



ESG REPORT 2021

AIP MANAGEMENT

A MESSAGE FROM OUR MANAGING PARTNER

A few months into the new year, and the overshadowing theme across Europe is the Russian invasion of Ukraine. What has happened in Ukraine is terrible and unacceptable in the Europe we have come to know for the past 30 years. At AIP Management (AIP), we continue to monitor the situation closely together with our project partners. The crisis has caused great political uncertainty and financial market turmoil, however to date, it has had very limited impact on AIP's operations and portfolio assets.

As tragic as this crisis is, it has enabled a sense of unity amongst Western economies not seen in recent years and created a focus on becoming independent from Russian fossil fuel sources. As such, it may well prove to be the decisive catalyst needed to accelerate the energy transition in Europe over and beyond what was agreed at the COP26 climate conference in Glasgow in the fall of 2021.

In the context of current geopolitical developments, the year of 2021 and COVID-19 seems distant in memory. Towards the end of last year, we saw glimpses of a society beyond COVID-19 and the challenges caused by this virus. We believe and sincerely hope that the coming year will include more physical presence and time together at our offices, and that home offices will be an opportunity providing individual flexibility, rather than a necessity.

For AIP, 2021 was a year with many significant milestones. From an organisational perspective, we were fortunate to welcome 25 new people to the team. This growth has enabled further specialisation, strong investment execution and dedicated asset management across a growing investment portfolio. We have also built geographically focused teams; one based in Madrid dedicated to the flexible financing of Southern European renewable energy projects, one based in London, and one US specialised team currently working out of our Danish office.

The beginning of 2022 saw the final closing of our latest fund AIP Infrastructure II, one of the largest climate and

infrastructure funds in the Nordics, with total commitments of EUR 4 billion. We are grateful for the continued strong support from our investors – the pension savers – and are humbled by the task that lies ahead.

On the investment front, we concluded the year by investing in four Lithuanian onshore wind projects and earlier in the year we were able to complete an investment into one of the largest offshore wind projects in Scotland.

We are proud that AIP in 2021 for the second year in a row managed to achieve a top ranking in the GRESB Infrastructure Fund Assessment. We see the top ranking as a validation of our approach, and we will maintain and further strengthen our dedication towards responsible investing and ESG. During 2021, new sustainability-related regulation from the EU came into force. AIP Infrastructure II is disclosed as an Article 8 product under SFDR, and we have performed EU Sustainability Taxonomy analysis of our assets, as laid out in this report.

AIP is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). With this – our third annual ESG report – we have enhanced our analysis and disclosure of asset specific climate risks and will continue to ensure the implementation of this for coming investments.

Looking ahead, we remain very positive around the outlook for investing into energy and infrastructure assets in partnerships with responsible investors and operators in existing as well as new technologies. We believe this will contribute to the continued journey towards a more sustainable energy economy.



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

Kasper Hansen
Managing Partner
March 2022

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AIP AT A GLANCE

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

AIP was originally founded in 2012 and has operated since 2018 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 is structured to provide benefits of scale, a stable risk/return profile and to contribute positively to society and the environment.

AIP is a signatory of the UN PRI, UN Global Compact, Task Force on Climate-related Financial Disclosures (TCFD) and member of the Institutional Investors Group on Climate Change (IIGCC).

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

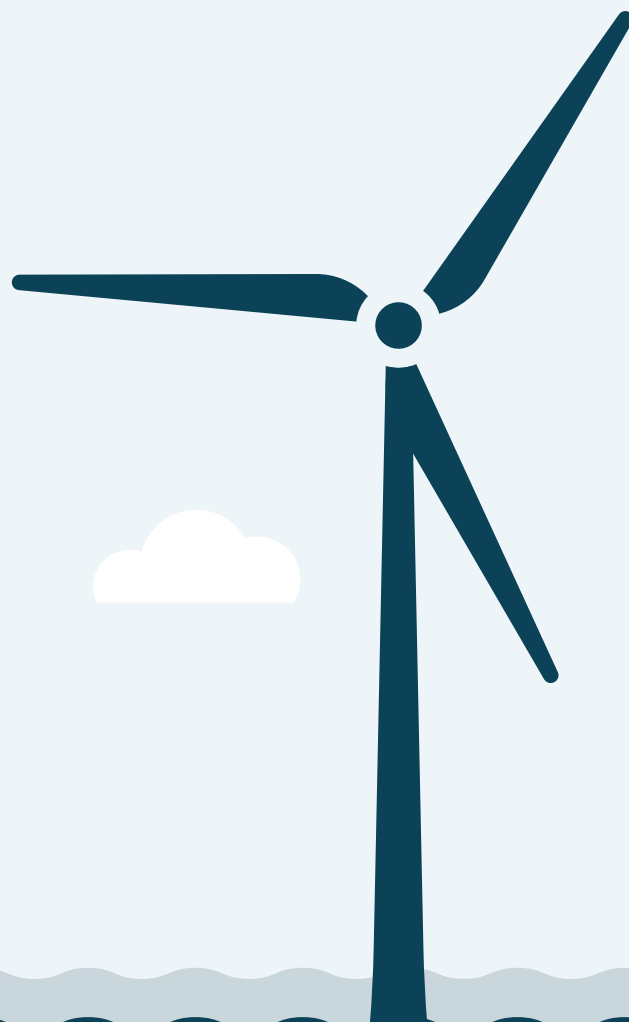
As of March 2022, AIP's investors include the Danish pension funds PKA, PenSam, AkademikerPension and Lærernes Pension, the Norwegian financial group Storebrand and a consortium of large Swiss institutional investors advised by InPact Partners.

AIP's investors are characterised 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.

As of March 2022, the AIP team consists of 70 professionals with extensive investment, energy and infrastructure experience.

Since 2012, the AIP team has led investments and managed a portfolio of more than EUR 4.5 billion in 22 infrastructure assets across Europe and the United States.



ESG HIGHLIGHTS 2021



GRESB

AIP was recognised as a GRESB leader and awarded the “GRESB 2021 Most Improved” recognition within global renewable power. Furthermore, AIP once again achieved a maximum score of 30/30 in GRESB’s management assessment, reconfirming the quality of AIP’s own ESG processes.

AIP has a target of increasing GRESB participation with at least two assets per year. During 2021 the asset participation increased with five assets: Prospero, El Campo, Walney Extension, Anholt and Gode Wind II. In total, 11 of AIP’s 18 assets participated in the 2021 reporting. In 2022, we expect that another three assets in the AIP portfolio will report to GRESB.



GREEN LOAN

In 2021, we issued our first Green Loan. The terms of the loan have been set in accordance with the Loan Market Association’s Green Loan Principles that sets out principles for the use and management of proceeds, as well as reporting requirements.



IIGCC MEMBERSHIP

AIP became member of the Institutional Investors Group on Climate Change (IIGCC), where we have joined the infrastructure working group to expand the current Net Zero Investment Framework.



TCFD SUPPORTER

AIP became TCFD supporter in 2020. In 2021, we have worked on developing our TCFD reporting. This has been done as part of the PRI Transparency Report, the GRESB Fund assessment 2021, and this 2021 ESG Report for AIP. AIP’s TCFD reporting can be found on page 18.



SFDR DISCLOSURES

The EU’s Sustainable Finance Disclosure Regulation (SFDR) came into force in 2021. AIP Infrastructure II has been classified as an Article 8 product under the SFDR as it promotes environmental and social characteristics. AIP Infrastructure II and subsequent funds managed by AIP consider Principal Adverse Impacts (PAI) of investment decisions, as defined in the SFDR regulation.



EU SUSTAINABILITY TAXONOMY

AIP has assessed all our investments against the sustainability criteria set out in the EU Sustainability Taxonomy. In this report we have published the first results of the EU Taxonomy analysis. See more on page 10.



GREEN ELECTRICITY CERTIFICATES

Since the beginning of 2021, our energy consumption at AIP’s Danish office is 100% sourced from renewable energy. We are buying renewable energy certificates of origin from Ørsted covering the full electricity consumption at AIP’s Danish office.



TEAMS ESTABLISHED IN MADRID AND LONDON

As part of our strategy to develop deep specialisation, strong investment execution and diligent asset management across a larger investment portfolio, we have built geographically specialised teams in two new locations. One team is located in Madrid with a focus on the financing of Southern European renewable energy projects, and the other team is based in London.



INVESTMENTS IN 2021

In 2021, we invested in Beatrice offshore wind farm located in the Scottish North Sea and Porter, a portfolio of four onshore wind farms in Lithuania.

2021 ENERGY GENERATION AND CO₂e EMISSIONS AVOIDED¹

● Unadjusted for ownership share ● Adjusted for ownership share (equity)

RENEWABLE ENERGY CAPACITY

Renewable energy capacity under construction (MW):

1,174
373
+

Renewable energy capacity in operation (MW):

3,742
881
=

Total renewable energy capacity (MW):

4,916
1,254

RENEWABLE ENERGY GENERATION

Renewable energy generation (GWh):

9,658
2,273
↓

EQUIVALENT OF

CO₂e avoided from renewable energy generation (thousand tonnes):

3,032
678
↓

CORRESPONDING TO

No. of cars removed from the road in 2021:



659,000
147,000

OR

No. of Danish households provided with renewable energy in 2021:



2,195,000
517,000

¹ Renewable energy assets refer to our solar, biomass, offshore and onshore wind assets. The CO₂e emissions avoided are calculated by using the average emissions from non-renewable energy creation in the countries where AIP assets are located. The number of cars avoided on the road is calculated by using the average CO₂e emissions from a combustion engine car per year. 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 number of cars and households are rounded to the nearest thousand. For further information, see section "Methodology".

2021 ENERGY GENERATION AND CO₂e EMISSIONS AVOIDED

● Unadjusted for ownership share ● Adjusted for ownership share (equity)

CO₂e FOOTPRINT²

CO₂e generated from assets
(thousand tonnes):

487

83

—

CO₂e avoided from renewable energy generation
(thousand tonnes):

3,032

678

=

Net asset CO₂e footprint (thousand tonnes):

-2,545

-595

² The tonnes of CO₂e generated from assets does not cover all AuM of AIP. The CO₂e emissions from our assets are calculated by the asset operators. These may partially be based on estimates and may not have been reviewed by any third party. CO₂e generated from assets in 2021, includes scope 1-3 emissions from TDC, Gode Wind, Anholt, Walney Extension, and Porter as well as scope 1 and 2 emissions from our remaining assets excluding Gemini, TeesRep, BlaFa, Garland & Tranquillity, Escalade, Zion and ATE. Emissions from these assets are not included as data was not available. We will work to further improve data coverage in the coming years.

SFDR AND THE EU TAXONOMY

Sustainable Finance Disclosure Regulation:

The EU's Sustainable Finance Disclosure Regulation (SFDR) came into force 10 March 2021. SFDR lays down sustainability disclosure obligations for financial market participants. It does so in relation to both the integration of sustainability risks and the disclosure of adverse impacts of investment decisions on sustainability matters.

ESG is a core part of AIP's business and is integrated throughout AIP's investment process with the purpose, on one hand, to identify and prioritise principal adverse impacts on sustainability factors, and on the other hand, to assess sustainability risks on financial returns. Our ESG due diligence framework takes both principal adverse impacts on sustainability factors and sustainability risk on financial returns into account.

SFDR Article 3

According to Article 3 of the SFDR, financial advisors shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision process.

AIP's [ESG Policy](#) and [Responsible Investment Policy](#) address AIP's integration of sustainability risks throughout AIP's investment process and operations, including our ESG due diligence framework.

SFDR Article 4

In accordance with Article 4 of the SFDR, financial market participants – including alternative investment fund managers with less than 500 employees – can choose whether or not to consider principal adverse impact of their investment decisions on sustainability factors.

AIP has decided to consider principal adverse impact of investment decisions on sustainability factors across AIP Infrastructure II and subsequent funds managed by AIP. Please refer to our "[Principal adverse impact statement](#)" for a description of how AIP considers such principal adverse impact.

Read more about AIP's work with SFDR:

- [AIP ESG Policy](#)
- [AIP Responsible Investment Policy](#)
- [AIP Article 4 statement](#)
- [AIP Article 10 statement](#)
- [AIP products with environmental or social characteristics](#)



Walney offshore wind farm

SFDR Article 5

According to Article 5 of the SFDR, financial market participants – including alternative investment fund managers – shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their [websites](#).

AIP has both a remuneration policy and a diversity policy. The policies have been designed to align the personal objectives of AIP's employees, considering the risk profile, values and long-term interests of AIP and funds managed by AIP, and to ensure that all relevant factors are taken into account when hiring, evaluating and promoting employees.

As part of the semi-annual performance review, there is specific focus on compliance with ESG policies and procedures and with AIP's values and principles. This way, AIP emphasizes the importance of these matters and supports good corporate governance as well as sustained and long-term value creation for our investors.

To further strengthen the setup and overall alignment of interests, AIP also has an external remuneration policy outlining the principles on how to handle investments with respect to aligning remuneration of the executives of the investment target company or portfolio companies with performance, the long-term strategy and the sustainable business goals of the investments.

AIP will continuously work to ensure that the remuneration policies support AIP's work to integrate sustainability risks in all relevant processes.

SFDR Article 8

AIP Infrastructure II promotes environmental and social characteristics and thereby classifies as an Article 8 product under the SFDR. The disclosures with information on how those characteristics are met, as well as the information on methodologies used to assess, measure and monitor the environmental or social characteristics, can be found [here](#).

Next steps for AIP's SFDR work

In 2022 we will continue our work of implementing the requirements under SFDR. This will include preparing Principal Adverse Impact reporting for AIP Infrastructure II.



EU Sustainability Taxonomy

In 2021, AIP began the work of assessing its EU Sustainability Taxonomy alignment of the investment funds managed by AIP.

Each asset in the funds has been assessed against the sustainability criteria set out in the EU Sustainability Taxonomy. The EU Sustainability Taxonomy defines six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In addition to the environmental objectives, the EU Sustainability Taxonomy also includes criteria for Minimum Safeguards.

For each objective, a set of screening criteria have been defined that are specific to a given economic activity. There are two levels of criteria: "Substantial Contribution" and "Do No Significant Harm".

The analysis shows that as of December 2021, 93% of AIP's assets under management (AuM) were eligible under the EU Sustainability Taxonomy and 66% of AIP's AuM were aligned with the EU Sustainability Taxonomy.

Table 1: EU Sustainability Taxonomy eligibility and alignment³

Fund	Asset	Country	Activity	EU Taxonomy eligibility	EU Taxonomy alignment	Eligibility share (% of AuM)	Alignment share (% of AuM)
PKA Direct I	Anholt	Denmark	Offshore wind	Eligible	Aligned	100%	84%
	GodeWind II	Denmark	Offshore wind	Eligible	Aligned		
	Gemini	Netherlands	Offshore wind	Eligible	Not aligned		
PKA Direct II	Walney Extension	United Kingdom	Offshore wind	Eligible	Aligned	100%	100%
	TeesRep	United Kingdom	Biomass power plant	Eligible	Aligned		
AIP 1 ⁴	Nyhamna & Vestprosess	Norway	Gas processing	Not eligible	N/A	77%	10%
	BlaFa	Sweden	Onshore Wind	Eligible	Aligned		
	BESS	USA	Battery storage	Eligible	Not aligned		
	Tranquillity	USA	Solar	Eligible	Not aligned		
	Garland	USA	Solar	Eligible	Not aligned		
	El Campo	USA	Onshore Wind	Eligible	Not aligned		
	Prospero I	USA	Solar	Eligible	Not aligned		
	Little Bear	USA	Solar	Eligible	Not aligned		
AIP 2	Escalade	USA	Onshore Wind	Eligible	Not aligned	100%	84%
	Agility Trains East	United Kingdom	Rolling stock (passenger rail)	Eligible	Aligned		
	Beatrice	United Kingdom	Offshore Wind	Eligible	Aligned		
	Porter	Lithuania	Onshore Wind	Eligible	Aligned		

Next steps for AIP's EU Taxonomy work

For 2022, we will continue to work on aligning our US-based assets as well as other non-aligned assets with the objectives stated in the EU Taxonomy.

Following the approval of the Complementary Climate Delegated Act by the European Commission including specific gas energy activities to be covered by the EU Taxonomy, we will be updating our Taxonomy analysis of AIP Infrastructure I to include assessments of our gas processing facilities, Nyhamna and Vestprosess depending on their eligibility.

³ The analysis has been conducted with Klinkby Enge, an independent third-party advisor. Klinkby Enge has provided AIP with questionnaires for each of the assets. Each questionnaire addresses the specific sustainability criteria set out in the EU Sustainability Taxonomy for the given activity conducted by each asset. Data collection has been performed by AIP based on the questionnaires provided by Klinkby Enge. Klinkby Enge has analysed the answers and documentation provided to assess if the EU Taxonomy's sustainability criteria have been met.

⁴ TDC is not included in this overview as the entity has conducted its own eligibility and alignment assessment with the EU Taxonomy.

ESG IN AIP'S 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 in terms of understanding and managing risks, and identifying 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 recognised standards

We have identified a set of key ESG principles that are integrated in our investment process. AIP's principles for responsible investment are based on global, universally recognised standards and guidelines, developed by international bodies, such as the United Nations (UN), the International Finance Corporation (IFC), the Organisation for Economic Co-operation and Development (OECD) and the European Union (EU). These standards and guidelines form the foundation for our work with ESG in our investments.

The ESG principles are integrated in our investment process

Our ESG principles are formalised in our ESG Policy and are applied throughout the investment process. The illustration on page 12 visualizes the integration of the ESG principles in the investment process.

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, a member of GRESB Infrastructure, and member of IIGCC. AIP also supports the UN Sustainable Development Goals.

Environmental principles

- 1 Continue to invest in renewable energy
- 2 Minimise environmental consequences related to construction and operation of infrastructure assets
- 3 Minimise carbon footprint of investments
- 4 Minimise carbon footprint of own operations
- 5 Exclude investments in coal, oil and tar sands⁵

Social and human rights principles

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

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 conflicts 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



ESG DUE DILIGENCE FRAMEWORK

AIP's approach to ESG due diligence

At AIP we believe that taking protection of the planet and people into consideration during the investment process makes good investment sense and creates long-term value.

ESG due diligence framework

During 2021, we have used our ESG due diligence framework for evaluating 11 investment opportunities.

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. Based on this, we have defined 43 risk factors which are evaluated for all new investments.

We work with our dedicated ESG due diligence advisor, Klinkby Enge, who helps 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 ESG 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

INVESTMENT CASE

TAALERI



Case: Porter - Green loans to Lithuanian onshore wind farms

AIP's first Green Loan

In November 2021, AIP provided financing to the construction of a portfolio of four onshore wind farms located in Lithuania with a total capacity of 186 MW. It is AIP's first investment in Lithuania. The financing solution was provided to the equity owners Taaleri Energia - a leading European renewable energy developer and fund manager - and Lords LB, a leading investment management firm in the Baltics.

The wind farms are being developed and built by European Energy. General Electric will be responsible for maintaining the turbines under a 30-year full-service contract. All four wind farms are expected to be fully operational in 2022/23 and will together produce enough electricity to supply the equivalent of 135,000 Danish households and will offset the equivalent of 38,480 tonnes of CO₂ during each year of operation.

The financing was provided and documented as AIP's first Green Loan in accordance with the Loan Market Association (LMA) Green Loan Principles. The LMA Green Loan Principles are built on the International Capital Market Association's (ICMA) Green Bond Principles to maintain consistency in the documentation of Green Project eligibility across financial markets.

The LMA defines Green Loans as "any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects". The fundamental principle of a Green Loan is that the project should provide clear environmental benefits. In addition, the borrower must communicate environmental criteria and objectives, loan proceeds appropriately tracked and reported upon in relation to their use on environmentally sustainable projects, and finally the borrower must provide regular reporting to the lenders with regards to the environmental indicators and impacts from the projects.



"It is important to us that the debt investments we make have similar high ESG standards as our equity investments. We can help ensure that by documenting our loan financing in accordance with internationally recognised green finance standards."



*Martin V. Dalsager,
Investment Director,
AIP Management*

INVESTMENT CASE



Case: Beatrice Offshore Wind Farm

AIP's first investment in offshore wind since 2017

In January 2021, AIP provided mezzanine loans to help finance Equitix' acquisition of a 17.5% equity stake in Beatrice Offshore Wind Farm. Beatrice is an operational wind farm located off the north-east coast of Scotland, consists of 84 Siemens Gamesa SWT-7.0-154 turbines and has an electricity generation capacity of 588 MW. The generation capacity is equivalent to the powering of 450,000 households. Beatrice is Scotland's second largest wind farm.

Founded in 2007 and headquartered in London, Equitix is a leading infrastructure investment firm that manages over £7 billion on behalf of long-term investors, including a large proportion of UK pension funds. The Equitix investment strategy focuses on core infrastructure projects, predominantly located in the UK and covering a wide range of sectors with a particular focus on social infrastructure, transportation, regulated utilities and renewables. Across all its core funds, Equitix seeks to hold assets for the life of the fund which is typically 25 years.

The investment is AIP's first in offshore wind since 2017, when AIP invested in Walney Extension.



“The loan for Equitix’ investment in Beatrice demonstrates AIP’s ability to provide flexible, long-term and stable financing of equity investments into core infrastructure assets. We are glad when we can support likeminded investors in this type of transactions that contribute positively to the green energy transition.”



*Domenico Tripodi,
Partner, AIP Management*

AIP EXPANDS PRESENCE IN SPAIN TO SUPPORT ENERGY TRANSITION

In 2021, AIP was pleased to welcome Alfonso Andrés and Alfonso Lorenzi as Directors in the AIP team, working out of Madrid, Spain. Both Mr. Andrés and Mr. Lorenzi are highly experienced renewable energy investment professionals, joining from Vestas where they worked together for more than 12 years.

AIP's Managing Partner Kasper Hansen says: "We are delighted to welcome both Mr. Andrés and Mr. Lorenzi to AIP. We have a strategic focus on the growing markets in Southern Europe and having a presence on the ground in Spain through an experienced team will help us accelerate that strategy."

Spain is a leading renewable energy country with 42 GW combined wind and solar generation capacity installed with an ambitious target of more 50 GW of new wind and solar installations by 2030. This will help Spain achieve its 2030-target of reducing GHG emissions by 55% compared to 1990-levels.

AIP has joined the industry associations for solar photovoltaic (PV) and wind energy, respectively, UNEF (Unión Española Fotovoltaica) and AAE (Asociación Empresarial Eólica).

The local presence will allow AIP to be closer to renewable energy developers – mainly for wind and solar PV projects. AIP has developed a flexible debt product for merchant renewable projects that allows developers to achieve more attractive leverage than typically available in the market, with a flexible repayment profile to take account of the variable nature of cash flows on merchant projects.

This meets a part of the financing needs in the Spanish market where large financing volumes are needed due to the ambitious targets of Spanish National Energy & Climate Plan (PNIEC) for renewable energy installations. The financing solution provided by AIP is compatible with fully merchant, long and short term Power Purchase Agreements (PPAs) as well as other revenue schemes.

AIP's ESG due diligence is an integrated part of the debt product provided in Spain.



INVESTING IN THE US ENERGY TRANSITION

Since 2018, investments in renewable energy assets in the United States have become a significant part of AIP's portfolio with a total of seven investments: two investments in onshore wind, four in Solar Photovoltaic (PV) and one in battery storage. In 2021, AIP has further increased its focus on the US renewables market by establishing a dedicated team.

"The reason we have created a dedicated US investment team is that the US is a massive and complex market transitioning to renewable energy. We expect the American renewables market to grow significantly over the coming years and we have built a set of competences in the investment team that we can leverage and develop further," says Ulrik Bornø, Partner and responsible for AIP's business development.

AIP's first US investment in 2018 was the 272 MW Garland and 258 MW Tranquillity solar PV facilities in California. During the following year, AIP expanded its US portfolio with a 243 MW onshore wind farm in Texas (El Campo). In 2020 AIP invested in Escalade, a 336 MW onshore wind farm in Texas, the 211 MW Little Bear (California) and the 379 MW Prospero (Texas) solar PV facilities. It was also decided to expand the Garland and Tranquillity facilities with a battery storage system (BESS). AIP's current strategy is to continue to focus on onshore wind, solar PV and storage, while investments in offshore wind and other adjacent sectors may become relevant in the coming years.

"Four years ago, we participated in our first process to invest in an American project. It was our first attempt in the US and despite not being successful, we learned that there was an opportunity space in the US market for the type of capital that AIP represents: long-term, stable pension fund capital invested directly into renewable energy projects," says Lasse Helstrup, Investment Director and responsible for the US activities.

Since the first transaction, Lasse and the other US team-members at AIP have dedicated most of their time to the US market, while also being involved in European transactions.

"If you work on both European and US transactions you tend to work 24/7 due to the time zone differences. By establishing a dedicated US-team we were able to increase the work-life balance of the team members. The US focus also allows us to develop a deeper understanding of the market. For example,

the capital structure is typically very different in a US transaction compared to a UK transaction, hence deep specialisation is key."

AIP's ESG focus has required explanation to our US partners but has generally been positively received and recognised by project partners.

"Our partners in the US have in general been very interested in what we wanted to achieve with our approach to ESG. My experience is that when we have been through the full ESG due diligence process together with them they see the obvious benefits. It is also great to see that they are themselves starting to do GRESB reporting and implement ESG initiatives," says Lasse.

In a few instances, AIP's thorough ESG approach has led to AIP abandoning otherwise attractive investment opportunities in the US.

"We have seen examples of different positions on human rights risks in the supply chain. In those cases, we were not able to get the required assurance and mitigating actions in place for us to invest in the projects. It seems to me that these issues are becoming increasingly important also to the US government and market participants. I think US and Europe are now more aligned on this topic than just a few years ago," Lasse Helstrup says.



*Lasse Helstrup,
Investment Director,
AIP Management*

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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 within this challenge that AIP operates. Our portfolio primarily consists of renewable energy assets as well as other assets, which we believe are compatible with the transition to a low carbon economy. The challenges posed by climate change are a core part of our investment mandate.

In 2021, we have aligned our ESG report with the recommended disclosures of the TCFD. On the following pages, we dive into the *governance*, *strategy*, *risk management*, as well as *metrics and targets* regarding climate change mitigation and adaption objectives.

CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED FINANCIAL DISCLOSURES



GOVERNANCE

The organisation's governance around climate-related risks and opportunities

STRATEGY

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

RISK MANAGEMENT

The processes used by the organisation to identify, assess, and manage climate-related risks

METRICS AND TARGETS

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Governance

Climate change mitigation is a core focus for AIP's business strategy. As such, considerations regarding climate-related risks and opportunities are integrated into the formal governance structures of the firm, including both the management group and our Board of Directors.

The board's oversight of climate-related risks and opportunities

The Board of Directors of AIP holds the overall responsibility for overseeing the management of the firm's most significant risks and opportunities, including those related to climate change. The Board is informed on a quarterly basis about relevant ESG-related risks and opportunities, including those related to climate change, as well as management initiatives on asset level.

On an annual basis, AIP's Responsible Investment Policy and ESG Policy are reviewed and approved by the Board. The company's ESG strategy is defined within the ESG Policy and sets out the direction in which the company approaches ESG issues, including those related to climate change.

The Board exercises oversight by ensuring compliance with any forthcoming regulation. Currently, the Board and the management group closely follow the developments of the SFDR and the EU Taxonomy in which disclosures relating to climate change are included as well.

The management's role in assessing and managing climate-related risks and opportunities

AIP's management group is responsible for the implementation and oversight of all policies, ensuring that they are kept up to date with the recent knowledge about climate-related risks and opportunities. As such, the management group is responsible for the monitoring of market trends and climate-related issues. The management group ensures that potential mitigation initiatives are taken into consideration. Furthermore, the management group remains committed to assessing and managing any climate-related risks and opportunities as part of both the investment and asset management phase.

AIP's management group is responsible for the implementation of risk-management measures identified from the initial screening through the due diligence phase and the monitoring after the transaction is completed.

It is the responsibility of the management group to ensure that the organisation is fit for executing the ESG strategy. This includes a clear implementation of ESG processes as well as decisions concerning the attribution of relevant resources, staff, and training.



Anholt offshore wind farm

Strategy

The investment strategy of AIP 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 AIP's investors. AIP's investment strategy is focused mainly on renewable energy and other transition assets. Thereby the investments of AIP help address some of the challenges posed by climate change.

Our main contribution to reducing CO₂e emissions is our investment strategy which focuses on renewable energy and other transition assets. In addition, AIP is committed to continuously minimising the absolute carbon footprint of

our investments with the objective of reducing the effects on climate change in line with good industry practices and regulations.

Risk and opportunities for asset types

Transitional and physical climate-related risks and opportunities affect our investments differently across sectors and geographies. We consider and assess risks and opportunities for different asset types and use this to inform our investment and asset management processes. Below are examples of the primary transitional and physical risks and opportunities for each asset type that we are invested in.

RISKS

OPPORTUNITIES

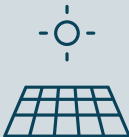
On- and offshore



- Increased costs from higher risk of acute weather events
- Lower mean wind speed can reduce energy generation
- Increase in decommissioning cost

- Phase-out of the usage of fossil fuel sources
- Increased use of variable renewable energy sources
- Better expected return on sustainable infrastructure including renewable energy

Solar



- Increased costs from higher risk of acute weather events
- Changes in mean temperature can negatively affect power output

- Increasing demand for renewable energy
- Increased use of variable renewable energy sources
- Better expected return on sustainable infrastructure including renewable energy

(continued from the previous page)

RISKS

OPPORTUNITIES

Biomass



- Increased costs from higher risk of acute weather events
- Changes in market perception of biomass' role in the green transition
- Substitution of existing products and services with lower emissions options

- Increasing demand for renewable energy

Gas processing facilities



- Increased pricing of carbon emissions
- Risk of stranded assets
- Changes in market and political perception of the role of gas in the green transition
- Increased costs from higher risk of acute weather events

- Securing stability of energy supply in the green transition
- Leading role in developing the low-emissions gases and technologies at scale needed (for example hydrogen and carbon storage technologies)

Transportation



- Increased costs from higher risk of acute weather events
- Emergence of lower emissions technology

- Increasing demand for zero tailpipe emission transportation
- Use of low-emission technologies and transportation modes
- Disrupted transportation patterns and increased demand for collective transportation

Battery storage



- Increased costs from higher risk of acute weather events
- Risk of the emergence of more efficient storage technologies

- Increasing demand for renewable energy storage
- Use of variable renewable energy sources

Tele-communications



- Increased costs from higher risk of acute weather events
- Adjustments to legal frameworks

- Use of new technologies that are resource efficient and have lower costs

Climate resilience

AIP has begun the work of assessing the physical risks that climate change creates for the assets AIP has invested in⁶. This work has been conducted in order to create a better, more systematic and data-driven understanding of short and long-term physical climate-related risks to the specific assets.

We have begun by analysing 10 assets located onshore. The assets have been analysed in the following overall risk categories: temperature-related, wind-related, water-related and solid mass-related. Each overall risk category has been assessed based on a number of underlying specific climate-related hazards.

The physical climate risks are based on data from the GRESB Climate Risk Platform, where Munich Re provides the underlying data. The Munich Re assessments are structured

according to three IPCC (Intergovernmental Panel on Climate Change) climate change scenarios, namely RCP 2.6, 4.5 and 8.5. Each scenario represents an assessment of likely climate change impacts towards 2100 at different global GHG emissions levels. The Munich Re data also provides a climate-risk assessment for the present day and for the year 2050. Due to the lifetime of our assets, we have focused on the data for the present day as well as for year 2050.

In the table on page 23 we have categorised the underlying climate hazards for each of the physical climate risk categories. Data is only available for onshore projects, which is why we have excluded the offshore projects from this analysis for now. There is limited data coverage. In the coming years, we will work with our data providers to improve the data coverage of the analysis.



Anholt offshore wind farm

⁶ In addition, an assessment of physical climate risk has been performed as part of the EU Sustainability Taxonomy analysis, see page 10. The EU Sustainability Taxonomy assessments of physical climate risk primarily rely on information received from the asset operators. The assessment of physical risk described in this section is based on other data sources.

Physical climate risk exposures of AIP's assets

The table below represents an assessment of the 10 assets' geographical exposure to physical climate risk⁷. In 2022, AIP plans to perform a risk, site and case specific analysis of the individual assets' sensitivity to these physical climate risks and the ability to manage these specific risk scenarios.

The colours in the table below should not be used to compare the severity of physical exposure or risk across physical risk factors. A "Very high" exposure colour delineation for temperature-related risk should not necessarily be understood to be more material than a "High" exposure colour delineation of water-related risk.

The physical climate risk assessments will serve as input to AIP's work in the asset management phase, especially dialogue with investment partners and operators. The next steps will be to perform specific analysis of each physical climate risk flagged in the assessment, assess the sensitivity of the different asset types to these risks, and ensure that plans are in place to manage and mitigate physical climate risks to the extent possible.

AIP is aware that there are weaknesses in the data, for example that assets covering a significant area are assessed based on one geolocation, and similar. We will strive to gradually improve the data quality and granularity as we develop this work further.

Table 2: Physical climate risk exposures

Physical climate risk	Current	RCP 2.6 (2050)	RCP 4.5 (2050)	RCP 8.5 (2050)
Temperature-related	Very high: 5%	Very high: 5%	Very high: 10%	Very high: 15%
	High: 40%	High: 45%	High: 40%	High: 35%
	Medium: 5%	Medium: 0%	Medium: 0%	Medium: 0%
	Low: 0%	Low: 10%	Low: 15%	Low: 15%
	No/Very low: 50%	No/Very low: 40%	No/Very low: 35%	No/Very low: 35%
	Data availability: 100%	Data availability: 100%	Data availability: 100%	Data availability: 100%
Wind-related	Very high: 0%	Very high: 0%	Very high: 0%	Very high: 0%
	High: 0%	High: 0%	High: 0%	High: 3%
	Medium: 0%	Medium: 0%	Medium: 0%	Medium: 0%
	Low: 0%	Low: 0%	Low: 0%	Low: 23%
	No/Very low: 0%	No/Very low: 33%	No/Very low: 33%	No/Very low: 63%
	Data availability: 0%	Data availability: 33%	Data availability: 33%	Data availability: 100%
Water-related	Very high: 3%	Very high: 2%	Very high: 3%	Very high: 5%
	High: 1%	High: 1%	High: 4%	High: 1%
	Medium: 7%	Medium: 10%	Medium: 7%	Medium: 9%
	Low: 7%	Low: 7%	Low: 6%	Low: 15%
	No/Very low: 22%	No/Very low: 24%	No/Very low: 24%	No/Very low: 45%
	Data availability: 40%	Data availability: 44%	Data availability: 44%	Data availability: 75%
Solid mass-related	Very high: 0%	Very high: 0%	Very high: 0%	Very high: 0%
	High: 30%	High: 0%	High: 0%	High: 0%
	Medium: 0%	Medium: 0%	Medium: 0%	Medium: 0%
	Low: 0%	Low: 0%	Low: 0%	Low: 0%
	No/Very low: 70%	No/Very low: 0%	No/Very low: 0%	No/Very low: 0%
	Data availability: 100%	Data availability: 0%	Data availability: 0%	Data availability: 0%

Source: GRESB and Munich Re Climate Risk Platform

⁷ Current climate risks are defined based on historical occurrence of a given climate and/or physical hazard. Each climate risk has been forecasted based on the IPCC climate scenarios.

Case: Onshore wind assets in Texas

Escalade and El Campo are onshore wind assets located in Knox County, Texas, United States. Escalade has a capacity of 336MW distributed on 65 wind turbines, and El Campo has a capacity of 243MW distributed on 67 wind turbines. The total area of the two assets expands to 140.37 square kilometres.

Climate risks

Current: Currently, the geographical areas where the assets are located are exposed to “very high” and “high” risks in the categories water-, temperature-, and wind-related physical climate hazards. The water-related risks include flooding (very high risk), flash flooding (medium risk), hail (very high risk), and changing precipitation (medium risk). The temperature-related risks include wildfire (high risk) and heat stress (high risk). The wind-related risks include a high risk of tornadoes.

RCP 2.6: Under scenario RCP 2.6, the geographical locations of the two assets are exposed to “high” risk in the category temperature-related and “medium” risk in the category water-related physical climate hazards. In 2050, the temperature-related risks include wildfire (high risk) and heat stress (high risk), and water-related risks include risks related to

changing precipitation patterns and types, precipitation or hydrological variability, and/or heavy precipitation (medium).

RCP 4.5: Under scenario RCP 4.5, the geographical locations of the two assets are exposed to “very high” risk in the category water-related and in the category temperature-related physical hazards. In 2050, the water-related risks include drought (medium risk), flooding (very high risk), and changing precipitation (medium risk), and the temperature-related risks include wildfire (high risk) and heat stress (very high risk).

RCP 8.5: Under scenario RCP 8.5, the geographical locations of the two assets are exposed to “very high” risk in the category water-related and in the category temperature-related physical hazards. In 2050, the water-related risks include drought (medium risk), flooding (very high risk), and changing precipitation (medium risk), and the temperature-related risks include wildfire (high risk) and heat stress (very high risk).

Future work

Next step in our analysis of physical climate risks is to conduct materiality assessments of each asset and risk, in order to make a full risk assessment of our portfolio.

Table 3: Detailed physical climate-risk exposure

Risk exposure category	Risk exposure type	Current	RCP 2.6	RCP 4.5	RCP 8.5	Initial sensitivity assessment
			2050	2050	2050	
Water-related physical climate hazards	Drought	No data	Low	Medium	Medium	Low
	Flood (coastal, fluvial, pluvial, ground water)	Very high	No data	Very high	Very high	Low
	Flash flood	Medium	No data	No data	No data	Medium
	Hail	Very high	No data	No data	No data	Low
	Changing precipitation patterns and types (rain, hail, snow/ice)/Precipitation or hydrological variability/Heavy precipitation (rain, hail, snow/ice)	Medium	Medium	Medium	Medium	Low
	Sea level rise	No data	No data	No data	No data	N/A
	Storm surge	No/Very low	No data	No data	No data	N/A
	Tsunami	No/Very low	No data	No data	No data	N/A
Temperature-related physical climate hazards	Wildfire	High	High	High	High	Medium
	Heat stress/Heat wave	High	High	Very high	Very high	Low
Wind-related physical climate hazards	Storm (including blizzards, dust and sandstorms)	No/Very low	No data	No data	No data	Low
	Tornado	High	No data	No data	No data	Medium
	Cyclone, hurricane, typhoon	No/Very low	No data	No/Very low	No/Very low	Medium
Solid mass-related physical climate hazards	Earthquake	No/Very low	No data	No data	No data	High

Source: GRESB and Munich RE Climate Risk Platform

Risk management

Identifying and assessing climate-related risks

AIP's business model is based on direct investments in energy and infrastructure assets. Hence the assessment of both transition risks and opportunities is a core foundation throughout the organisation.

In the investment phase, an ESG due diligence report is prepared by our ESG advisers with the aim to identify and mitigate any specific ESG risks for each investment opportunity. Our ESG due diligence framework includes risk factors that address both climate change mitigation and climate change adaptation. It outlines both the severity and the likelihood for any climate related risks of the asset in question. It also includes risk factors that cover possible opportunities related to climate change. Besides the ESG due diligence, our legal, market, and technical due diligences cover a wide range of transitional risks including increased pricing of GHG emissions, exposure to litigation, increased costs of raw materials etc. ESG risks and opportunities identified in the due diligence phase are included in actions plans for the asset management phase.

Managing climate-related risk in the investments

Climate-related risks are tracked throughout the investment process. This also includes the asset management phase, when the ESG risks and opportunities are reviewed by our

asset management team in collaboration with our service providers, on a quarterly basis.

Climate-related risks are also included in the selection process. An initial screening is conducted to identify significant ESG issues. This analysis includes climate risks. Additionally, our ESG due diligence provides an action plan with mitigation activities to be carried out both before and after closing a transaction. These also include actions related to climate if relevant for the investment.

We are also actively engaged in dialogue with our assets about reducing the carbon footprint.

Climate-related risk integration in the overall risk management

As part of the yearly employee review and feedback process, one of the parameters is based on ESG factors which include climate risks. The overall performance, including the ESG metrics, is assessed and will determine any career development and/or financial consequence.

Climate risks are integrated throughout the entire investment and risk management process. The risk assessments on all assets are run on a quarterly basis.



Anholt offshore wind farm

Metrics and targets

AIP will during 2022 continue to work on developing metrics and targets for climate-related financial disclosure. This will be closely tied to our work with Principal Adverse Impact reporting. Also, we will work to improve data quality and coverage for both our operations and our investments.

AIP's investment strategy is focused on the transition to a lower carbon economy. To do this, we continue to improve the data quality and coverage of our portfolio GHG footprint. In the coming years, we will work towards integrating GHG emissions targets into investment decisions and asset management.

It is our ambition to develop climate-related targets in the coming years as the climate change challenge is an integral part of our investment strategy.

Regarding our own operations, we strive to achieve carbon neutrality by minimising our own carbon footprint by seeking ways to reduce and/or offset our greenhouse gas emissions.

Carbon emission data is a fast developing field and there are still challenges to collect complete, accurate and comparable data. The figures below are therefore somewhat uncertain.

Key metrics – AIP Investments

Metric ⁸ - Unadjusted for ownership share	2019	2020	2021
Renewable energy capacity (operational and under construction) (MW)	4,404	4,400	4,916
GHG emissions avoided (t.CO ₂ e)	3,094,679	3,169,804	3,031,821
GHG portfolio footprint (t.CO ₂ e) ⁹	73,306 ¹⁰	450,458	486,579

Metric ¹¹ - Adjusted for equity ownership share	2019	2020	2021
Renewable energy capacity (operational and under construction) (MW)	N/A	1,362	1,254
GHG emissions avoided (t.CO ₂ e)	N/A	660,515	677,700
GHG portfolio footprint (t.CO ₂ e) ⁹	N/A	80,485	82,994

Key metrics – AIP Operations

Metric	2019	2020	2021
Scope 1 GHG (t.CO ₂ e)	0	0	0
Scope 2 GHG (t.CO ₂ e)	3.5	1.6	1.98
Scope 3 GHG (t.CO ₂ e)	864	1,374	1413
Total Scope 1-3 GHG (t.CO ₂ e)	876	1,376	1415



⁸ Includes all assets, operational and under construction, unadjusted for AIP ownership share.

⁹ The GHG portfolio footprint does not cover all AuM of AIP. See section "Methodology" for more information.

¹⁰ Does not include emissions from the Vestprosess gas facility and is therefore not directly comparable with 2020 and 2021 data.

¹¹ Includes all assets, operational and under construction, adjusted for AIP equity ownership share.

AIP'S IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

At AIP, we acknowledge that businesses have a key role to play in achieving the SDGs. Therefore, 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 recognise that infrastructure assets have both positive and negative impacts on these goals. All of our investments and potential investments are scrutinised through our ESG due diligence framework prior to investment. The ESG due diligence framework covers all of these seven SDGs.

AIP's impact on the SDGs

AIP is at the beginning of measuring and disclosing our impacts on the SDGs from our investment activity and we will continue to develop our reporting on the SDGs in the future.

Energy transition

Our portfolio of renewable infrastructure assets contributes to the transition to renewable energy sources and reduced carbon footprint. It helps increase the amount of available clean energy in the total energy mix, which in turn contributes to lower greenhouse gas emissions from energy consumption and decreases 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 assets and the use and responsible disposal of hazardous materials, in line with the 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.



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.

Ensure good working conditions

We contribute to providing 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.

At AIP we acknowledge that our main impact on the SDGs comes from our investments, but we want our organisation to contribute to the SDGs as well. Therefore, we have implemented a range of initiatives that can be linked to the SDGs and continue to have focus on areas such as diversity in our organisation.

SDG mapping and measuring of impact

During 2021, we further substantiated our SDG impact analysis. We initiated a SDG mapping of our assets to identify their primary SDG contributions. All of the 169 official SDG targets were reviewed in the process, and four SDG targets were singled out in the process alongside four specific metrics to measure our assets' contribution to these targets. The results of the analysis are presented in the following table.

In the coming years, we strive to continue to develop our ESG reporting, including how we contribute to realising the SDGs and their targets.

Table 4: SDG impact of asset classes

Primary SDG target	Wind & Solar	Biomass	Battery Storage	Gas processing	Transportation	Telecommunication	Metrics
Target 7.1: Access to affordable, reliable and modern energy services	Impact	Impact	Impact	Impact	Not impacting	Not impacting	Total energy produced (MWh)
Target 7.2: Increase substantially the share of renewable energy in the global energy mix	Impact	Impact	Impact	Not impacting	Not impacting	Not impacting	Total renewable energy produced (MWh)
Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure	Impact	Impact	Impact	Impact	Impact	Impact	Total renewable energy capacity (MW)
Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes	Impact	Impact	Impact	Impact	Impact	Impact	Greenhouse gas emissions (CO ₂ e) from energy consumption avoided

SUSTAINABILITY OF AIP OPERATIONS

In addition to the ESG impacts generated by the investment portfolio, we also consider the ESG impact from AIP's direct operations. The ESG impact from these activities relates primarily to AIP's staff and the operations and management of AIP's offices.

Our environmental footprint

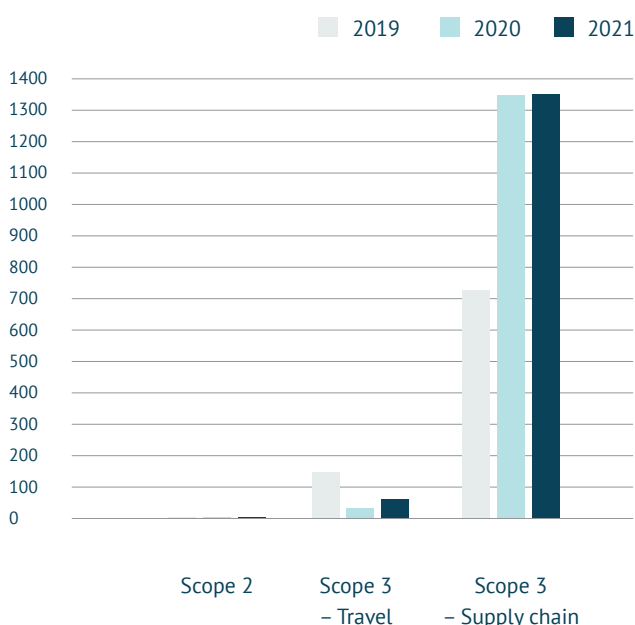
The following pages show a breakdown of AIP's greenhouse gas (GHG) emissions. AIP as an investment manager does not

have any direct emissions from owned sources, i.e. Scope 1 emissions. Therefore, only CO₂e emissions based on Scope 2 and Scope 3 are shown¹².

Since 2021, we have entered an agreement with Ørsted to buy green certificates, which guarantee that enough renewable energy is created to cover our electricity consumption for our Danish office.

TOTAL GHG EMISSIONS (TONNES OF CO₂e)¹³

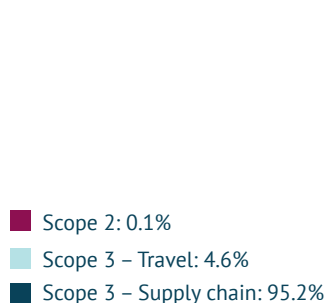
While our total GHG emissions decreased slightly by 0.1% from 2020 to 2021, the GHG emissions per employee decreased by 28.7%. Even though travel activities have increased due to fewer travel restrictions, we have achieved a decrease of GHG emissions per employee in Scope 2 and Scope 3 – Supply chain.



	2019	2020	2021
Scope 2	3.5	1.6	2.0
Scope 3 – Travel	143	27	65
Scope 3 – Supply chain	791	1,375	1,335

% OF TOTAL EMISSIONS

In 2021, almost all of our GHG emissions arose from our supply chain. In 2021, 4.6% of our emissions came from business travel. This is a rise compared to 2020 but compared to 2019 we had a considerably lower impact from business travels both in absolute numbers and as a percentage of our total GHG emissions.



GHG EMISSIONS PER EMPLOYEE¹³

While our total GHG emissions decreased with 0.1% from 2020 to 2021, the total emissions per employee decreased by 28.7%.

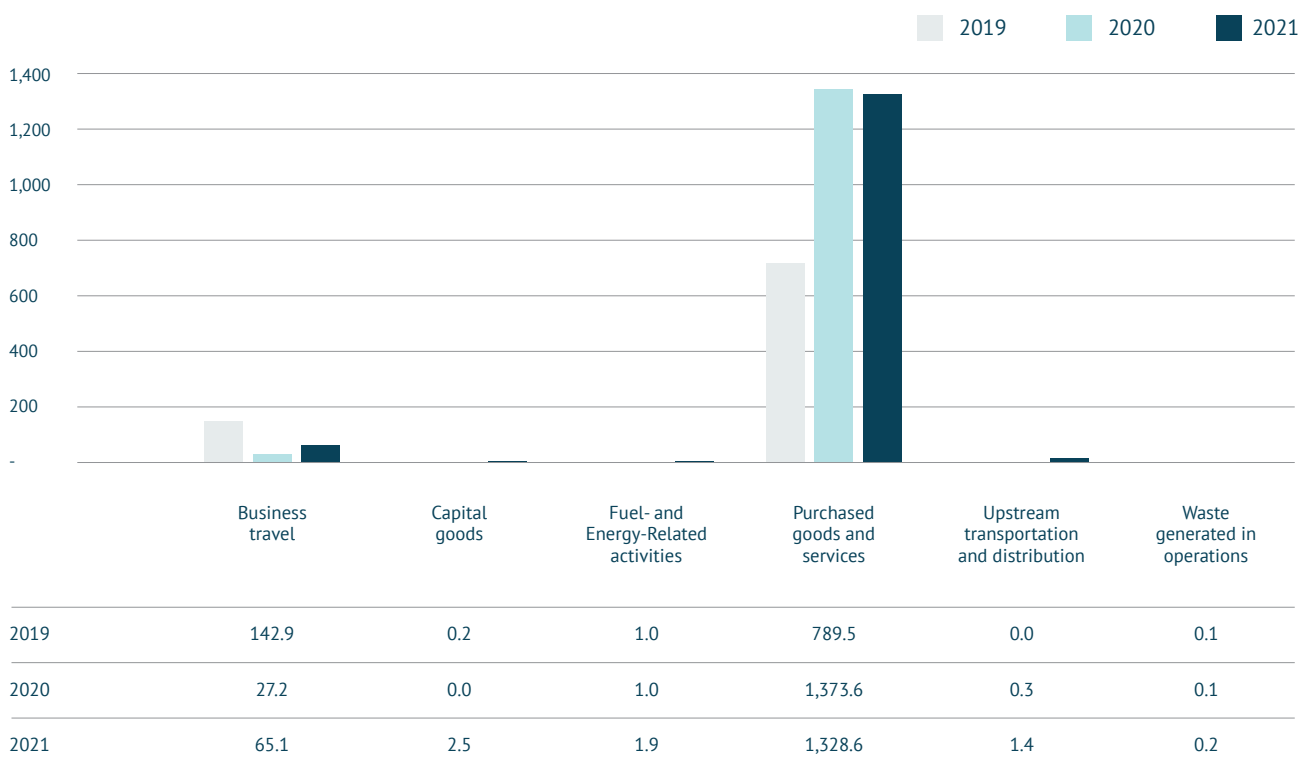
	2019	2020	2021
Scope 2	0.12	0.04	0.03
Scope 3 – Travel	4.9	0.6	1.0
Scope 3 – Supply chain	27.3	30.6	21.2
Total	32.3	31.2	22.2

¹² Scope 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.

¹³ The numbers for 2019 and 2020 have been restated due to a change in the methodology of GHG emissions calculation. The CO₂e figures are estimates done by a third party (Normative) using a spend-based approximation approach. There is some uncertainty regarding these calculations. See section "Methodology" for more information.

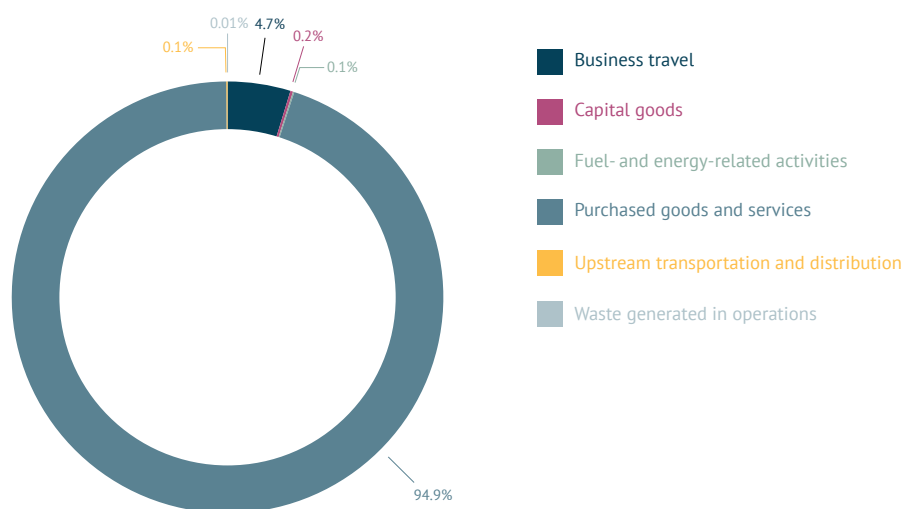
TOTAL SCOPE 3 GHG EMISSIONS (TONNES OF CO₂e)¹⁴

Despite our growing organisation and increase in activities, we only had an increase in Scope 3 of 0.2% from 2020 to 2021. The low overall increase is caused by a 3.3% decrease from 2020 to 2021 in Purchased goods and services, which covers 94.9% of the total Scope 3 GHG emissions.



% OF SCOPE 3 EMISSIONS

The category of purchased goods and services covers 94.9% of the total Scope 3 GHG emissions followed by business travel at 4.7%. The waste generated in operations increased by 223% from 2021 to 2020, which is caused by an increase in our business activities. Fuel- and energy-related activities has increased by 102% for the same reason.



EMPLOYEES

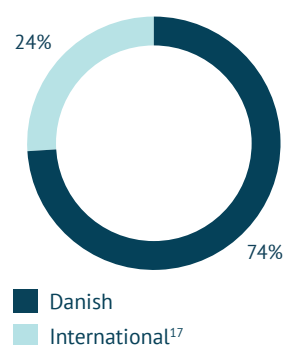
From 2020 to 2021, we added 25 new employees to our organisation while our retention rate remained high at 97%.

NUMBER OF EMPLOYEES AND RETENTION

	2019	2020	2021
Number of employees ¹⁵	29	44	63
Retention rate ¹⁶	100%	98%	97%

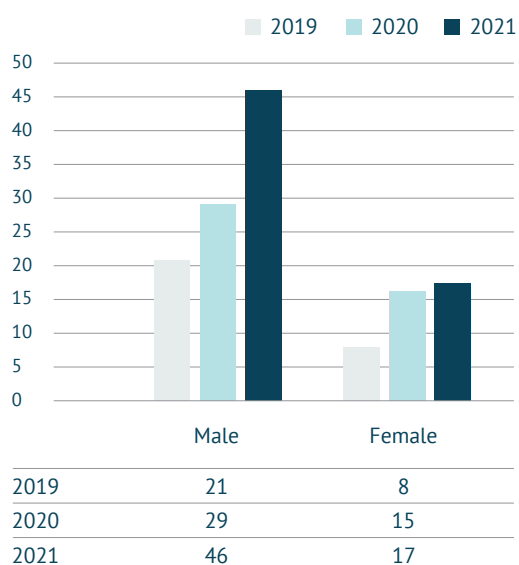
EMPLOYEES WITH INTERNATIONAL BACKGROUND

In AIP we have employees with 19 different national backgrounds, representing 24% of the organisation.



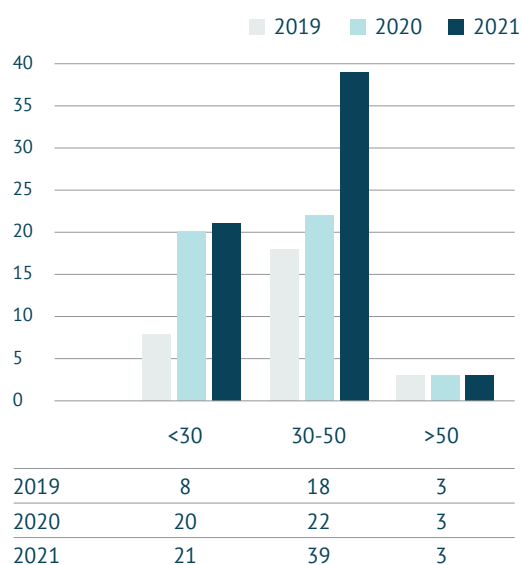
EMPLOYEES BY GENDER

Five of the 25 new hires in 2021 were female. We are continuously trying to attract more female employees to AIP and will prioritise this as a focus area for 2022.



EMPLOYEES BY AGE

In 2021, we welcomed 11 people in the age group below 30 and 14 people in the age group between 30-50.



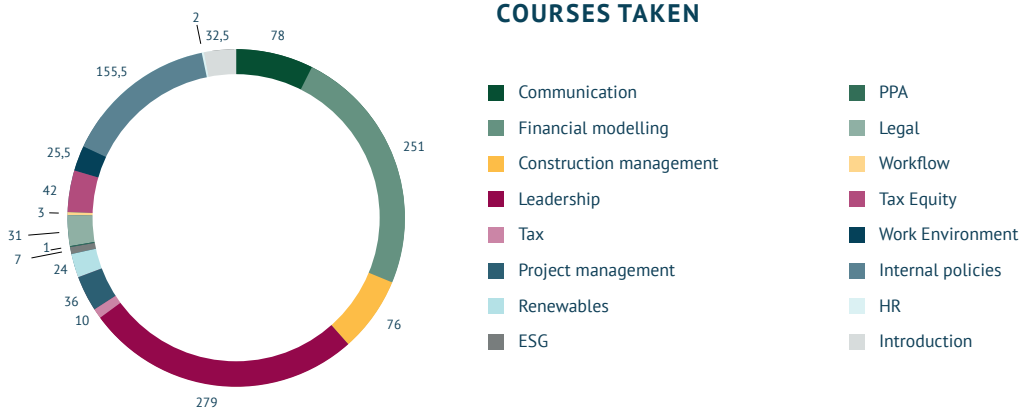
¹⁵ As of end of year.

¹⁶ Excluding Office Assistance and Junior Analysts that are short term hires by nature.

¹⁷ International nationalities are all other than Danish nationalities.

EDUCATION

In 2021 we spent a significant number of hours on education in Leadership and Financial Modelling. The total number of hours spent increased by 6.2%.



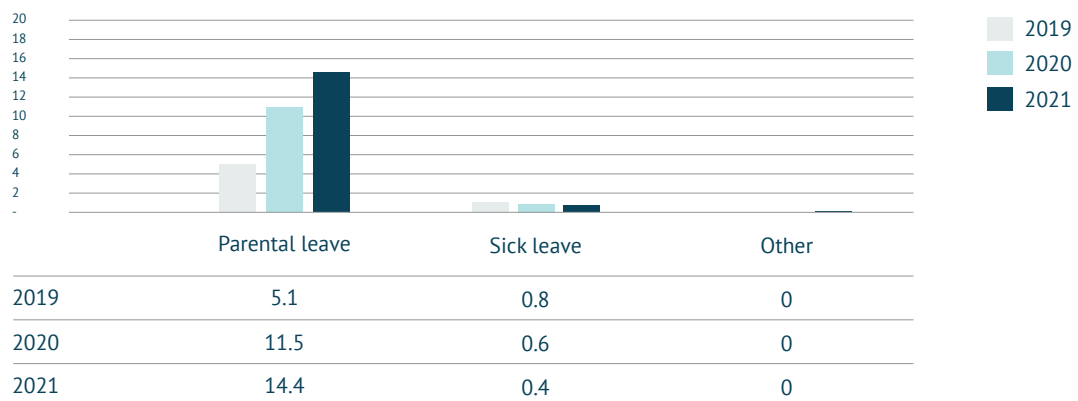
TOTAL EDUCATION HOURS

	2019	2020	2021
Education hours	285	992	1,054
Avg. education hours per employee	10	22	17

ABSENCE

DAYS OF ABSENCE PER EMPLOYEE BY ABSENCE TYPE

During 2021, we had an average of 15 absence days per employee, increasing from 12 days in 2020. This increase is mainly related to parental leave.



OUR COMMUNITY ACTIVITIES

AIP engages in different community activities, primarily focused on partnerships. Our aim is to help increase knowledge of sustainable infrastructure investing.

FinanceLab

Our partnership with FinanceLab, a non-profit student organisation with more than 6,000 members, resulted in a number of activities during 2021.

In September 2021, we had the pleasure of hosting an event on infrastructure and sustainable investments in collaboration with FinanceLab, one of Denmark's largest and most 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, no other activities in collaboration with FinanceLab could be arranged during the year.

CBS Sustainable Finance Club

In March 2021, AIP Management became a partner to CBS Sustainable Finance Club (SFC), a student organisation at Copenhagen Business School which aims to deliver knowledge and expertise about sustainable financial solutions to the CBS student body and broaden the understanding of how sustainability integrates into financial services, markets, and the general economy. The partnership allows AIP to contribute to this cause and spread awareness about sustainable infrastructure and the energy transition. In 2021, AIP hosted an event with this purpose together with SFC.

Kvinder i Finans

Since 2020, AIP has been a 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. During 2021 the number of members has increased and more network groups as well as a mentor programme have been established.



STATUS OF 2021 FOCUS AREAS

Focus area	Status 2020	Status 2021
GRESB assessment across portfolio assets	Completed During 2020 the asset participation increased with the inclusion of Burbo Bank Extension and Nyhamna. The former participated only partly in the assessment. We had a target of adding two projects to the assessment every year, which we would continue for the 2021 reporting cycle. As for AIP's GRESB score, we were able to achieve a score of 30/30 and a top ranking of #1 out of 118 in the management component.	Completed During 2021, we exceeded the target of adding two assets to participate in the GRESB Asset Assessment. Instead of adding two, we added five new assets, namely El Campo, Prospero, Anholt, Gode Wind II and Walney Extension. As for AIP's GRESB score, we were able to significantly improve our final score to 79/100, resulting in the "GRESB 2021 Most Improved" recognition within global renewable power. This recognition confirms our position as sector leaders in ESG performance and management. Furthermore, AIP once again achieved a maximum score of 30/30 in the management assessment, reconfirming the quality of AIP's own ESG processes.
Reporting aligned with TCFD and the UN SDGs	Partially Completed. AIP became supporters of the TCFD in 2020 but did not implement the TCFD reporting by year 2020. Reporting on the SDGs remained the same as in 2019. Given the forthcoming EU regulation and AIP's current commitments, we assessed to what extent these could be included as part of the EU Taxonomy and UN PRI/GRESB reporting.	Completed Since becoming supporters of the TCFD in 2020, AIP has worked on developing its TCFD reporting by building on the PRI transparency report and GRESB fund assessment. As a recognition of the work conducted in this matter, AIP has decided to include reporting that follows the specific TCFD recommendations as part of this ESG Report (pages 18-26).

Focus area	Status 2020	Status 2021
Carbon neutrality (of AIP)	<p>In progress</p> <p>In 2020, AIP explored ways to reduce its carbon footprint. The scope 2 emissions from our own electricity consumption were the first to be addressed. Ørsted, our utility provider, offered a solution to offset the electricity consumption by purchasing green certificates from Danish or British renewable sources, matching our annual electricity consumption. AIP signed up to this opportunity from January 2021. Due to COVID-19, business trips were limited during the year. This drove down our travel emissions (scope 3) that ended up being significantly reduced compared to 2019.</p>	<p>In progress</p> <p>Starting from January 2021, AIP entered into an agreement with Ørsted to offset our annual electricity consumption (Danish office) by purchasing the certificates from Danish or British renewable sources.</p> <p>As a signatory of the IIGCC (Institutional Investors Group on Climate Change), AIP has committed to achieving Net Zero by 2050 or sooner. The focus during 2022 will be to set specific carbon neutrality targets and ensure that these are completely integrated in all of AIP's operations.</p>
Reducing carbon footprint at project level	<p>In progress</p> <p>The first step was to estimate and/or measure the carbon footprint of each asset. TDC is the portfolio's front runner in terms of mapping its carbon footprint and setting targets to reduce it. During 2020 they assessed the full carbon footprint including scope 3 and had defined precise targets for how to become 100% CO₂ neutral by 2028.</p>	<p>In progress</p> <p>For the FY 2021, we have been able to measure the GHG scope 1 and 2 emissions of 11 assets – a major improvement in terms of ESG transparency at asset level.</p> <p>We have engaged with all asset operators to initiate processes to assess scope 3 emissions. Our new investment, Porter, has already established a model to capture scope 3 emissions. In the following years, we will put more effort into this area to be able to capture the full scope of the asset level GHG emissions.</p>
Standardise ESG quarterly reporting	<p>Partially Completed</p> <p>A template on standardizing ESG quarterly reporting was developed and tested on a few assets. The underlying aim was to ensure a systematic handover between the investment team and the asset management team through our ESG action plan, ongoing monitoring on ESG indicators and relevant ESG data at asset level. Given the nature of the assets, a lot of the focus was related to health, safety and environment (HSE). However, we wished to expand this e.g., by including mapping of the GHG emissions at asset level.</p>	<p>Partially completed</p> <p>Quarterly ESG reporting has been fully standardised and implemented throughout the entire portfolio. The primary focus is on health, safety and environment (HSE) indicators, given the nature of the assets. However, the process is still ongoing including the question of whether the measurement of GHG emissions at asset level should also be a part of the quarterly ESG reporting. AIP is closely monitoring the developments in terms of regulation and industry standards and will work towards a more standardised approach for ESG indicators. Moreover during 2022, the Asset Management team is restructuring the way the quarterly reporting is presented to investors, where ESG performance and alignment will play a key role in this process.</p>

Focus area	Status 2020	Status 2021
Review of ESG policies	Completed	Completed The ESG policies have been reviewed and updated in relation to the regulatory developments of the SFDR and EU Taxonomy.
EU Sustainability Taxonomy	In progress We assessed the alignment of our ESG due diligence framework with the EU Taxonomy. We found that our ESG due diligence framework covers the environmental objectives of the EU Taxonomy as well as the Minimum Safeguards.	Completed We have performed an EU Taxonomy analysis on the environmental objective, Climate change mitigation, for all of our funds (PKA Direct I, PKA Direct II, AIP Infrastructure I, and AIP Infrastructure II). See the results on page 10 in this report.
Responsible tax management	In progress Responsible tax management continued to be a focus area for both AIP and the institutional investors investing in funds managed or advised by AIP. Following the establishment of AIP's most recent fund, AIP continued to use best efforts to ensure compliance with applicable tax law and regulations within the jurisdictions where investments are made and structures are established. This included consideration as to tax law developments and international initiatives in relation to tax law.	In progress In 2021, two tax experts were hired who will assist in the important area of responsible tax management. This continues to be a focus area for AIP and its investors. 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. Following the final closing of AIP's most recent fund, we are working to further refine our approach, particularly in relation to investment partners.
Cyber security	In progress	In progress Our compliance team has finalised monitoring on compliance with the policies and procedures related to IT security. An external due diligence report was conducted. The significant findings identified in the due diligence have all been handled and mitigating measures have been implemented.

Focus area	Status 2020	Status 2021
Diversity	In progress AIP considers diversity a valuable resource. Despite the small size of the organisation, AIP's team is comprised of professionals with diverse educational and cultural backgrounds. Moreover, the female representation was almost 40% across the organisation in 2020. As of 2020 to support the role of women in the financial industry, AIP became a partner of the association "Kvinder i Finans". Through its network group, it aims to strengthen the female representation in the financial sector, primarily within the area of M&A. As we believe that diversity plays an important role in defining the shape and soul of an organisation, we are constantly aiming to increase diversity across our team and governance body of AIP.	In progress AIP continues to believe in diversity and equality, both from a human value perspective as well as from a business value perspective. In 2021, the geographical and cultural diversity across AIP has increased and 19 different countries and cultures are now represented in the team. However, like many other companies in the industry, AIP is struggling to increase the gender diversity. This is a focus area for 2022, where employee attraction and retention will be of high importance. AIP also continues to support the organisation "Kvinder i finans" and their networking activities, which aims to increase the number of women in the financial sector, primarily within the area of M&A. Furthermore, we will continue to ensure transparency in the recruitment and career development process, guaranteeing equal opportunities regardless of age, background, race and gender.
Student associations	In progress We initiated dialogues with student associations such as the CBS Sustainable Investment Club. However, due to COVID-19, these collaborations were temporarily put on hold.	Completed 2021 targets - the development continues in 2022 In March 2021, AIP became a partner of CBS Sustainable Investment Club, and AIP continued the partnership with FinanceLab – a non-profit student organisation with more than 6,000 members. Events were organised in which CBS students had the opportunity to learn more about Infrastructure and Sustainable Investments. It is expected that the existing collaborations will continue in 2022, and that new activities will be added.
Creation of an Engagement policy	-	To be initiated in 2022 Active ownership has always been an element of AIPs asset management approach, but a formal policy has not been implemented so far. Therefore, AIP aims at formalising its active ownership strategy into an engagement policy during 2022.
Paris Agreement Alignment	-	In progress AIP is committed to support the Paris Agreement. AIP will aim to define its approach and set meaningful targets in 2022.
Updated AIP ESG strategy	-	To be initiated in 2022 With the rapid development of the ESG area, AIP has hired a dedicated ESG manager and aims at reviewing and updating its ESG strategy during 2022.

PORTFOLIO OVERVIEW

Since 2012, the AIP team has led investments and managed a portfolio of more than EUR 4.5 billion in 22 infrastructure assets across 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 households¹⁸ 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

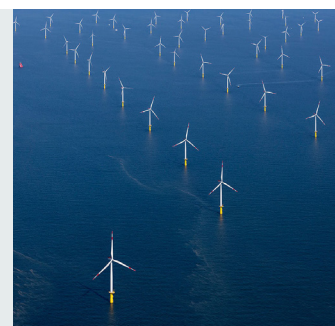
BUTENDIEK

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 realised in 2017.



SIEMENS



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

2014

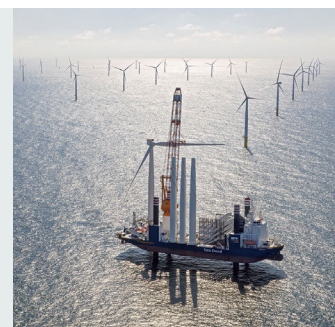
GEMINI

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 a wingspan of 154 metres 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 Pension 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 held a 25% equity stake alongside KIRKBI (25%) and Ørsted (50%). The investment was fully realised in 2021.



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

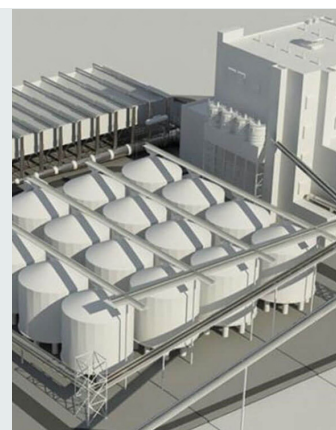
2016

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 standards¹⁹.

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

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

Ørsted



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

2018

BLAFA

Blakliden/Fäbodberget onshore wind farm (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

VATTENFALL



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

2021

PORTER

Porter is a portfolio of four onshore wind farms located in Lithuania with a total capacity of 186 MW. The wind farms are being developed and built by European Energy, who will provide construction management services during the construction phase as well as technical and commercial management services in the operational phase. General Electric will be responsible for maintaining the turbines under a 30-year full-service contract. All four wind farms are expected to be fully operational in 2023 and will together produce enough electricity to supply around 135,000 Danish households and will offset the equivalent of 38,480 tonnes of carbon dioxide during each year of operation.

Porter represents AIP's first renewable energy investment in Lithuania in a partnership with Taaleri Energia, a leading European renewable energy developer and fund manager and Lords LB, a leading investment management firm in the Baltics, in which AIP is providing financing to the construction of the four wind farms.

TAALERI



Geography: Lithuania
Sector: Onshore wind
Commitment: EUR 200 million

2021

BEATRICE

Beatrice is a 588 MW offshore wind farm which achieved COD in May 2019 and is located in the Scottish North Sea approximately 13km off the coast of Caithness. The project consists of 84 x SWT 7.0 154 Siemens Gamesa turbines and benefits from a 15-year turbine service and maintenance contract with Siemens Gamesa. The wind farm produces enough electricity to supply the equivalent of 600,000 Danish households and offset the equivalent of 550,000 tonnes of carbon dioxide during each year of operation.

The project is jointly owned by SSE (40%), Red Rock Power (25%), The Renewables Infrastructure Group (17.5%) and Equitix (17.5%). AIP supported Equitix's acquisition of their 17.5% stake in the wind farm by offering a bespoke HoldCo financing solution that was tailored to Equitix's investment case.



Geography: The UK
Sector: Offshore wind
Commitment: GBP undisclosed

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%.



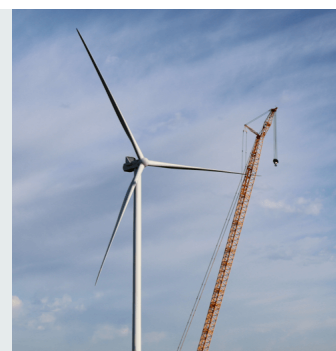
Geography: California, United States
Sector: Solar
Commitment: USD +300 million

2019

EL CAMPO

El Campo is a 243 MW onshore wind farm 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.



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 594 MW. The two assets have been 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 wind farm 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

TAALERI
ENERGIA

akuo
Entrepreneurs by nature

storebrand



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

2020

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

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 digitalisation 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: Tele-communications
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 Infrastructure²⁰ 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 in 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%.

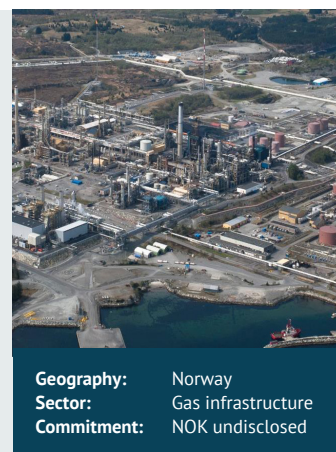


PenSam

equinor



petoro



Geography: Norway
Sector: Gas infrastructure
Commitment: NOK undisclosed

²⁰ North 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 (25%), GLIL (30%) and Equitix (15%).



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

METHODOLOGY

AIP reports on sustainability performance on an annual basis. AIP's ESG report 2021 refers to the period 1 January 2021 to 31 December 2021. 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 utilises the information that AIP has provided in the 2021 PRI reporting. See PRI content on page 46-47 for references.
- The report includes our Communication on Progress (COP) submission to the UNGC. See page 48 for references.

Methodology environmental key figures

Emissions avoided

The CO₂e emissions avoided are calculated by using the average emissions from non-renewable energy creation in the countries where AIP assets are located. The actual conversion (CO₂e 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 is calculated by using the average CO₂e emissions from a combustion engine car per year. The average CO₂e 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.

CO₂e generated from assets

The figure "CO₂e generated from assets" for 2021, referenced on page 7, includes scope 1-3 emissions from TDC, Gode Wind, Anholt, Walney Extension, and Porter, as well as scope 1 and 2 emissions from our remaining assets excluding Gemini, TeesRep, BlaFa, Garland & Tranquillity, Escalade, Zion and ATE. The CO₂e emissions from our assets are calculated by the asset operators. These may partially be based on estimates and may not have been reviewed by any third party. The CO₂e emissions generated by TDC are reported in TDC's annual sustainability report and include Scope 1-3 emissions.

The 2021 figure for "CO₂e generated from assets" is not directly comparable to the 2020 figure, as the 2020 figure only included CO₂e data for Nyhamna, Vestprosess and TDC. CO₂e emissions generated by Burbo Bank extension are also not included as the asset was divested during 2021.

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 suppliers.

Scope 3 emissions for AIP's travel activities and supply chain are calculated using the Exiobase Multi-Regional Environmentally Extended Input Output (EEIO), as well as databases recommended by the GHG Protocol such as the Department for Environment, Food & Rural Affairs (DEFRA). The emissions are based on consumption data of the service/product category per sector and country. The calculations are based on a number of assumptions. For more information on Normative's methodology, please refer to [Normative's website](#).

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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 remain committed to integrate the principles of the UN Global Compact into our strategy, culture, and day-to-day operations. Throughout this ESG report, we have integrated our Communication on Progress to show how we contribute to meeting the principles of the UN Global Compact.

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 AIP's investments (pages 11-12)*
- *ESG due diligence framework (page 13)*
- *AIP's impact on the Sustainable Development Goals (pages 27-28)*

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 AIP's investments (pages 11-12)*
- *ESG due diligence framework (page 13)*
- *AIP's impact on the Sustainable Development Goals (pages 27-28)*

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.

- *Message from our Managing Partner (page 2)*
- *ESG highlights 2021 (page 5)*
- *ESG in AIP's investments (pages 11-12)*
- *ESG due diligence framework (page 13)*
- *Investment case (pages 14-17)*
- *Task Force on Climate-Related Financial Disclosures (pages 18-26)*
- *AIP's impact on the Sustainable Development Goals (pages 27-28)*
- *Portfolio overview (pages 38-44)*

Combating corruption

- 10) Businesses should work against corruption in all its forms, including extortion and bribery.

- *ESG in AIP's investments (pages 11-12)*
- *ESG due diligence framework (page 13)*

DISCLAIMER

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