applicable. We seek that knowledge through our commitment to GRESB. We are actively encouraging our current assets to report to GRESB. And for new assets we are making it an objective to report to GRESB.

Engagement with assets to reduce carbon emissions

We are actively engaging our assets in a dialog about reducing the carbon footprint. During 2020 we discussed the issue with several operators.

THE CLIMATE CHANGE CHALLENGE

Transparency and disclosure

An important part of our work towards contributing to climate change mitigation and adaptation is disclosure. During 2020 we became supporters of the TCFD. This is in addition to our PRI and UN Global Compact disclosure.

We are working on TCFD aligned reporting as part of the PRI Transparency report and the GRESB fund assessment 2022. We are also working on implementing disclosure in line with the EU Sustainability Taxonomy.

Co-operation with other investors

A final step in our contribution to climate change is our commitment to the IIGCC. Through membership of IIGCC we hope to be part of a strong combined voice of the industry towards policy makers on a European level.

Reduce internal carbon footprint

Last year we undertook the first measurement of AIP's internal carbon footprint. Our carbon footprint in 2019 was 1,737 tons. In 2020 it was 3,160 tons corresponding to a 81.9% increase, mainly driven by our supply chain. See pages 26 to 27 for more information regarding AIP's greenhouse gas footprint.

From the beginning of 2021 we have entered into an agreement with Ørsted to buy certificates of origin on our full electricity use. We will also be working on reducing our carbon footprint by exploring alternatives to the first-hand offsetting.





THE SUSTAINABLE DEVELOPMENT GOALS

In 2015, the Member States of the United Nations unanimously agreed upon the 17 Sustainable Development Goals (SDGs), making them the world's agenda for sustainable development. The SDGs provide a holistic framework for addressing the world's most urgent sustainability challenges.

At AIP we acknowledge that businesses have a key role to play in achieving the SDGs. This is why we are committed to aligning our investments with seven of the SDGs. These are SDG 5, 6, 7, 8, 9, 11, and 13.

We have a holistic approach to how our investments impact the SDGs and recognize that infrastructure assets have both positive and negative impacts on the SDGs. This was also reflected in the SDG impact analysis that we conducted last year, as shown on pages 24-25.

SDG Goals

- 1: No Poverty
- 2: Zero Hunger
- 3: Good Health and Well-being
- 4: Quality Education
- 5: Gender Equality
- 6: Clean Water and Sanitation
- 7: Affordable and Clean Energy
- 8: Decent Work and Economic Growth
- 9: Industry, Innovation and Infrastructure
- 10: Reduced Inequality
- 11: Sustainable Cities and Communities
- 12: Responsible Consumption and Production
- 13: Climate Action
- 14: Life Below Water
- 15: Life on Land
- 16: Peace and Justice Strong Institutions
- 17: Partnerships to achieve the Goal

SDG ALIGNMENT WITH OUR ESG DUE DILIGENCE



SDG 5: Achieve gender equality and empower all women and girls

As part of our due diligence, we assess diversity and discrimination. This assessment includes an assessment of gender diversity, in addition to other diversity factors.



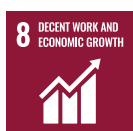
SDG 6: Ensure availability and sustainable management of water and sanitation for all

The risk of pollution through discharge of water to lakes, rivers and groundwater is evaluated as part of the due diligence. We also evaluate the developer and operator's management of water resources. Inefficient water resource management can create financial risks, such as for example additional requirements for increased future capital expenditures.



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Energy efficiency and carbon emissions are evaluated as part of our ESG due diligence framework. The content and depth of the analysis conducted depends on the asset type in question. In the ESG due diligence we consider for example what options there may be to decrease energy use or increase the share of renewable energy.



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

As part of the due diligence we assess a broad range of topics which include working time, remuneration and physical conditions. This includes for example assessing the extent and results of employee engagement surveys, or the risks of forced labour.



SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

This SDG represents a broad range of topics. Many of these are out of our scope of influence for investors. One target within this SDG focuses on CO₂ emissions, which is assessed as part of our ESG due diligence framework. Another target focuses on resilient infrastructure. As part of our ESG due diligence we assess the resilience of the asset to expected increases in severe weather as a consequence of climate change, acute risks such as extreme weather events and longer-term shifts in climate patterns



SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

This SDG also include targets regarding resilience which we assess in our ESG due diligence framework (see above). It also includes targets relating to cultural heritage, which are also assessed as part of the ESG due diligence.



SDG 13: Take urgent action to combat climate change and its impacts

This SDG includes targets related to carbon emissions and resilience which are both covered in our ESG due diligence framework.

HOW AIP IMPACTS THE SDGs

AIP is at the beginning of measuring and disclosing our impacts on the SDGs from our investment portfolio and we will continue to develop our reporting on the SDGs in the future. The following analysis is the result of our first SDG impact analysis that we did in 2019.

Energy transition

Our portfolio of renewable infrastructure assets contributes to the transition to renewable energy sources and reduced carbon footprint. It helps increasing the amount of available clean energy in the total energy mix which in turn contributes to lower greenhouse gas emissions from energy consumption and decrease global warming. This is in line with the ambitions of SDG 7, 9, 11 and 13 concerning increased availability of clean energy and climate change resilience.

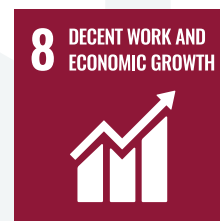
Reduce negative environmental footprint

Through our systematic ESG due diligence process, we analyse risks to the environment. This includes inherent risk during construction of infrastructure asset and the use and responsible disposal of hazardous materials, in line with ambitions of SDG 6. We are also committed to continuously working to reduce the carbon footprint of our investments, in line with SDG 7 and 9.

Ensure good working conditions

We contribute to providing decent job opportunities and to ensuring that Health, Safety and Environment (HSE) issues are actively monitored in our investments and that human and labour rights are acknowledged as stated in SDG 8 and 5.

In terms of AIP as a separate entity, we have taken several initiatives that can be linked to the SDGs and continue to have focus on areas such as diversity in our organization.



SUSTAINABILITY OF AIP OPERATIONS

In addition to the ESG impacts generated by the investment portfolio, there are also ESG considerations to be made regarding AIP's direct operations. The ESG impact from these activities relate primarily to AIP's staff and the operations and management of AIP's offices.

Our environmental footprint

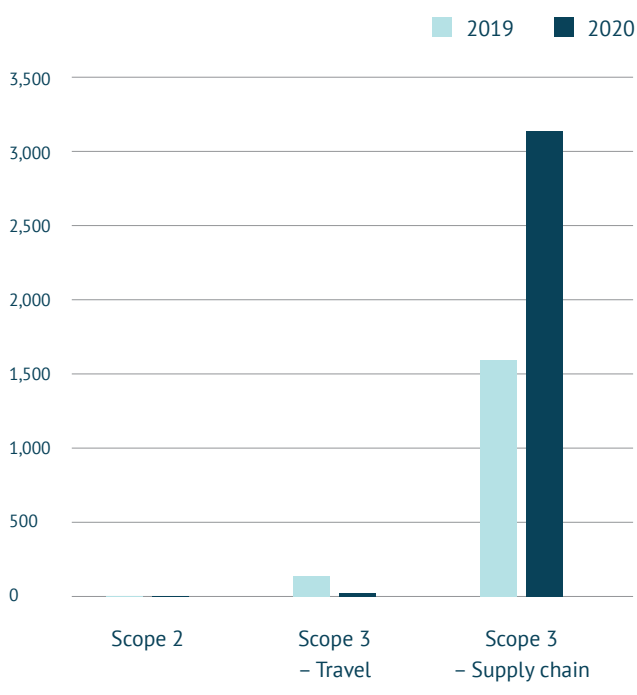
The following pages show a breakdown of AIP's greenhouse gas (GHG) emissions. AIP as an investment manager does not

have any direct emissions from owned sources, i.e. Scope 1 emissions. Therefore, only CO₂e emissions based on Scope 2 and Scope 3 are shown³.

From 2021 we have entered into an agreement with Ørsted to buy Green certificates, which guarantees that enough renewable energy is created to cover our electricity consumption.

TOTAL GHG EMISSIONS (TONNES OF CO₂E)*

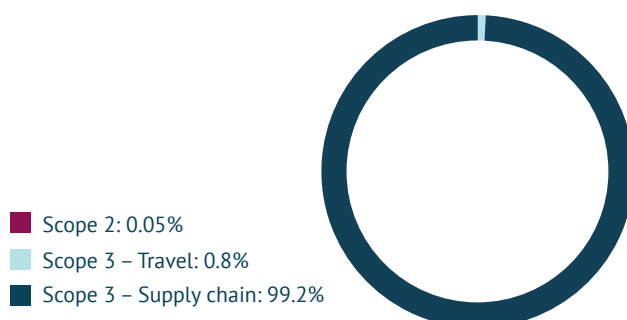
While our total GHG emissions increased by 81.9% from 2019 to 2020, our scope 2 emissions decreased by 54.7%. This is mainly driven by our electricity supplier Ørsted that continuously has increased its share of renewable energy it delivers.



	2019*	2020	% change
Scope 2	3.5	1.6	-54.7%
Scope 3 - Travel	142.9	24.4	-82.9%
Scope 3 - Supply chain	1,591.0	3,133.7	97.0%
% change	-54.7%	-82.9%	97.0%

% OF TOTAL EMISSIONS

In 2020, almost all of our GHG emissions arise from our supply chain. In 2019, 8.2% of our emissions came from business travel. However, due to COVID-19, GHG emissions from business travel has decreased to only account for 0.8% of our total emissions in 2020.



GHG EMISSIONS PER EMPLOYEE

While our total GHG emissions increased with 81.9% from 2020 to 2019, the total emissions per employee only increased 20%.

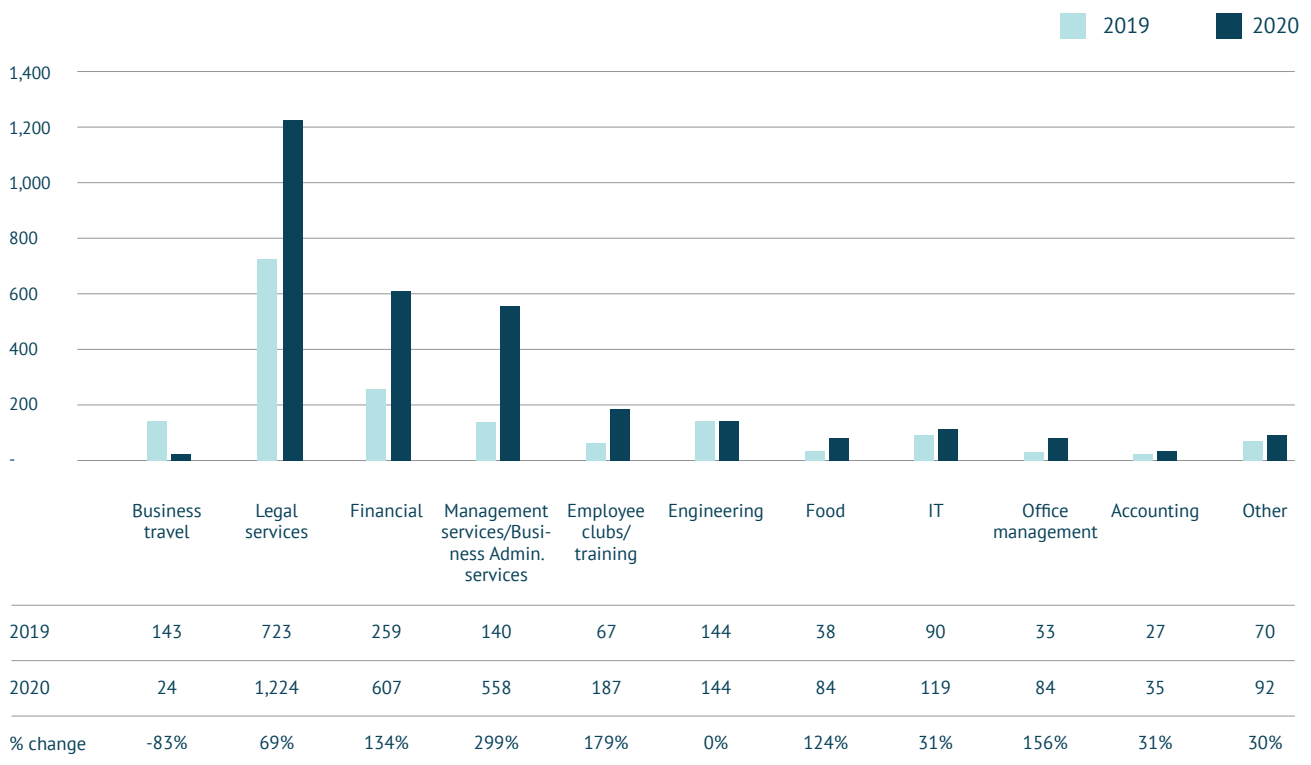
	2019	2020	% change
Scope 2	0.1	0.03	-71%
Scope 3 - Travel	4.9	0.5	-89%
Scope 3 - Supply chain	53.6	69.6	30%
Total	58.6	70.2	20%

*The numbers for 2019 have been restated

³Scope 1 emissions are defined as direct emissions from owned sources. Scope 2 emissions are defined as indirect emissions such as electricity consumption. Scope 3 emissions are defined as other indirect emissions such as emissions from travel and supply chain.

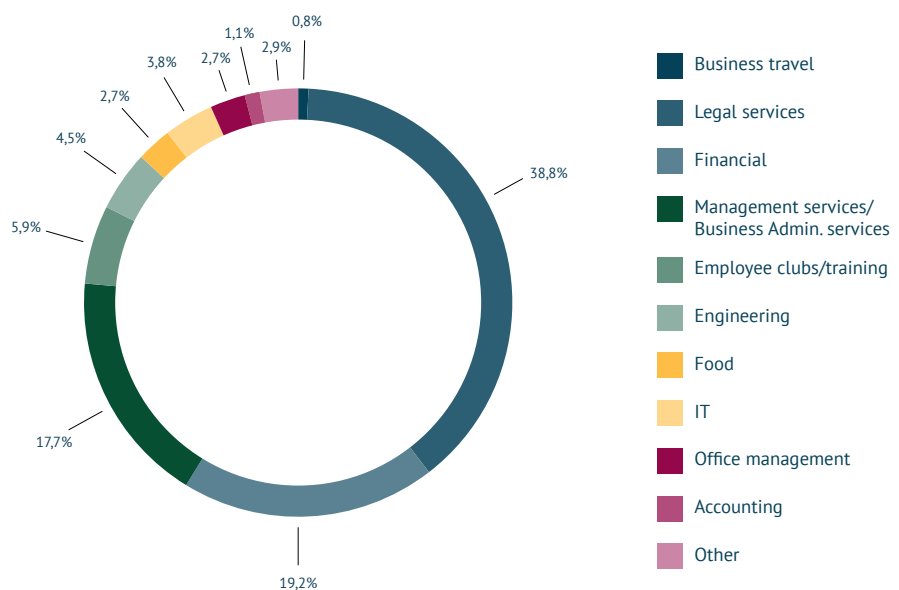
TOTAL SCOPE 3 GHG EMISSIONS (TONNES OF CO₂E)

Although the GHG emissions arising from business travel decreased by 83% from 2019 to 2020, our total scope 3 GHG emissions increased with 82% as emissions from our supply chain increased by 97% from 2019 to 2020 as a result of our growing organisation and increase in activities.



% OF SCOPE 3 EMISSIONS

Legal services is the category that accounts for the most of our scope 3 GHG emissions at 38.8% of the total emissions. Our management services and business administration services is the category that has seen the largest increase from 2019 to 2020 at 119%, while emissions from business travel has decreased the most at 83%.



EMPLOYEES

From 2019 to 2020, our organisation grew with 16 new employees while our retention rate remained high.

NUMBER OF EMPLOYEES AND RETENTION

	2019	2020	Change (%)
Number of employees	29	45	55%
Retention rate ⁴	100%	98%	-2%

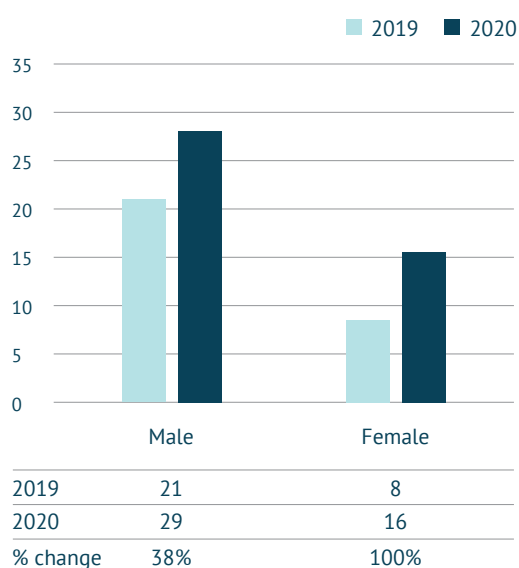
DOUBLING OF FEMALE EMPLOYEES

In 2020 the number of female employees at AIP doubled. AIP is committed to building a diverse workplace.

AIP places significant emphasis on supporting and developing a talented workforce. AIP's objectives are to ensure an inclusive work place, prevent discrimination, promote health, safety and wellbeing, and support the personal and professional development of our staff.

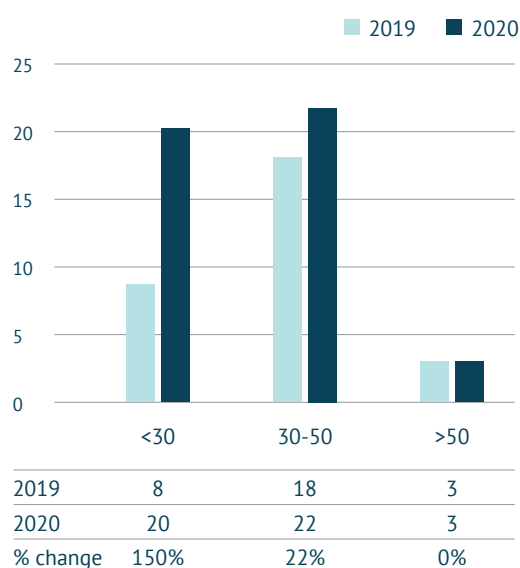
EMPLOYEES BY GENDER

Eight of the 16 new hires in 2020 were female, doubling the number of female employees at AIP during 2020.



EMPLOYEES BY AGE GROUP

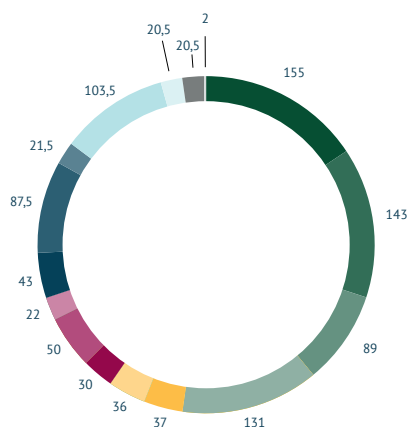
In 2020, we welcomed more than 12 new employees in the age group below 30, making it the age group with the largest increase from 2019 to 2020.



⁴ Excluding Office Assistance and Junior Analysts that are short term hires by nature.

EDUCATION

In 2020 we spent significantly more hours on education than in 2019. The average number of education hours per employee increased by 125% while the total number of hours spent increased by 249%.



COURSES TAKEN

- Implementation and test of ERP System
- Efficient Workday workshop
- US power market course
- Executive Master in Energy Management
- Conflicts of Interest policy
- Internal procedures
- IT security course
- UN Global Compact YSIP
- Feedback Workshop
- Financial modelling
- Energy Risk Management (ERM)
- Legal course
- GDPR course
- Whistleblowing procedures
- ESG & RI policy
- Employee Branding

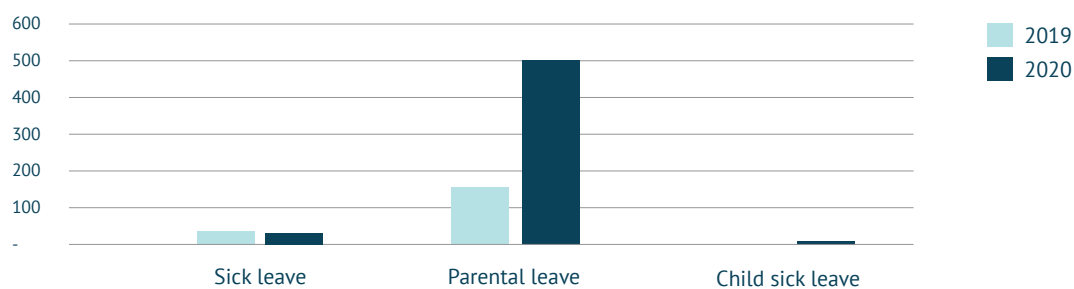
TOTAL EDUCATION HOURS

	2019	2020	Change (%)
Education hours	285	992	249%
Avr. education hours per employee	10	22	125%

ABSENCE

DAYS OF ABSENCE BY ABSENCE TYPE IN 2020

During 2020 we had a total of 530 absence days, increasing from 173 days in 2019. This increase is mainly related to parental leave. Our number of absence days due to sick leave decreased by 9% from 2019 to 2020.



	Sick leave	Parental leave	Child sick leave
2019	22	148	0
2020	20	508	5
% change	-9%	243%	N/A

Our community activities

Kvinder i Finans

During 2020 we became partner to the organisation Kvinder i Finans (KiF) – a non-profit that aims to increase the talent pool of women in the financial sector and provide support to retain female professionals in the industry.

We look forward to supporting the organization's goals and ambitions and contributing to the upcoming mentor programme.

FinanceLab

Our partnership with FinanceLab, a non-profit student organisation with more than 6,000 members, resulted in the following activities during 2020.

In the first quarter of 2020, AIP Management had the pleasure of hosting an event on infrastructure and sustainable investments in collaboration with FinanceLab, one of Denmark's largest and well-known student associations. The event aimed at introducing the students to infrastructure and the immense investment need to support growth and development towards a sustainable future. Unfortunately due to COVID-19 all activities in collaboration with FinanceLab have been put on hold.



STATUS OF 2020 FOCUS AREAS (AS STATED IN THE 2019 ESG REPORT)

Focus area	Status
Participating in PRI reporting Part of being signatory to UN PRI is the annual transparency report. As with the GRESB assessment this is an opportunity to reflect upon the status of our work with responsible investing. The first reporting cycle was completed in March 2020.	Completed.
Submitting a CoP to the UN Global Compact	Completed.
GRESB assessment across portfolio assets We will continue the dialogue with our partners and asset operators with the aim of increasing the asset participation in GRESB reporting by adding at least two extra assets every year. We want to improve our fund manager and asset score on an ongoing basis with the ambition to be in the upper quartile compared to the peers.	Completed. During 2020 the asset participation increased with the inclusion of Burbo Extension and Nyhamna. The former participated only in part of the assessment. We believe adding two projects every year is a reasonable target, that we will continue explore for the 2021 reporting cycle. As for AIP's GRESB score, we were able to achieve top ranking of #1 out of 118 in the management component.
Reporting aligned with TCFD and the UN SDGs We wish to continue increasing transparency for our stakeholders and will work on aligning future reporting with TCFD requirements. Additionally, we will develop our reporting on the SDGs. As part of this process, we are working on incorporating the SDGs into our ESG due diligence process.	Partially Completed. TCFD reporting is not currently implemented and there has not been any additional reporting on the SDGs. Given the forthcoming EU regulation and AIP's current commitments, we are assessing to what extent these can be included as part of the EU taxonomy and UN PRI/GRESB reporting.
ESG screening of new projects and potential partners In 2020, we will conduct full third-party ESG due diligence on all new projects as part of the investment decision.	Completed. 20 potential assets were subjected to the new ESG due diligence framework.
Carbon neutrality (of AIP) AIP strives to achieve carbon neutrality by minimizing its own carbon footprint by seeking alternative ways to reduce and/or offset its greenhouse gas emissions.	Completed. AIP has been exploring ways to reduce its carbon footprint. The scope 2 emissions, from own electricity consumption were the first one to be tackled. Ørsted, our utility provider, is offering a solution to offset the electricity consumption by purchasing the green certificates from Danish or British renewable sources, matching the annual electricity consumption. AIP has signed up to this opportunity from January 2021. Due to COVID-19, business trips were limited during the year driving down the scope 3 – travel emissions, which were significantly reduced compared to 2019.

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Focus area	Status
Reducing carbon footprint at project level By investing in renewable infrastructure assets, AIP is contributing to mitigating climate change. In 2020, we will explore how we can contribute to further reductions in emissions at the project level. Open dialogue and common objectives with our asset operators and the other shareholders specifically on climate change are key to reducing carbon footprint across our portfolio and we strive to engage on the topic to move the objectives forward. This will include a systematic approach to emissions in our asset management action plans.	In progress. The first step is to estimate/measure the carbon footprint of each asset. TDC is the portfolio's front runner. During 2020 they have assessed the full carbon footprint including scope 3 and have defined precise target on how to become 100% CO2 neutral by 2028. Initial considerations on the EU taxonomy framework have also been carried out in 2020. We believe the regulation will assist in the assessment for the rest of portfolio. However, it is important to stress that it is a joint effort between AIP, its partners, and project operators.
TCFD supporter AIP will become a supporter of the Task Force on Climate related Financial Disclosures (TCFD).	Completed. AIP became an official supporter in May 2020.
Standardize ESG quarterly reporting In 2020, we will expand our ESG reporting in our quarterly reports to the investors across all assets.	Partially completed. A template was developed and tested on a few assets. The underlining aim was to ensure a systematic handover between the Investment team and the asset management team through the ESG action plan, and ongoing monitoring on the ESG indicators and relevant ESG data at asset level. Given the nature of the assets a lot of the focus has been on the health, safety and environment, however we hope to expand this for example by including the mapping of the GHG emissions at asset level. It is important to stress that often the data is not available as the operators are not collecting or reporting on these at the moment. However, given the increasing focus on ESG and regulations that are coming into play from 2021-2022, we believe it will be a trigger point to follow a more standardized approach towards ESG indicators.
Review of ESG policies We will review and update our ESG policies and procedures, both in relation to scope and to content, and to ensure we provide the best possible contribution to UN PRI and UN Global Compact.	Completed.
EU Sustainability Taxonomy We aim to integrate the criteria applied in the EU Sustainability Taxonomy in our ESG due diligence framework.	In progress We have assessed the alignment of our ESG due diligence framework and the EU taxonomy. We believe that our ESG due diligence framework covers most of the proposed requirements. When the EU taxonomy delegated acts are final we will most likely make a more formal implementation in the ESG due diligence framework.

(Continued on next page)

Focus area	Status
<p>Responsible tax management</p> <p>Responsible tax management is highly prioritised by AIP and the institutional investors investing in funds managed or advised by AIP and has an important role across society. AIP will use best efforts to ensure compliance with applicable tax law and regulations within the jurisdictions where investments are made and structures are established, including consideration as to developments and international initiatives in relation to tax law. AIP will also continue acting openly in relation to tax authorities and other public authorities within the applicable tax law and regulations.</p>	<p>In progress</p> <p>Responsible tax management continues to be a focus area for AIP and the institutional investors investing in funds managed or advised by AIP.</p> <p>Following the establishment of AIP's most recent fund, AIP continues to use best efforts to ensure compliance with applicable tax law and regulations within the jurisdictions where investments are made and structures are established, including consideration as to developments and international initiatives in relation to tax law.</p>
<p>Cyber security</p> <p>Cyber security is highly prioritized by AIP as the assets managed by AIP are frequently categorized as critical infrastructure. AIP aims to continue dialogue with the asset operators in order to prioritize cyber security measures and ensure the assets are shielded from any potential cyber-attacks. Also, AIP is continuously looking to improve its internal systems and procedures towards a lower exposure. AIP has implemented a cyber security training programme forming a crucial component of a robust control environment, helping to mitigate related risks in this regard.</p>	<p>Partly completed</p> <p>Cybersecurity continues to be highly prioritized by AIP with ongoing dialogue with the asset operators. During 2020, no successful cyber-attack was reported. However, the existence of some attempts raises even more the focus to ensure that the assets are shielded from any potential cyber-threat.</p> <p>Internally at AIP, we are continuously looking to improve the internal systems and procedures towards a lower exposure. In particular, during 2020 all employees have completed the cybersecurity training programme covering procedures to handle possible IT breakdowns and methods to strengthen the protection of personal accounts.</p> <p>AIP aims at upgrading the IT security on laptops on an ongoing basis, together with reviewing and adjusting the IT security policies and procedures, and creating a governance setup to ensure ongoing maintenance of the IT systems.</p> <p>In 2020 a review of AIP's IT security was performed by an external IT-provider with the purpose of assessing if a security hardening was considered required. The assessment included a number of observations and recommendations to improvements. As consequence of the review all critical observations with recommendations to improvements in the report were implemented and the Office 365 security hardening measures are considered to have put AIP's IT security to the required level considered the business and organization of AIP.</p> <p>Cybersecurity is also part of the upgraded ESG due diligence framework.</p>

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Focus area	Status
<p>Diversity</p> <p>AIP treasures the benefits of a diverse workplace. Today, AIP's team is representing 14 different country and cultural backgrounds with a female presentation of almost 40% across the organization. We aim to continue this journey by promoting and enforcing guidelines that ensure transparency in the recruitment process and present equal opportunities regardless of age, background, race and gender. We also aim to increase the diversity across our governance bodies.</p>	<p>In progress</p> <p>AIP considers diversity a valuable resource and for this reason, despite the small size of the organization, AIP's team is comprised of professionals with diverse educational background and continues to represent 14 different countries and cultures. Moreover, the female representation is of almost 40% across the organization. In order to support the role of women in the financial industry, as of 2020 AIP became a partner of the association "Kvinder i Finans", that through its network group has the aim of strengthening the female representation in the financial sector, primarily within the area of M&A.</p> <p>As we believe that diversity plays an important role in defining the shape and soul of an organization, we are constantly aiming at increasing diversity across our team and governance body of AIP. Furthermore, we intend to continue to ensure transparency in the recruitment and career development process guaranteeing equal opportunities regardless of age, background, race and gender.</p>
<p>Student associations</p> <p>We want to continue expanding our collaborations with universities and student associations. We are currently in dialogue with CBS Sustainable Investment Club, which aims to spread knowledge about sustainable investments to the CBS student body. The ambition is to enter into a partnership as per the third quarter of 2020 and arrange a couple of events.</p>	<p>In progress</p> <p>We have initiated dialogues with students' associations such as CBS Sustainable Investment Club, however due to COVID-19, these collaborations have been temporarily put on hold. We plan to resume discussions and planning during the second half of 2021.</p>



PORTFOLIO OVERVIEW

Since 2012, the AIP team has led investments and managed a portfolio of more than EUR 4 billion in 19 infrastructure assets across Northwestern Europe and the US.

Renewable energy infrastructure Europe

2011

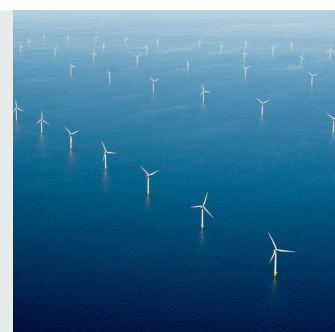
ANHOLT

Anholt is among the largest offshore wind farms in Denmark, located between Jutland and the island of Anholt. It has a capacity of 400 MW coming from the 111 Siemens 3.6 MW wind turbines. Anholt has the capacity to supply green and renewable electricity corresponding to the annual consumption of approximately 396,000 Danish households⁵ every year until decommissioning.

PKA Direct I holds a 20% equity stake alongside partners PensionDanmark (30%) and Ørsted (50%).



PensionDanmark



Geography: Denmark
Sector: Offshore wind
Commitment: EUR 335 million

2013

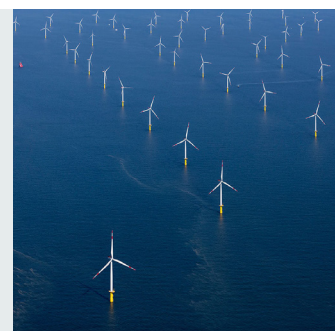
BUTENDIEK

Butendiek is a 288 MW offshore wind farm located in the North Sea around the German-Danish border, approximately 32 km off the island of Sylt. It consists of 80 Siemens 3.6 MW wind turbines. Every year until decommissioning, the wind farm will be supplying green and renewable electricity to cover the annual consumption equivalent of 289,000 Danish households.

PKA Direct I held a 22.5% equity stake alongside Marguerite (22.5%), Industriens Pension (22.5%), Siemens (22.5%), and WPD (10%). PKA's investment was fully realized in 2017.



SIEMENS



Geography: Germany
Sector: Offshore wind
Commitment: EUR 100 million

2014

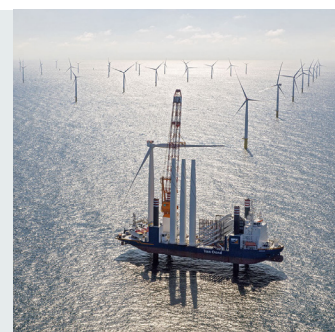
GEMINI

Gemini is a 600 MW offshore wind farm located in the Dutch part of the North Sea, 85 km north off the coast of Groningen. Gemini is supplying renewable electricity to the equivalent of 596,000 Danish households annually and consists of 150 Siemens wind turbines with a capacity of 4.0 MW each, making it one of the largest wind farms in the world in terms of size and production.

PKA Direct I is invested in a junior debt tranche alongside Northland Power who is also invested in the equity.



SIEMENS



Geography: The Netherlands
Sector: Offshore wind
Commitment: EUR 120 million

2014

GODE WIND 2

Gode Wind 2 is a 252 MW offshore wind farm located in the German North Sea, approximately 45 km from the German coastline. Gode Wind 2 consists of 42 wind turbines each with 6 MW capacity from Siemens Wind Power including a gearless solution and rotors with wingspan of 154 meters in diameter. Gode Wind 2 provides renewable electricity to the equivalent of 242,000 Danish households every year.

PKA Direct I is the dedicated asset manager on behalf of the equity investor consortium. Ørsted holds a 50% stake, PKA holds a 24.75% stake, with equity partners Industriens Pension, Lægernes Pension, and Lærernes Pending holding the remaining equity.



LÆGERNES pension



Geography: Germany
Sector: Offshore wind
Commitment: EUR 288 million

2016

BURBO BANK EXTENSION

Burbo Bank Extension is a 258 MW offshore wind farm located 7 km off the coast of Liverpool in the UK. Ørsted constructed the asset and is operating it while holding a 50% equity stake. The asset became fully operational in 2017 and is now supplying renewable electricity to the equivalent of 218,000 Danish households.

PKA Direct II holds a 25% equity stake alongside KIRKBI (25%) and Ørsted (50%).



Geography: The UK
Sector: Offshore wind
Commitment: EUR 440 million

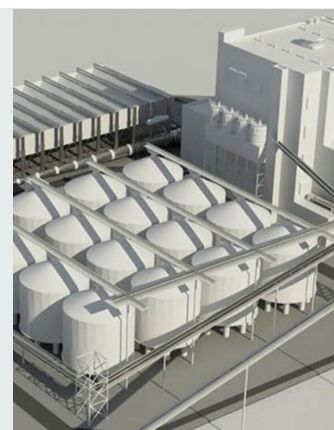
2016

TEES RENEWABLE ENERGY PLANT

Tees Renewable Energy Plant is a 299 MW biomass power plant located in the Northern part of England. The asset is under construction and is expected to be completed by 2021. When operational, the power plant will generate enough electricity to cover the annual electricity consumption equivalent of 493,000 Danish households.

The biological material (biomass) used at the plant consists of residues from commercial sustainable forestry and saw mills, which would otherwise not be used (waste wood). The pellet suppliers are compliant with multiple independent standards⁶.

PKA Direct II currently holds a 50% stake in the equity with partner Macquarie holding the remaining 50%.



Geography: The UK
Sector: Biomass plant
Commitment: EUR 175 million

⁶American Tree Farm System (ATFS), the Timber Standard for Heat & Electricity, the Forest Stewardship Council Standard (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

2017

WALNEY EXTENSION

Walney Extension is a 659 MW offshore wind farm located in the East Irish Sea in the UK. The asset became fully operational in 2018 and is considered one of the largest offshore wind farms in the world providing renewable electricity to the equivalent of 628,000 Danish households per year.

PKA Direct II holds a 25% stake alongside Danish pension fund PFA (25%) and Ørsted (50%). The financing of the investment includes debt financing in the PFA and PKA holding company.



PFA



Geography: The UK
Sector: Offshore wind
Commitment: EUR 335 million

2018

BLAFA

Blakliden/Fäbodberget onshore windfarm (BlaFa) is a 353 MW onshore wind farm under construction in Sweden. AIP partnered with the Swedish utility Vattenfall and turbine supplier Vestas to build the wind farm, which is expected to cover the annual electricity consumption for the equivalent of approximately 246,000 Danish households.

AIP I owns 30%, Vattenfall 30% and Vestas 40%, PKA and Vattenfall have provided a substantial mezzanine loan.



PenSam



Geography: Sweden
Sector: Onshore wind
Commitment: EUR 110 million

Renewable energy infrastructure North America

2018

GARLAND & TRANQUILLITY

Garland and Tranquillity are two solar generation assets situated in California, United States. They have a combined capacity of 410 MW and consist of more than 1.7 million solar panels. The two assets became operational in 2016 and combined they provide renewable electricity to the equivalent of 247,000 Danish households every year.

AIP I holds a 49% equity stake with Southern Power owning the remaining 51%.



PenSam



Geography: California, United States
Sector: Solar
Commitment: USD +300 million

2019

EL CAMPO

El Campo is a 243 MW onshore windfarm located in Knox County, Texas. The park began construction in July 2019 and all 67 Vestas turbines were in operation during the fourth quarter of 2020. Construction was managed by Longroad Energy and performed by the experienced M.A. Mortenson and Vestas. The wind park will be the first of its kind in Knox County and has significant backing from the local community. The park is expected to provide renewable electricity to the equivalent of 211,000 Danish households every year.

AIP I holds a 50% equity stake in an equity partnership with Longroad Energy Holdings. In addition, PKA and PenSam have provided a term loan to the project.



PenSam

longroad
ENERGY



Geography: Texas, United States
Sector: Wind
Commitment: USD +100 million

2020

PROSPERO I & LITTLE BEAR

Prospero I and Little Bear are two solar generation assets situated in Texas and California, United States and have a combined capacity of 590 MW. The two assets are in operation since the fourth quarter of 2020 and combined they will provide renewable electricity to the equivalent of 279,000 Danish households every year.

AIP I holds a 50% equity stake in an equity partnership with Longroad Energy Holdings. In addition, PKA and PenSam have provided a term loan to the Prospero I project.



PenSam

longroad
ENERGY



Geography: California and Texas, United States
Sector: Solar
Commitment: USD +200 million

2020

ESCALADE

Escalade is a 336 MW onshore windfarm located in Knox County, Texas which is set to start operation in the fourth quarter of 2021. The park will consist of 25 Vestas V150 and 40 Vestas V162 turbines and construction will be managed by the experienced parties Akuo Energy USA, Mortenson Construction and Vestas. The park has entered into a 30-year service agreement with Vestas and Akuo Energy that will act as long-term asset manager during operations. Additionally, the park is expected to provide renewable electricity to the equivalent of 275,000 Danish households every year.

AIP I holds a 35% equity stake alongside Taaleri Energia, Taaleri SolarWind II, Ilmarinen and Akuo Energy. In addition, AIP II, Storebrand, and the Swiss institutional consortium have also provided a term loan to the project.



PenSam

storebrand

TAALERI
ENERGIA

AKUO
Entrepreneurs by nature



Geography: Texas, United States
Sector: Wind
Commitment: USD 180 million

Other infrastructure

2018

TDC

TDC is Denmark's largest telecommunications operator with more than 3 million customers across TV, broadband and mobile segments. The investment, which involved taking TDC private, is focused on strengthening the Danish digitalization through largescale investments into fibre and 5G technology over the next decade, all aimed at putting Denmark at the forefront of the digital transformation.

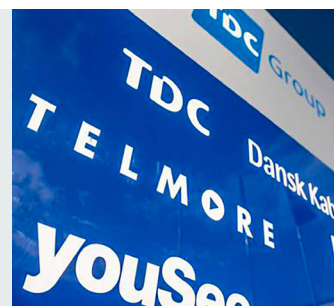
PKA via Ophelia is invested in the equity alongside Macquarie Infrastructure and Real Assets, ATP, and PFA.



PFA



atp=



Geography: Denmark
Sector: Telecommunications
Commitment: EUR 460 million

2018
+ 2019

NYHAMNA

The Nyhamna gas processing plant is one of Northern Europe's largest gas processing facilities, located in Northwestern Norway. It became operational in 2007 and processes gas from the Ormen Lange and Aasta Hansteen fields. More fields are expected to be connected in the future through the Polarled pipeline that connects Aasta Hansteen with Nyhamna. The facility is owned by the Nyhamna Joint Venture.

In 2018, North Sea Infrastructure⁷ acquired 3.7% of the Nyhamna Joint Venture from ExxonMobil Exploration and Production Norway AS. In July 2019 a sale and purchase agreement was signed with AS Norske Shell for a 10% participation interest of Nyhamna Joint Venture bringing North Sea Infrastructure's ownership to 13.7%.



PenSam

equinor

petoro



Geography: Norway
Sector: Gas infrastructure
Commitment: NOK undisclosed

2019
+ 2020

VESTPROSESS

Vestprosess DA is a natural gas liquids (NGLs) processing facility in Norway located at the Mongstad processing plant.

AIP I acquired an 8% participating interest in Vestprosess DA from A/S Norske Shell, through its subsidiary North Sea Infrastructure in October 2019. Following acquisition from Total E&P Norge AS and ExxonMobil in 2020, North Sea Infrastructure's ownership in the facility is now 23%.



PenSam

equinor

petoro



Geography: Norway
Sector: Gas infrastructure
Commitment: NOK undisclosed

⁷North Sea Infrastructure is owned by AIP I.

2020

AGILITY TRAINS EAST

Agility Trains East ("ATE") is a rolling stock fleet of 65 Hitachi Class 800/801 Intercity Express trains running on the East Coast Main Line in the UK. The fleet, which is comprised of both electric and bi-modal trains, is fully delivered and in operation.

AIP investors hold a 30%* equity stake in ATE alongside Hitachi (40%) and GLIL (30%).



PenSam

storebrand

HITACHI

GLIL
INFRASTRUCTURE



Geography: The UK
Sector: Rail
Commitment: GBP 420 million

ZION BATTERY ENERGY STORAGE SYSTEMS (BESS)

Zion BESS is two 4-hour battery energy storage systems in California, with a total combined capacity of 160 MW / 640 MWh. The energy storage systems will be co-located with the operational solar PV facilities Garland and Tranquillity in Kern and Fresno County.

AIP investors hold a 49% equity stake with Southern Power owning the remaining 51%.



PenSam

Southern Company



Geography: California, United States
Sector: Energy storage
Commitment: 56 million USD
Closing: 2020

*The AIP investors will acquire John Laing's 15% stake later in the year but as of the end of 2020 only hold 15%.

METHODOLOGY

AIP reports on sustainability performance on an annual basis. AIP's ESG report 2020 refers to the period January 1st, 2020 to December 31st, 2020. The report was developed in collaboration with Klinkby Enge, an independent third-party advisor. Klinkby Enge has received environmental and social data from AIP and performed checking of the data. This has been done to ensure accountability of the data and methodology used in the report.

This report covers AIP Management P/S.

Disclosure in relation to standards and commitments

This ESG report contains information relevant for AIP's commitments and relevant reporting standards.

- The report utilizes the information that AIP has provided in the 2019 PRI reporting. See PRI content on page 42 for references.
- The report includes our Communication on Progress (COP) submission to the UNGC. See page 44 for references.

Methodology environmental key figures

Emissions avoided

The CO₂ emission avoided are calculated by using the average emissions from non-renewable energy creation in the countries that AIP assets are located. The actual conversion (CO₂ per kWh) depends on the energy mix in the market on which the renewable energy is sold. The conversion factors used are sourced from the International Environmental Agency (IEA).

Cars avoided

The number of cars avoided on the road is calculated by using the average CO₂ emissions from a car per year. The average CO₂ emissions per car is sourced from the United States Environmental Protection Agency (EPA).

Households powered

The number of households powered by renewable energy from AIP's investments is calculated by using the average electricity consumption of households per year. The average electricity consumption per household is sourced from Bolius and represents the average electricity consumption of a Danish household.

CO₂ generated from assets

The figure "CO₂ generated from assets", referenced on pages 7-8, includes the CO₂ emissions generated from Nyhamna, Vestprosess and TDC. The CO₂ emissions from Nyhamna are calculated by the asset operator Gassco, while CO₂ emissions from Vestprosess are calculated by Equinor. The CO₂ emissions generated by TDC is reported in TDC's annual sustainability report and include Scope 1-3 emissions. These might be subject to change as they have not been externally assured yet.

CO₂ emissions arising from shipping, transportation, and supply chain activities of all assets (scope 3), except for TDC, are not included in this report.

AIP's carbon footprint

The calculation of AIP's carbon footprint follows the framework established by the Greenhouse Gas (GHG) Protocol. The calculations were done by Normative.

Scope 2 emissions are calculated using energy consumption figures from AIP's energy supplier, Ørsted.

Scope 3 emissions for AIP's travel are calculated using databases recommended by the GHG Protocol such as the Department for Environment, Food & Rural Affairs (DEFRA).

Scope 3 emissions for AIP's supply chain are based on transaction data between AIP and its suppliers. The service/product of the transaction is categorised in accordance with the United Nations Standard Products and Services Code (UNSP-SC) classification. The emissions are based on consumption data of the service/product category per sector and country deriving from data banks such as Eurostat.

PRI CONTENT INDEX

Organisational Overview			
Indicator	Short description	Principle	Page reference
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OO 02	Headquarters and operational countries	General	4
OO 04	Reporting year and AUM	General	4
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OO 06	How would you like to disclose your asset class mix	General	4
OO 09	Breakdown of AUM by market	General	4
OO 11	ESG incorporation practices for all assets	General	2
OO INF 01	Breakdown of infrastructure investments	General	34-39
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Strategy and Governance			
Indicator	Short description	Principle	Page reference
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SG 03	Conflicts of interest	General	13
SG 04	Identifying incidents occurring portfolios	General	14
SG 07	RI roles and responsibilities	General	14-15
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SG 14	Long term investment risks and opportunity	1	21-22

PRI CONTENT INDEX

Direct - Infrastructure			
Indicator	Short description	Principle	Page reference
INF 01	Description of approach to RI	1,6	6, 12-16
INF 02	Responsible investment policy for infrastructure	1,6	12-16
INF 03	Fund placement documents and RI	1,4,5	14
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Confidence building measures			
Indicator	Short description	Principle	Page reference
CM1 01	Assurance, verification, or review	General	41
CM1 07	Internal verification	General	41

UN GLOBAL COMPACT PROGRESS REPORT

Declaration of support:

We acknowledge the Ten Principles of the UN Global Compact on the key areas of human rights, labour, the environment and anti-corruption. We are committed to integrate the principles of the UN Global Compact into our strategy, culture, and day-to-day operations. The way in which we contribute to meeting these principles within our area of responsibility is shown in our annual Communication on Progress, integrated into this ESG report.

Kasper Hansen, Managing Partner

WE SUPPORT



Human rights

- 1) Businesses should support and respect the protection of internationally proclaimed human rights in their area of influence; and
 - 2) make sure that they are not complicit in human rights abuses.
- *ESG in our investments (pages 12-13)*
 - *Our ESG due diligence framework (page 15)*
 - *The Sustainable Development Goals (pages 23-25)*

Labour

- 3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - 4) the elimination of all forms of forced and compulsory labour;
 - 5) the effective abolition of child labour; and
 - 6) the elimination of discrimination in respect of employment and occupation.
- *ESG in our investments (pages 12-13)*
 - *Our ESG due diligence framework (page 15)*
 - *The Sustainable Development Goals (pages 23-25)*

Environment

- 7) Businesses should support a precautionary approach to environmental challenges;
 - 8) undertake initiatives to promote greater environmental responsibility; and
 - 9) encourage the development and diffusion of environmentally friendly technologies.
- *A message from our Managing Partner (page 2)*
 - *ESG highlights 2020 (page 5)*
 - *Our investments in 2020 (pages 9-11)*
 - *ESG in our investments (pages 12-13)*
 - *Our ESG due diligence framework (page 15)*
 - *ESG investment cases (pages 18-20)*
 - *The Climate Change challenge (pages 21-22)*
 - *The Sustainable Development Goals (pages 23-25)*
 - *Portfolio overview (Pages 35-40)*

Combating corruption

- 10) Businesses should work against corruption in all its forms, including extortion and bribery.
- *ESG in our investments (pages 12-13)*
 - *Our ESG due diligence framework (page 15)*

DISCLAIMER

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