ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT FOR 2020

ESG DISCLOSURE FOR LIMITED PARTNERS
IN AFRICA INFRASTRUCTURE FUND I K/S

A·P·MØLLER
CAPITAL

CONTENTS

A.P. Moller Capital is a fund manager focused on investments that combine attractive risk adjusted returns with a positive social impact.

USEFUL ACRONYMS:

- ABC: Anti-Bribery and anti-Corruption
- AIF I: Africa Infrastructure Fund I K/S
- APMC: A.P. Moller Capital
- EHS: Environmental, Health and Safety
- ESG: Environmental, Social and Governance
- GHG: Greenhouse Gas
- IIGCC: Institutional Investors Group on Climate Change
- JIM: Joint Impact Model
- NOIP: New Owendo International Port
- OECD Guidelines: OECD Guidelines for Multinational Enterprises
- OMP: Owendo Mineral Port
- PRI: Principles for Responsible Investment
- SDFR: [EU] Sustainable Finance Disclosure Regulation
- SDGs: [UN] Sustainable Development Goals
- TCFD: Task Force on Climate-related Financial Disclosures
- TIPSP: Terminal International Polyvalent de San Pedro
- UNGC: UN Global Compact

MESSAGE FROM THE CEO

A.P. Moller Capital's DNA is founded in A.P. Moller's concept of 'nyttig virksomhed', which it has embraced and practiced for more than 100 years. This concept means that investments must offer attractive financial returns over the cycle and have a positive impact on the environment and society in general.

In the first fund managed by A.P. Moller Capital, the Africa Infrastructure Fund I K/S ("AIF I"), we focus on investments in transportation infrastructure including roads, ports, and logistics, and in power infrastructure on the African continent. The purpose of the fund is, through equity investments, to support sustainable economic growth and prosperity, whilst delivering attractive returns to our investors.

During 2020 we closed several investments, increasing the activities of our portfolio companies to include a general cargo terminal, a mineral terminal, a bulk terminal under construction, two grain terminals, a thermal power plant and an energy project. Despite the COVID-19 pandemic, we progressed our investment pipeline and are on track to continue committing the fund in line with our strategy.

Investing in such businesses in emerging markets is one of the best ways of having a positive social impact. Specifically, enabling trade through transportation infrastructure, or providing power to businesses and homes, is key to the economic development that will help lift many more out of poverty in the years to come. A.P. Moller Capital is committed to creating and operating its business in support of this and in a manner that embraces our core beliefs and values.

Consequently, we seek to measure the ESG impacts of our investments. Social and environmental returns are pursued through carefully structured ESG governance frameworks at all levels of the organisation and at all stages of the investment process (origination through exit). We monitor ESG indicators at each portfolio company and, as active investors with significant influence at portfolio company boards, we continually push to improve performance, including setting relevant targets.

We estimate that with our investments, we have generated USD 225m of **value add** in 2020 in six countries in Africa, of which USD 122m is in the form of wages, taxes and profits, and a further USD 102m through local sourcing of goods and services. In relation to **employment**, AIF I supported in total close to 25,760 formal and informal jobs, of which about 33% of all jobs were held by women. This supports the thesis that investing in African businesses brings tremendous momentum to local economies.

The pandemic has highlighted the importance of adopting a proactive approach to managing risks and opportunities. In 2020, it was essential to ensure our portfolio companies' success. Our teams were able to manage issues such as health and safety, worker protection and responsible supply chains to the highest standards despite the difficult circumstances. In the longer term, we recognise that the successful path out of the pandemic will include continuing investment in ESG and making our entire portfolio resilient to future challenges. We believe that our role in providing reliable, affordable energy and critical transportation infrastructure in Africa is more important than ever to support recovery in society.

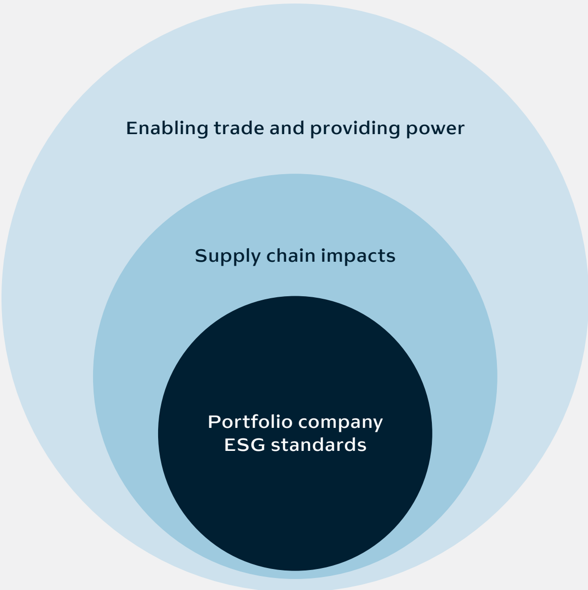
As we move towards longer term recovery, we expect to further integrate ESG into our decision-making processes and create sustainable businesses for the benefit of the countries in which we invest.

Kim Fejfer
Managing Partner and CEO
A.P. Moller Capital

EXECUTIVE SUMMARY

DOING GOOD BY INVESTING IN INFRASTRUCTURE IN AFRICA:

- Supporting employment
- Contributing to value added (GDP)
- Reducing GHG emissions
- Improving ESG performance



The purpose of AIF I is to support sustainable economic growth and prosperity in Africa, while delivering attractive financial returns. We do this by creating and enabling opportunities through equity investments within the transportation and power sectors.

AIF I seeks to enable trade and provide power. Our investments intentionally create financial, social and environmental impacts throughout the value chain.

With COVID-19 and the resulting global recession, private investments in Africa are even more critical to address the funding gap and meet the UN Sustainable Development Goals ("SDGs") – particularly SDG 8, Decent jobs and economic growth. Investing in infrastructure in Africa is one of the best ways to support sustainable economic growth and create employment.

Our investment portfolio has now begun to scale, and we can present for the first time our portfolio's social impact. Last year we had only one portfolio company, while this year we have eight portfolio companies and underlying assets. During 2020, we made initial progress setting up the governance structures at our portfolio companies that will enable ESG improvements to be implemented effectively going forward.

We define the positive social impact of our portfolio companies as doing good by supporting employment and value added in the country in which we invest. This is done based on data on jobs, salaries, taxes paid and profits from each portfolio company, and modelling the indirect supply chain impacts. In addition:

- Power project investments enable impacts that result from the activity made possible from the power generated; and
- Ports, terminals and logistics investments contribute to the wider economy by enabling trade.

With all our investments, we strive to reduce Greenhouse Gas ("GHG") emissions and implement ESG improvements. This is mainly done through the influence at the portfolio company Boards through our nominated directors.

During 2020, COVID-19 response plans were implemented by all our portfolio companies, including measures to safeguard the health and security of their employees. During the first lockdown, our investments also provided essential supplies to local communities.

We carried out a third-party assessment of the positive social impact of our portfolio using the Joint Impact Model. In 2020, In 2020, AIF's portfolio is estimated to support value added of USD 225m, which is the sum of salaries, taxes and profits and is equivalent to gross domestic product. The portfolio supports an estimated 25,760 jobs in the portfolio companies and their supply chains.

AIF I's portfolio is estimated to support value added of USD 225m, which is the sum of salaries, taxes and profits and is equivalent to gross domestic product. The portfolio supports an estimated 25,760 jobs in the portfolio companies and their supply chains. Finally, the portfolio generated 63,202 tonnes of GHG emissions (scope 1 and 2). We can now address these emissions via our influence at the portfolio company level.

We are continuing to implement systematic monitoring to document our portfolio companies' ESG performance, and strive for continuous improvement.

The quality of our ESG standards and processes was demonstrated in 2020 during the refinancing of one of our investments when the bank providing the new finance chose to use our ESG due diligence report and ESG action plan to augment their due diligence process.

INVESTMENT		PURPOSE AND IMPACT
PROVIDING POWER	**IMPALA ENERGY:** Captive power project in Nigeria	Net reduction in carbon emissions through capture of previously flared natural gas for commercial and industrial use.
	IBERAFRICA: Thermal power plant in Kenya	Power outages avoided and lower reliance on generators has socio-economic benefits (employment, value added) Reducing carbon emissions by converting plant from Heavy Fuel Oil to gas, energy efficiency measures, reforestation
ENABLING TRADE	**ARISE PORTS & LOGISTICS:** a) Mineral port terminal in Gabon b) General cargo port terminal in Gabon c) Modern bulk port terminal under construction in Côte D'Ivoire	Improving port infrastructure reduces transport costs and enables trade, thereby benefitting the national and regional economy and creating jobs. In Gabon, the port terminals are of national strategic importance
	MASS CEREALES: Two grain terminals in Morocco and one under construction in Senegal	Trade and related benefits in supply chain including increased food security, taxes, employment (direct, indirect). The grain sector is of critical importance to Morocco.

ARISE PORTS & LOGISTICS IN GABON

In addition to the direct and supply chain impacts of our investments, we commissioned a study to estimate the additional impact of Arise's investments on enabling trade in Gabon.

The two port terminals in Gabon are a critical component of the country's development plan that focuses on transitioning from an oil-export dependent economy to a more diversified economy.

The results **of the study** show that around 71,680 additional jobs were enabled by the Arise port terminals plus USD 718m in value added. Of this value added, high savings of USD 342m can be explained by the mining-related sectors' high operating margins, translating into net income and thus savings.

IBERAFRICA IN KENYA

The role of thermal power plants in Kenya is critical, particularly plants in key locations such as AIF I's investment in Iberafrica, a 52.5 MW plant in Nairobi, Kenya is one of the countries that generates the most electricity from renewable energy sources, Iberafrica is dispatched at close to 100% capacity for a few hours in the day to cover peak demand periods and when intermittent power generation from renewable energy sources is insufficient.

Without the power generated by Iberafrica, the number of outages due to load shedding and reliance on individual diesel generators would likely increase. Through prevention of load shedding, a socio-economic impact assessment has estimated Iberafrica's power generation to have supported a total output of USD 150m and c. 10,800 jobs.

We have developed a gas conversion plan, which we believe is likely to happen by the end of 2025. Meanwhile, we have implemented actions to reduce GHG emissions through energy saving initiatives at the HFO plant itself. However, these platform and portfolio company level changes will not reduce the carbon footprint to zero.

We have therefore signed an agreement with the Kenyan Forestry Research Institute to fund reforestation activities, we expect these reforestation efforts to completely offset our carbon footprint with the associated positive impacts on biodiversity.

ARISE OMP MINERAL TERMINAL IN LIBREVILLE, GABON

IBERAFRICA, THERMAL POWER PLANT IN NAIROBI, KENYA

OUR APPROACH TO ESG AND IMPACT

A.P. Moller Capital uses its ownership position to ensure portfolio companies implement high ESG standards at all levels. These standards both mitigate investment risk and increase terminal investment value.

Multinational corporates with the lowest cost of capital already value high ESG standards. We believe the bar on these standards will go higher in a post COVID world and the opportunity to use ESG to enhance terminal investment value will increase.

ESG standards are agreed prior to investment and implemented from a Board governance position. Key themes across all portfolio companies include targeting impacts that cascade through an economy and society to:

- Improved employment outcomes;
- Value added in terms of wages, taxes, and savings; and
- Reductions in GHG emissions.

These impacts contribute to meeting SDGs; a collection of seventeen interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". We have identified four SDGs that are core to our approach.

ESG is considered during all phases of the investment process from initial risk analysis, during investment decision-making and active ownership, and finally through to exit considerations.

During due diligence, compliance with local laws and performance against our ESG standards is assessed for each potential investment. We assess company commitment, capacity and performance. We identify any gaps, weaknesses, and opportunities and use them to develop an ESG action plan. We implement this plan during ownership through the company Boards. We hold senior investment team members and portfolio company management accountable for results. We require portfolio companies to assign responsibilities to effectively identify, manage and monitor ESG risks, work with responsible business counterparties, and engage transparently and proactively with stakeholders.

The ultimate test of our ESG policy is the creation of a portfolio company generating both attractive financial and sustainable social and environmental returns while attracting global buyers in a competitive exit process.

SDGs IDENTIFIED AS CORE TO OUR INVESTMENT APPROACH

7 AFFORDABLE AND CLEAN ENERGY

Society depends on reliable and affordable energy services to function smoothly and develop equitably. A well-established energy system supports all sectors from medicine and education to agriculture and industry. Businesses can accelerate the transition by investing in renewable energy, prioritising energy efficient practices, and adopting clean energy technologies.

8 DECENT WORK AND ECONOMIC GROWTH

Businesses are engines for job creation and economic growth and foster economic activity through their value chain. Decent work opportunities are good for business and society. Companies that uphold labour standards across their own operations and value chains face lower risk of reputational damage and legal liability.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Businesses can contribute to development efforts in the regions in which they operate through upgrading local infrastructure, and investing in resilient energy technologies, and making these technologies available to all.

13 CLIMATE ACTION

Businesses have an important role to play in achieving global net zero emissions by 2050. Climate action in business operations and value chains is needed to reduce emissions.

ESG FRAMEWORK

ESG GOVERNANCE

A.P. Moller Capital has its headquarters in Copenhagen, Denmark and a branch office in Dubai, United Arab Emirates. We are governed by a Board of Directors and a management team supported by thirty full time employees.

Responsibility for ensuring that good ESG practices are developed and implemented has been defined throughout our organisation.

ESG issues are addressed throughout the entire lifecycle of an investment:

- The Investment Team is responsible for integrating ESG in accordance with internal policies and procedures, with the support of internal ESG staff and third-party advisers.
- Pre-investment, ESG considerations and due diligence findings are presented to the Investment Committee, which is responsible for ensuring that ESG is considered in each case.
- Post-investment, the APMC-appointed portfolio company Directors have a responsibility for monitoring and improving the ESG performance of the company.
- The Risk and ESG Committee has a consultative role to oversee and monitor risks, ESG compliance, ESG initiatives and brand exposure of APMC and its investments.

APMC PARTNERS
A.P. Moller Capital's management team are responsible for ensuring that the organisation implements the ESG policies and objectives approved by the Board

APMC BOARD	Oversight and compliance with Ethical/ESG Policy
APMC MANAGEMENT	Accountable for implementation of Ethical/ESG Policy

PRE-INVESTMENT	POST-INVESTMENT
INVESTMENT BOARD Approves investments	ESG PERFORMANCE ESG performance of and duty of care to the portfolio company
INVESTMENT COMMITTEE Accountable for ensuring ESG considerations assessed	LEAD PARTNER & MANAGEMENT Quarterly ESG performance review
RISK & ESG COMMITTEE Advise on ESG risks and opportunities	RISK & ESG COMMITTEE Advise on ESG risks, compliance, performance

ESG	ESG management system, support Management and Investment Team
INVESTMENT TEAM	Integrate ESG in accordance with internal policies and procedures
RISK & COMPLIANCE	ESG risks assessed & internal policy and procedures followed
INVESTOR RELATIONS	ESG communication and engagement with Limited Partners

ESG ROLES AND RESPONSIBILITIES AT APMC

INVESTMENT STRATEGY

OUR PURPOSE

A.P. Moller Capital invests in and builds businesses with a positive impact on society ('nyttig virksomhed'). For AIF I, this means we create and enable opportunities through investments in infrastructure in Africa, within transportation and power. The fund's purpose is to support sustainable economic growth and prosperity on the continent, and at the same time deliver attractive returns to our investors.

Approximately 16% of the world's population live in Africa but only account for 3% of global GDP and 3% of global trade[1].

The working-age population is likely to reach more than one billion people by 2050[2], meaning millions of new jobs will need to be created to absorb the new entries into the labour market.

A yearly GDP gain of 1.7% can be expected by raising African infrastructure quality and quantity[3]. Similarly, an estimated 600m people without access to electricity and 77% of businesses in Africa experience electrical outages[4], making electricity a constraining factor for growth.

Investments in infrastructure can create thousands of new jobs, particularly indirect jobs in society[5] and throughout the value chain. Infrastructure therefore represents an opportunity to invest in growth markets while acting as a multiplier for future growth and local job creation.

[1] World Economic Forum (11 Feb 2020). This region will be worth $5.6 trillion within 5 years - but only if it accelerates its policy reforms
[2] International Monetary Fund. How Can Sub-Saharan Africa Harness the Demographic Dividend?
[3] World Bank (April 2017). Why We Need to Close the Infrastructure Gap in Sub-Saharan Africa
[4] World Bank data (2021). Firms experiencing electrical outages in Sub-Saharan Africa
[5] World Bank (Aug 2012)a. Job Creation through Infrastructure Investment in the Middle East and North Africa

IMPALA CAPTIVE POWER PLANT

KEY ESG COMMITMENTS

A.P. Moller Capital's Ethical Policy sets our overall approach to managing ESG issues related to our investments. The policy describes our ESG framework, which provides for the consideration of ESG issues throughout the entire lifecycle of the investment process and outlines the ambitious ESG principles and standards that we are committed to following. The Ethical Policy is based on the principles of the UN Global Compact ("UNGC"), the United Nations Principles for Responsible Investment ("PRI") and the IFC Performance Standards on Environmental and Social Sustainability including the World Bank Group Environmental, Health and Safety Guidelines, and good international industry practice.

Related to good governance practice, we have developed internal policies and procedures related to Anti-Bribery and anti-Corruption ("ABC") in compliance with the US, UK and Danish ABC regulations, Anti-Money Laundering ("AML") in compliance with the EU AML Directive, responsible tax practices, and guidelines for company boards.

Other initiatives A.P. Moller Capital follows include the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

A.P. Moller Capital regularly evaluates whether updates or amendments to the Ethical Policy should be made by monitoring regulatory requirements as well as any changes to the PRI, our ESG standards and international codes of conduct (e.g. the OECD Guidelines). We also monitor changes to our stakeholder ethical policies, e.g. a Limited Partner's commitment to a particular ESG standard.

APPROACH TO CLIMATE CHANGE

We recognise the infrastructure investments we make now have an impact in the future. We want to be an active participant in the low carbon transition, whilst recognising the positive social impact of power in reducing the cost of doing business, unlocking economic potential, creating jobs and indirectly contributing to health and education.

At A.P. Moller Capital, we

- Support the Paris Agreement, i.e. being carbon neutral by 2050
- Support the recommendations made by the TCFD (Task Force on Climate-related Financial Disclosures) and have signed up to the IIGCC (Institutional Investors Group on Climate Change). We consider it a fiduciary duty to ensure stranded asset risk or other losses from climate change are minimised.
- Engage with our portfolio companies to reduce their carbon footprint. We integrate climate considerations throughout the investment cycle:
  - During due diligence and portfolio management, by assessing the financial risks of i) physical impacts of climate change, and ii) transition to a lower-carbon economy
  - During portfolio management, reporting on green house gas footprint annually for each underlying investment (to track the effects of actions to reduce emissions).

ACTIVE OWNERSHIP

The PRI refers to stewardship and engagement, which are a core part of A.P. Moller Capital's approach to ESG. Our key stewardship objective is to maximise overall long-term value through active engagement with potential investees during due diligence and current portfolio companies via our direct roles on company boards and board committees. We engage to improve ESG practice and performance at the portfolio company and thereby fund level.

We require portfolio companies to assign responsibilities to effectively identify, manage and monitor ESG risks, work with responsible business counterparties, and engage transparently and proactively with stakeholders. Material ESG issues identified pre-investment are monitored post investment through agreed ESG action plans or as part of the portfolio company 100-day plan, and ESG targets. We engage our portfolio companies on ESG on a regular basis with priority being given when there are specific ESG issues to be addressed, e.g. a serious health and safety incident. We believe that our proactive approach to stewardship and engagement maximises our overall returns across the portfolio whilst minimising ESG risks.

A.P. Moller Capital integrates sustainability risks in the investment decision process and our performance reviews will consider the performance of our business and organisation in delivering and carrying out our investment decisions including ESG.

We seek transparent and constructive ESG dialogue between us (the Manager), our Limited Partners, and other wider stakeholders, e.g. industry associations. A.P. Moller Capital holds regular meetings with our investors where ESG is a fixed topic on which we engage. A.P. Moller Capital is a member of both the Danish Venture Capital and Private Equity Association and the IIGCC.

A.P. Moller Capital is a signatory to the PRI and completes an annual report which is benchmarked against similar industry peers. The results of the PRI benchmark from last year are described in the following chapter.

POSITIVE SOCIAL IMPACT CHARACTERISTICS OF OUR INVESTMENTS

QUANTIFYING POSITIVE SOCIAL IMPACT

Having identified growth and employment as positive social impacts of AIF I, our challenge was to determine the best approach to quantifying these impacts and associated outcomes. Measuring the total impact of a fund is complex and there are numerous models/techniques that are currently being applied in this area but there is no single model that is being used by all PE investors in emerging markets.

A.P. Moller Capital decided to adopt the Joint Impact Model ("JIM") for AIF I as it has widespread support from Developmental Finance Institutions and has been specifically developed to consider investments in emerging markets. Launched in November 2020, the JIM is a collaboration between AfDB, BIO, CDC Group, FinDev Canada, FMO and Proparco with the consultants Steward Redqueen.

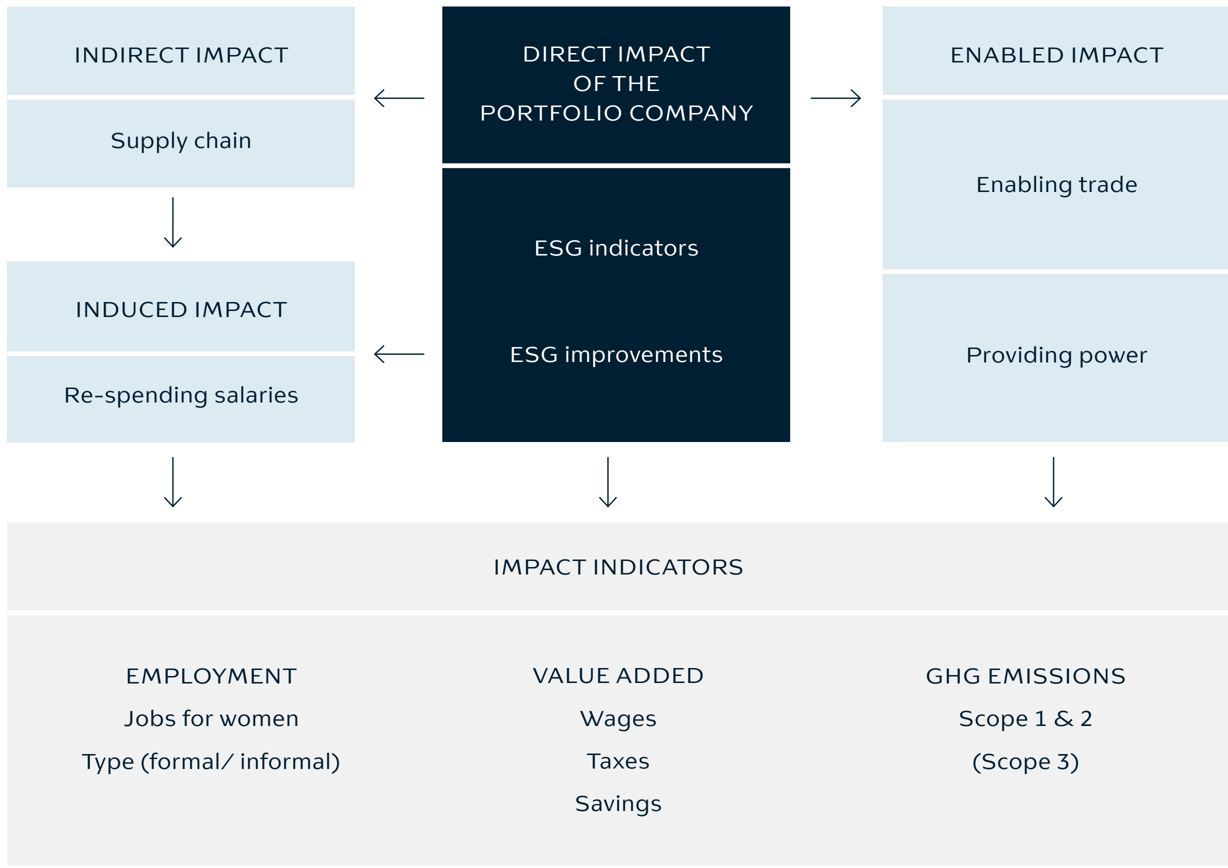
The JIM estimates the value added and employment for the AIF I portfolio by tracing monetary flows through an economy. This is done based on data on jobs, salaries, taxes paid and profits from each portfolio company, and modelling the indirect supply chain and induced effects on these indicators.

In addition to the direct and indirect impacts, AIF I investments in:

- Power enable impacts that result from the activity made possible from the power generated;
- Ports, terminals and logistics contribute to the wider economy by enabling trade.

For FY20, we commissioned specific studies on the impacts of our investments in a power plant in Kenya, and in two port terminals in Gabon.

THE JOINT IMPACT MODEL IS USED TO ESTIMATE SUPPLY CHAIN AND INDUCED IMPACTS. ENABLED IMPACTS ARE THE SUBJECT OF SEPARATE STUDIES.



ESG INDICATORS

To be able to estimate the positive social impact of our investments, we have identified the following **fund level** ESG indicators:

- **Energy consumption:** The company's own fuel consumption is used to calculate direct scope 1 GHG emissions. Where the company is connected to the grid, the purchased electricity consumption is used to calculate scope 2 GHG emissions. Reducing GHG emissions are paramount to addressing the global challenge that is climate change and global warming.

- **Safety:** A critically important indicator in many infrastructure projects, the number of lost time injuries is tracked for all companies.

- **Jobs:** Direct hires by the company including third parties are monitored, including the number of workers that are female and the number under the age of thirty. Direct jobs are added to the number of jobs created indirectly through the supply chain and through re-spending of salaries to estimate the total employment.

- **Taxes:** Taxes is the total amount paid by the company to the government including direct and indirect taxes, import duties, withholding taxes and employee taxes. We believe that there is a social benefit from paying taxes in the country in which profits are generated. Taxes together with data on wages and profits are used to estimate the total value added by the company to society directly and through the supply chain and re-spending of salaries.

- **Anti-corruption:** We are an ethical partner and take a zero-tolerance approach to bribery and corruption. We require our portfolio companies to adopt an anti-corruption policy and procedures meeting our standards. We believe corruption erodes trust in public administration, hampers economic development and exacerbates inequality, poverty, social division and adverse environmental impacts.

ESG IN ACTION

Delivering competitive returns to our investors and creating a portfolio company with positive social impact requires implementing high ESG standards. Good ESG performance increases the value of an investment at exit by improving the margin through increased operational efficiency (e.g. fewer accidents). Headline growth increases the social impact of employment and value added, especially when GHG emissions are also reduced. All this can increase the value of the company at exit.

DUE DILIGENCE PROCEDURES

A.P. Moller Capital applies strong integration and commitment to ESG during each stage of the due diligence ("DD") process. Subject to approval from the Investment Committee, which includes the consideration of ESG issues, each potential investment is:

- **Screened** – The investment opportunity is checked against our exclusion list. We carry out sanctions screening and consider adverse media coverage. Initial ESG project risk assessment is carried out, preliminary information on corporate governance collected and potential positive impacts are identified

- **Scoped for ESG DD** – Climate impacts are identified, project partner(s) ESG commitment assessed, project ESG risks identified, terms of reference for ESG DD agreed

- **Analysed** – Compliance with local laws and performance against international standards is assessed with the assistance of external ESG consultants. DD findings analysed, ESG actions agreed, board and company management processes analysed

- **Reviewed** – Output of all DD processes, including ESG, are reviewed. The agreements we enter secure sufficient influence with the project company post-acquisition to follow our ESG standards. If approved by IC, the potential investment must be approved by the Investment Board before the deal can be finalised.

POST-INVESTMENT PROCEDURES

A.P. Moller Capital monitors the ESG performance of each of our portfolio companies and collates and analyses aggregate data at a fund level.

For our portfolio companies, numerous ESG key performance indicators are monitored during the investment holding period including indicators required under the new EU Sustainable Finance Disclosure Regulation ("SFDR") such as indicators related to adverse impacts on climate, environmental, social, employee, human rights, anti-corruption and anti-bribery sustainability factors. Our tracking of ESG standards enables us to identify and mitigate potential negative impacts.

At the fund level several of the core ESG indicators are aggregated and used for fund level tracking and reporting of ESG issues.

We also document ESG improvements over time. Any gaps identified during the pre-investment due diligence process are addressed during active ownership through the company board and the post investment 100-day plan or ESG action plan.

Portfolio company ESG management systems include ESG reporting to APMC:

- Quarterly and annually on compliance with ESG standards for incorporation in an annual report by the Fund; and

- As soon as practicably possible for any material ESG incident, e.g. that results in loss of life or significant environmental impact.

A.P. Moller Capital holds regular quarterly internal meetings relating to portfolio company performance and ESG is included in this review process.


ARISE, NEW OWENDO INTERNATIONAL PORT ("NOIP")

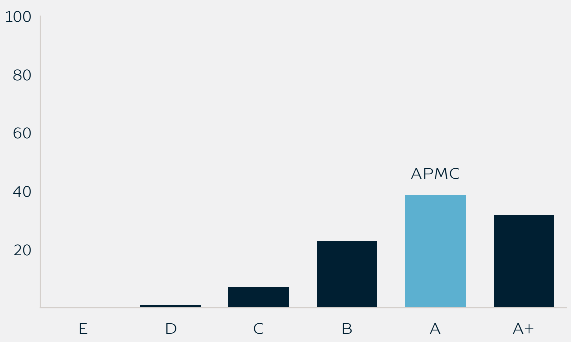

ARISE, OWENDO MINERAL PORT ("OMP")


ARISE, TIPSP

ESG AT A.P. MOLLER CAPITAL

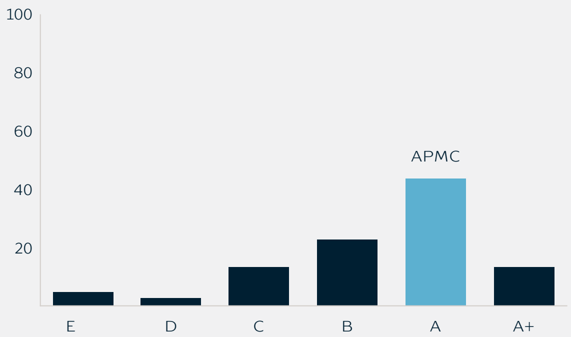
A.P. MOLLER CAPITAL'S 2019 PRI SCORE

Strategy and Governance



- Compared to all respondents, few smaller companies (AUM) scored A+
- Median for PRI signatories from 2019 was B

Private equity



- Mean for private equity PRI signatories from 2019 was B

During 2020, we were fortunate to keep our employees safe during the pandemic. We continued to integrate ESG during due diligence in line with international best practice, carrying out thorough assessments using third party experts for every potential investment.

We have developed an A.P. Moller Capital house position for legal agreements in which ESG standard provisions are embedded. A.P. Moller Capital ESG standards have also been included in our enhanced portfolio governance model, as well as the quarterly portfolio company performance reviews, the first time for Q4 2020.

Annual training on ESG policies and procedures is mandatory for all staff. Ad hoc follow up training sessions are provided as needed. During 2020 we carried out training on anti-bribery and anti-corruption procedures using a mix of teaching and case study material. In relation to environmental and social issues, we entered into an agreement with the German development bank (KfW) to adapt their online training course for us. We also carried out the first training on environmental issues during site visits at potential investments and held an online ESG seminar for our LPs in November.

In addition to being a signatory of UNPRI and IIGCC, A.P. Moller Capital joined a newly created Responsible Infrastructure Forum, that meets quarterly to discuss topics relevant for ESG practitioners working in Africa, where implementation challenges are high, and developers are required to meet strict standards.

This year will be the first time we publicly disclose our annual PRI report. We are aiming to obtain a similarly good overall score in 2020 as for 2019 compared to our peers.

FUND ESG PERFORMANCE

In the 2019 annual ESG report, we only had one portfolio company to report on and we focused on setting up governance processes at the board level for our portfolio companies and underlying investments on integrating ESG issues into our monitoring processes. This year, that number has increased, and we currently have eight portfolio companies and underlying assets that we are reporting on.

During 2020, we have focused efforts on positive social impact of our thermal power plant, which plays an important role in preventing outages, and have initiated numerous measures to reduce the GHG emissions and footprint of the plant.

We have also defined and quantified what we mean by positive social impact and identified key ESG indicators to monitor in this regard. We have carried out a third-party assessment of the impact of our portfolio. Additionally, the social benefits of our investments in two port investments in Gabon have been assessed.

In 2020, our COVID-19 response to operational issues due to the pandemic were implemented by all portfolio companies, including measures to safeguard the health and security of their employees. During the first lockdown, our investments also provided essential supplies to local communities.

We are continuing to implement systematic monitoring to document portfolio company's ESG policies, performance, and value add at exit. We currently rate the ESG Performance at the portfolio company level as satisfactory and strive for continuous improvement.

THE FOLLOWING ESG ACTIONS ARE PLANNED FOR 2021

1. Legal requirements:
We will ensure compliance with the EU SFDR and monitor portfolio company performance against SFDR indicators. We will also assess our investments against the EU Taxonomy, which comes into force at the end of 2021.

2. Climate:
We have included GHG reporting (scope 1 and 2 and an estimate for scope 3) in our annual ESG report, and plan to further determine how best to implement our climate strategy across the portfolio. Similarly, energy consumption is monitored, and targets will be set, thereby reducing GHG emissions.

3. Impact and ESG monitoring:
We will continue to follow the positive social impact associated with AIF I. At Fund level, we will consider setting targets for key ESG indicators.

4. Active ownership
We will continue to implement procedures for portfolio companies to report on ESG compliance, performance and improvements. Through our board nominated portfolio company representatives, we will continue to implement procedures for portfolio companies to report ESG compliance, performance and improvements, and we plan to set and track specific portfolio company ESG indicators and targets. Targets will be set either against past performance and/or compared to industry benchmarks to improve performance.

WE ARE GUIDED BY OUR FIVE CORE VALUES

CONSTANT CARE
Take care of today,
actively prepare for tomorrow

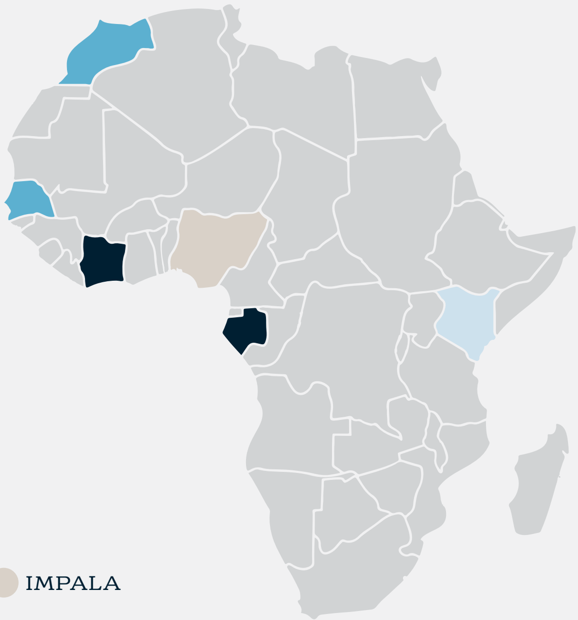
HUMBLENESS
Listen, learn, share,
give space to others

OUR NAME
The sum of our Values,
passionately striving higher

UPRIGHTNESS
Our word is our bond

OUR EMPLOYEES
The right environment for
the right people

OVERVIEW OF INVESTMENTS IN AIF I



IMPALA

IBERAFRICA

MASS CEREALES

ARISE P&L

FUND POSITIVE SOCIAL IMPACT

Investing in infrastructure in Africa is one of the best ways to support sustainable economic growth and create employment. AIF I seeks to enable trade and provide power and has invested in the following companies:

1. Impala Energy, captive power project in Nigeria

2. Arise Ports & Logistics, including
   - Mineral terminal in Gabon
   - General cargo terminal in Gabon
   - Bulk terminal under construction in Côte D'Ivoire

3. Iberafrica, thermal power plant in Kenya

4. Mass Cereales, two grain terminals in Morocco and one under construction in Senegal

MASS CEREALES SENEGAL ("MCS")

MASS CEREALES MOROCCO ("MCM")

RESPONSE TO COVID-19

As owners and active investors, we worked closely with our portfolio companies. The response of the Fund's portfolio companies to COVID-19 pandemic highlights the importance of high ESG standards in making investments more resilient and therefore able to help the society they are a part of.

At the start of the pandemic, the first steps taken by companies were measures to safeguard the health and safety of their employees. This included implementing safety instructions to be followed, emergency planning, providing personal protective equipment, setting up remote working where possible, and, at Arise Ports & Logistics in Gabon, establishing an employee medical helpline. These measures will be in place for the foreseeable future and until no longer deemed necessary.

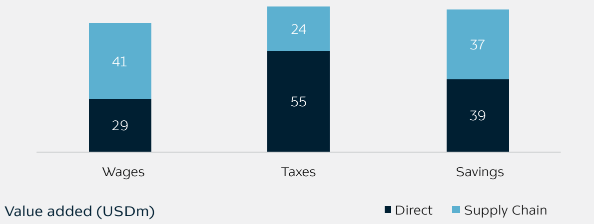
Our portfolio companies distributed food kits to local communities in the project area of influence, which was particularly critical at the start of the lockdown when food shortages were experienced. Having strong environmental and social governance made it easier to commence crisis management at the portfolio companies, and rapid responses were possible due to effective senior management and corporate governance in place.

The COVID-19 pandemic stopped many construction projects, isolating contractor workforces. At the portfolio company which is a port construction site (TIPSP) in Côte D'Ivoire, the EPC contractor was provided with protective equipment and healthcare facilities including isolation rooms. Due to the strategic importance of the bulk port terminal, special permission was issued by the government for export operations and construction activities to restart, in accordance with strict safeguard measures.

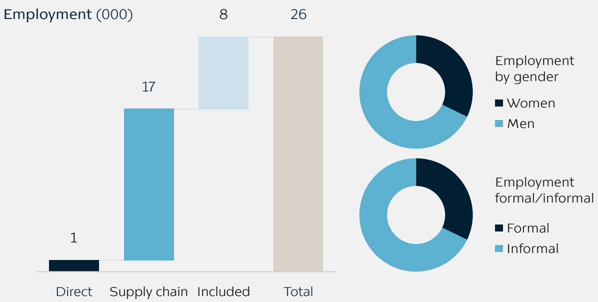
Finally, existing partnerships with host governments under the Public-Private Partnership model, allowed Arise in Gabon the opportunity to use their capacity to provide support in times of crisis by distributing medical equipment like masks, protective clothing, disinfectant gels, thermographic cameras, gloves, smart thermometers and some medical ventilators.

IBERAFRICA DISTRIBUTION OF FOOD KITS DURING INITIAL LOCKDOWN IN NAIROBI

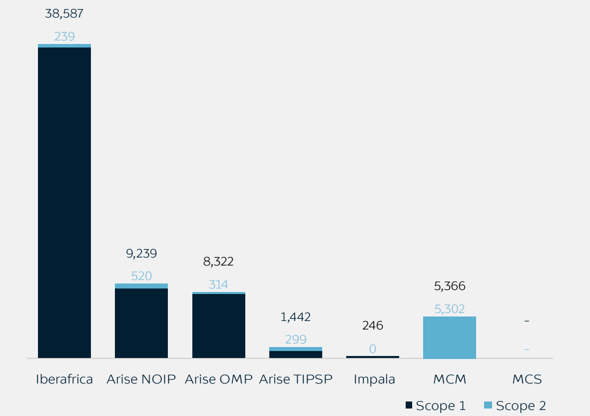
AIF I SUPPORTED USD 225M VALUE ADDED IMPACT



AIF I SUPPORTED CLOSE TO 26,000 JOBS,
WITH ABOUT 33% WOMEN AND 33% FORMAL JOBS



GHG EMISSIONS (SCOPE 1 & 2) BY PORTFOLIO COMPANY (tCO_2eq)



PORTFOLIO IMPACT

AIF I has an impact on the operating countries in which its investments are located. We used the JIM to quantify the portfolio level impact based on direct, indirect and induced employment, value added and GHG emissions. The model applies the input-output methodology, based on the work of the Nobel Prize winning economist Wassily Leontief to quantify supply chain and induced impacts.

The underlying idea is to trace company revenues through an economy revealing linkages between the company and other sectors in the economy. AIF I portfolio companies' financial, HR and sales data combined with macro-economic statistics, e.g. from the World Bank and the ILO, are used to estimate impacts for which observed data is not available.

In 2020, AIF I's portfolio supported value added worth USD 225m, which is the sum of salaries taxes and profits and is equivalent to gross domestic product. The portfolio supported an estimated 25,760 jobs in the portfolio companies and their supply chains, and generated 63,202 tonnes of GHG emissions (scope 1 and 2).

AIF I portfolio companies supported USD 225m **value added** impact, of which USD 122m in direct value added in the form of wages, taxes and profits (savings), and a further USD 102m through local sources of goods and services.

In 2020, AIF I had a positive value added impact in six African countries, with the largest impact in Gabon and Côte D'Ivoire. Arise P&L, with its three underlying port terminal investments make up the largest share of the impact.

In relation to **employment**, AIF I supported close to 25,760 jobs, with a total share of about 33% female employment. Note that in the infrastructure sector, the share of women employed is lower relative to other sectors.

For every formally employed person, there are an estimated 2.1 informal jobs in the portfolio companies' supply chains. This split accounts for all direct and value chain jobs, as all 1,160 direct jobs at AIF I's portfolio companies are formal employment.

Induced employment is related to paid wages. The higher the wages paid by AIF I's portfolio companies, the more induced employment is supported, as a higher amount of money is re-spent in the economy, thus increasing demand and employment further.

Employment supported differs between the project finance construction phase and project finance operations phase. In 2020, AIF I's portfolio companies supported about 16,380 jobs during the operations phase and 9,380 during the construction phase.

From data on electricity and fuel consumption, scope 1 and 2 **GHG emissions** were 63,202 tonnes CO2eq in 2020. Scope 2 GHG emissions were calculated based on the country's energy mix-weighted emission per GWh. Due to a lack of data, no emissions were calculated for Mass Cereales project under construction in Senegal. We estimated the portfolio scope 3 GHG emissions to 64,000 tCO2eq. Note scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions, which are uncertain.

In 2020, we estimate that Impala's project in Nigeria avoided 2,400 tCO_2eq through the capture of natural gas from flare gas, which is 10 times the amount directly emitted by Impala itself (scope 1 and 2 emissions). The captured gas was largely sold to customers that would otherwise use diesel if they did not purchase gas from Impala. The associated GHG savings are expected to increase next year as the amount of gas captured increases.

CASE STUDY ON TWO PORTS TERMINAL IN GABON

The portfolio impact manifests itself across the value added to the economy, employment effects, and GHG emissions. These impacts can be direct, indirect (from suppliers and suppliers of suppliers), and induced through the re-spending of wages.

In addition, there are enabled impacts based on the additional activity that infrastructure investments enable in an economy through the users or customers of the investments. This results in additional value added, employment and GHG emissions, making up a significant part of the overall impact of infrastructure projects.

The investments made by Arise in port infrastructure aim to enable trade by reducing transport costs and creating efficient transport/logistics corridors, thereby improving competitiveness which benefits national and regional economic development and creates jobs. In Gabon, the two operational port terminals are key in the country's development plan (the Strategic Plan Gabon Emergent) to place Gabon as an emerging country by 2025. The plan includes a National Industrialisation Strategy to transition from an oil-exporting economy to a diversified and sustainable economy based on the mining, metallurgical, wood and agriculture sectors. Both terminals in Gabon are key for i) development of the mining sector (especially manganese) with rail and port operations allowing exports to grow year-on-year, and ii) development of other industries such as timber, plantations and infrastructure projects by providing logistics and port services for general cargo.

To emphasise the additional value of infrastructure projects, we commissioned a study to estimate the impacts of Arise investments on enabling trade in Gabon specifically. The results show that around 71,680 additional jobs were enabled by the AIF I terminals, and USD 718m in value added.

The Owendo Mineral Port (OMP) is highly specialised in the export/import of mining resources. OMP handled 5m tonnes of commodities in 2020, whose estimated trade value amounted to USD 822m. The New Owendo International Port (NOIP) handled 679,000 tonnes of commodities in 2020, with an estimated trade value of USD 89m.

TRAINING PROGRAMME FOR WOMEN

The ports industry is male dominated, particularly operating heavy machinery and vehicles. These vocations have not historically attracted women, which is why Arise OMP ran an ambitious training programme for women in 2020 whose main goals were:

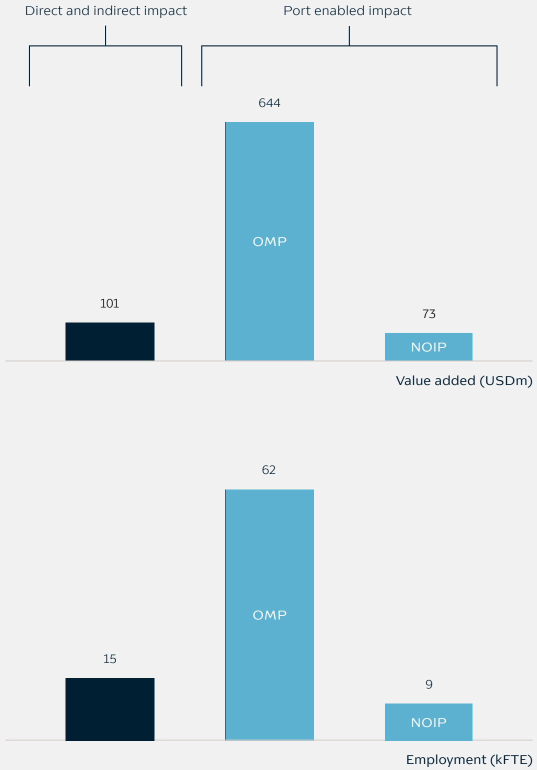
- To break barriers for women by providing access to qualified training;
- To introduce skilled women into the market, ready to be employed; and
- To change the industry and break gender stereotypes.

As one participant stated: "the main challenge was to demonstrate to men (at home and at work) that I could do it".

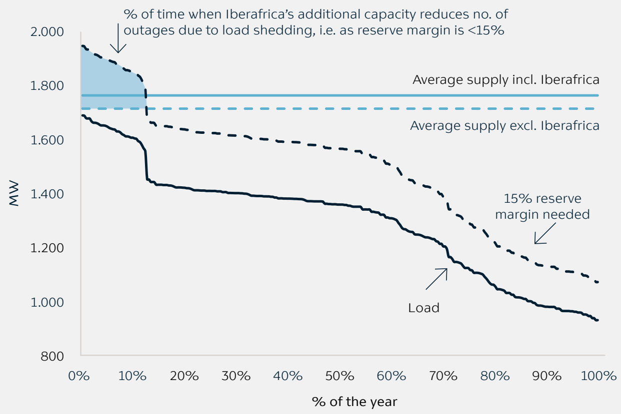
Despite some challenges including COVID-19, fifty women participated and received training on driving and operating heavy equipment as well as theory lessons. Seeing the trainees operate heavy vehicles, current employees started to consider the trainees as their colleagues. The program is currently being completed with fifteen women preparing for the final license exam.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT MANAGER AT ARISE OMP

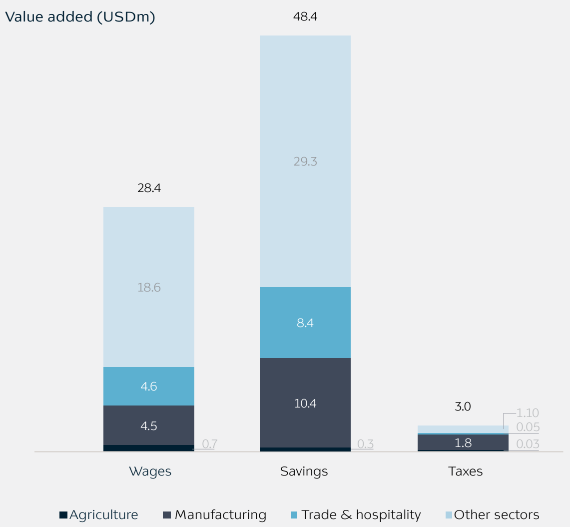
PORT ENABLED EFFECTS OF ARISE IN GABON (OMP AND NOIP) COMPARED TO DIRECT AND INDIRECT EFFECTS OF THESE INVESTMENTS



THE CAPACITY DELIVERED BY IBERAFRICA INCREASES THE RESERVE MARGIN, THEREBY LIKELY LEADING TO A REDUCTION IN OUTAGES



THE MAJORITY OF VALUE ADDED FROM POWER GENERATION OF IBERAFRICA GOES TO BUSINESSES IN THE FORM OF SAVINGS



CASE STUDY ON THERMAL POWER PLANT

Regarding AIF I's climate strategy, APMC is committed to being an active participant in the low carbon transition and providing reliable, affordable power.

We have invested in Iberafrica, a 52.5 MW thermal power plant in Nairobi, Kenya, that has been operational since 2009. The thermal power plants in Kenya all currently use HFO as fuel. Their role is critical, particularly those in key locations such as AIF I's investment in Iberafrica.

To document the positive social impact, we commissioned a socio-economic impact assessment to quantify the benefits of Iberafrica to the national economy as a so-called peaker plant in terms of jobs and value add (wages, taxes, profits) from avoided reliance on individual generators and reduction in power outages.

It is important to note that Kenya is one of the countries that generates the most electricity from renewable energy sources, despite the electricity generation capacity being relatively low.

According to IEA (2018 data), the total energy supply per capita is 0.5 toe/capita for Kenya compared to 2.9 toe/capita for Denmark. In contrast to most other countries in the world, 82% of electricity generated in Kenya is from renewable sources, compared to 66% in Denmark and 32% in the EU(28).

The capacity delivered by Iberafrica increases the reserve margin, thereby likely leading to a reduction in outages. Research shows that reserve power capacity should be available at any given time to prevent outages. This means that when reserve margins are low, addition of capacity can prevent blackouts. KPLC (Kenya Power and Lighting Company) estimates a reserve margin of 15% should be available at any given time to avoid outages. About 12% of the time, this is not the case.

Iberafrica is dispatched at close to 100% capacity for a few hours in the day to cover peak demand periods and when intermittent power generation availability from renewable energy sources is insufficient (droughts or below average wind speeds). Iberafrica therefore delivers power during peak demand, when the reserve margin is at its lowest, which is typically on weekdays during early evening hours. Without the power generated by Iberafrica during this time, the number of outages due to load shedding would likely increase.

Through prevention of load shedding, Iberafrica's power generation is estimated to have:

- Increased production time, supporting a total output of USD 150m;
- Contributed USD 80m to GDP, the majority of which goes to businesses as savings; and
- Supported c. 10,800 jobs, of which 39% are estimated to be held by women.

The majority of value added goes to businesses in savings. The value added in terms of GDP is estimated to go to businesses, in the form of savings (61%); households, in the form of wages (36%); and to the government, in the form of taxes (4%).

The main beneficiary of the value added Iberafrica supports is the private sector, which receives savings of USD 48m and stems mainly from the business services, manufacturing, transport and construction sectors operating margins, translating into net income and thus savings.

The enabled wages of USD 28m are driven mainly by trade and hospitality, and business services. Trade and hospitality in particular contribute a large nominal amount, but also a large share of the total value added via wages.

As a responsible investor in Iberafrica, we have initiated concrete actions to reduce GHG emissions through energy saving initiatives at the plant itself. In 2020, the savings were 6% for scope 2 emissions. We will continue to reduce GHG emissions going forward.

Energy saving initiatives that will be completed in 2021 include the installation of solar collectors and solar PV panels and on site to reduce auxiliary energy consumption. Additionally, we have also signed an agreement with the Kenyan Forestry Research Institute to fund reforestation activities supported by the Government of Kenya. Whilst we have not yet quantified nor claimed carbon offsets, reforestation will sequester significant carbon and help address deforestation, and the associated impacts on biodiversity and ecosystems services.

Finally, we are engaging with key stakeholders in Kenya to convert Iberafrica from HFO to gas, thereby significantly reducing the GHG emissions of the plant. We expect this to also provide socio-economic benefits by lowering the cost of power for consumers.

We have developed a detailed gas conversion plan, which we believe likely to happen by the end of 2025. The plan includes contractual considerations related to the Power Purchase Agreement, infrastructure requirements and import of LNG. Technical feasibility studies we have commissioned show that gas conversion is possible.

We have found strong support for the gas conversion of HFO plants in Kenya from the Government of Kenya and other players such as Kengen (state-owned power generation company), although risks to conversion exist and include i) inability for Government to procure the necessary import infrastructure, ii) gas and oil prices, and iii) change in priorities on the government's agenda.

IBERAFRICA ANNUAL TREE PLANTING ACTIVITY IN COLLABORATION WITH THE KENYA FOREST SERVICE

ANNEX 1 – EXCLUSION LIST

A.P. Moller Capital does not invest in businesses/projects that:

a. Employ forced labour[1] of any kind;
b. Allow children[2] to form part of their workforce;
c. Are in a country or involve a person, group or entity subject to international trade embargoes or sanctions[3] at the time of investment;
d. Generate over 30% of revenues from mining of coal or from energy production based on coal;
e. Are incorporated in EU non-cooperative jurisdictions for tax purposes (blacklist) at the time of investment;
f. Manufacture or trade weapons, including the development, production or storage of nuclear weapons and the production of components made explicitly for use in nuclear weapons;
g. Generate power from a nuclear reactor;
h. Manufacture tobacco or tobacco-related products, unbonded asbestos fibres or radioactive materials[4];
i. Involve gambling, casinos and related activities; or
j. Relate to prostitution or pornography.

We recognise that responsibilities follow investments in transportation and logistics, and therefore use best endeavours to ensure that our investments do not knowingly distribute products deemed illegal under applicable national laws or international conventions and agreements such as certain:

a. Hazardous chemicals, pharmaceuticals and pesticides;
b. Waste and waste products including unbonded asbestos materials;
c. Radioactive materials ;
d. Ozone depleting substances; and
e. Endangered or protected wildlife or wildlife products.

[1] Forced labour means all work or service, not voluntarily performed, by an individual under threat of force or penalty as defined by ILO Conventions
[2] Children may only be employed if they are at least 15 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply. Workers below the age of 18 should not be engaged in hazardous work.
[3] Imposed by the UN or EU that have been endorsed or otherwise officially ratified or approved by the Kingdom of Denmark
[4] This does not apply to medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered trivial or adequately shielded.