



SUSTAINABILITY-RELATED DISCLOSURES

Product name: Africa Infrastructure Fund I K/S
Legal entity identifier: 894500XU8CUIU0C0HD79

1. Summary

A.P. Moller Capital manages the Africa Infrastructure Fund I ("AIF I" or the "Fund"), an Article 8 fund under the [Sustainable Finance Disclosure Regulation](#) ((EU) 2019/2088) ("SFDR").

AIF I follows an investment strategy that is focused on the twin elements of value creation and risk mitigation. We focus on investments that support sustainable economic growth and prosperity in the markets where we operate while delivering competitive returns. The focus is on transportation and logistics in addition to opportunities within energy and power.

The Fund promotes environmental and social characteristics for all its investments. As an active owner, seeking majority ownership of assets or strategic minority positions, A.P. Moller Capital uses its influence at the board to ensure portfolio companies continuously work towards implementing high sustainability or environmental, social and governance ("ESG") standards.

A robust methodology is applied for measuring ESG key performance indicators ("KPIs"), reporting on relevant Principle Adverse Impact indicators ("PAIs"), and meeting ESG standards and minimum safeguards. It is a prerequisite that each portfolio company has good governance practices. Furthermore, the Fund follows A.P. Moller Capital's exclusion list.

As a fund manager, A.P. Moller Capital pledges to be an ethical partner. This means that we focus on delivering competitive returns for our investors, as well as seeking to create businesses that benefit society through economic and social development. We believe that working towards implementing high ESG standards at the companies in which we invest, is the best way to mitigate risk and an opportunity to create value.

For further information, please refer to our [Responsible Investment Framework](#).

2. No sustainable investment objective

The Fund promotes environmental or social characteristics of the investments it makes, but does not have sustainable investment as its objective.

3. Environmental or social characteristics of the financial product

The Fund promotes investments with a positive impact that contribute to the social objective of supporting employment and economic growth. At the same time, it is important to monitor ESG performance and seek to reduce greenhouse gas emissions, and it is a prerequisite that each portfolio company has good governance practices.

The Fund follows A.P. Moller Capital's exclusion list (see the Responsible Investment Framework) and does not invest in businesses/projects that e.g.:

- Employ forced labour of any kind;
- Allow children to form part of their workforce;
- Pay wages which are below industry or national minima;

- Are in a country or involve a person, group or entity subject to international trade embargoes or sanctions at the time of investment; and
- Are incorporated in EU non-cooperative jurisdictions for tax purposes (blacklist) at the time of investment.

Additionally, the Fund will not invest in businesses/projects that generate over 90% of revenues from energy production based on coal, and will robustly justify any investments in heavy fuel oil fired power plants in terms of providing reliable, affordable power compared to alternatives.

The Fund requires that 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.

4. Investment strategy

Africa is the fastest growing continent by population. It is currently home to around 1.3 billion people – a number which is projected to grow to 2.5 billion by 2050. Every year, 12 million young people join the labour force, leaving Africa with an urgent need to generate employment and industrialise to end poverty. One of the key factors regarding industrialisation is insufficient or inefficient infrastructure in power and transport.

Our investment strategy is focused on the twin elements of value creation and risk mitigation while applying the highest ethical standards and being true to the heritage and values of the A.P. Moller Group. We focus on investments that support sustainable economic growth and prosperity in the markets where we operate while delivering consistent and competitive returns. The primary focus is on transportation and logistics in addition to opportunities within energy and power.

As well as the positive impact and value creation, the investment strategy involves risk mitigation. High ESG standards are essential, as is managing political risk and local relationships with stakeholders. ESG influences deals during all phases of the investment cycle from initial risk analysis through to exit.

As an active owner, seeking majority ownership of assets or strategic minority positions, A.P. Moller Capital uses its influence at the board to ensure portfolio companies continuously work towards implementing high ESG standards. A.P. Moller Capital applies international best practice in respect of corporate governance and has developed a corporate governance manual for its portfolio companies including these standards.

There are certain investments that we will not make if the business is on our exclusion list (refer to the Responsible Investment Framework). In addition, as mentioned in section 3 above, the Fund will not invest in businesses/projects that generate over 90% of revenues from energy production based on coal.

5. Proportion of investments

The proportion of the investments that aim to meet the described environmental and social characteristics of the fund is 100 % without having sustainable investment as the objective.

6. Monitoring of environmental or social characteristics

A.P. Moller Capital tracks the ESG performance of each of portfolio company. Any risks and gaps to meeting our international ESG standards 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. A.P. Moller Capital also records the positive impact that the investment has on the portfolio company.

Following the successful completion of an investment, A.P. Moller Capital monitors a range of ESG key performance indicators during the investment holding period. We monitor mandatory PAIs in the EU SFDR Regulatory Technical Standards. In addition, we monitor the fund level ESG indicators related to energy consumption, safety, jobs, taxes and anti-corruption.

A.P. Moller Capital works through nominated representatives at investment company boards to ensure investments meet the required ESG standards. We hold quarterly internal meetings relating to portfolio company performance and ESG is included in this review process. We hold senior investment team members and portfolio company management accountable for results.

The principles set out in the Responsible Investment Framework cover all AIF I investments, and A.P. Moller Capital's Board of Directors has oversight hereof. Executive management is responsible for assessing, implementing and reporting on ESG-related risks and opportunities.

A.P. Moller Capital's Risk and ESG Committee has a consultative role to oversee and monitor risks, ESG compliance, ESG initiatives and brand exposure of A.P. Moller Capital and its investments. The Committee meets quarterly, and meetings related to potential investments are held during the due diligence process.

7. Methodologies

A robust methodology is applied for measuring ESG KPIs, reporting on PAIs, and meeting ESG standards and minimum safeguards.

The minimum safeguards are based on the OECD Guidelines, the UN Global Compact, and the UN Guiding Principles. The purpose is to ensure investments promoting environmental and social characteristics do not have negative impacts on human rights including labour rights, do not have corrupt practices, and are not linked to non-compliance with the spirit of tax laws or anti-competitive practices.

A.P. Moller Capital holds quarterly internal meetings relating to portfolio company performance and ESG is a key component in this review process. Other ESG management systems at portfolio companies include reporting on compliance with ESG standards for incorporation in an annual report by the fund and reporting to A.P. Moller Capital, as soon as practicably possible, on any material ESG incidents, e.g., an incident that results in loss of life or has a significant environmental impact.

Fund-level indicators tracked for each portfolio company are:

- *Energy consumption*: The company's own fuel consumption per type type. Where the company is connected to the grid, the purchased electricity consumption is monitored.
- *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.
- *Taxes*: Taxes are 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.

- *Anti-corruption*: We take a zero-tolerance approach to bribery and corruption and require our portfolio companies to adopt an anti-corruption policy and procedures meeting our standards.

GHG Emissions

To ensure comparability of the greenhouse gas calculations across the portfolio companies, A.P. Moller Capital applies a consistent accounting policy. Portfolio companies directly report energy consumption data to A.P. Moller Capital, which are used to calculate the portfolio companies' scope 1 and 2 greenhouse gas emissions. The greenhouse gas emissions are calculated according to the methodology from the GHG Protocol.

Given the inherent complexity of scope 3 calculations and challenges in data accuracy and completeness, A.P. Moller Capital reports on emissions estimates with the Joint Impact Model (www.jointimpactmodel.org), unless the portfolio company calculates scope 3 itself based on the GHG Protocol.

8. Data sources and processing

Each quarter, A.P. Moller Capital sends out ESG reporting templates to the portfolio companies to collect relevant data points to ensure continuous monitoring of the portfolio companies' ESG performance. The majority of portfolio companies are expected to have third-party certification of their ESG-related management systems such as ISO-certified environmental, occupational health and safety, and/or energy management systems.

As data is obtained directly from the portfolio companies, this eliminates dependence on third-party data providers and reduces the need to make estimates, thereby improving the accuracy of the reported ESG KPIs. Internal checks are made on the data including historical comparisons to ensure data quality. Some data is processed, e.g. energy consumption data is used to calculate GHG scope 1 and 2 emissions.

9. Limitations to methodologies and data

A.P. Moller Capital asks an external third party to review the results of the positive social impact reported and the GHG emissions. Additional assurance on the ESG KPIs reported by the portfolio companies is not obtained.

10. Due diligence

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 the Fund exclusions. 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 identified.
- Scoped for ESG DD – ESG and 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 into secure sufficient influence with the project company post-acquisition to follow our ESG standards.

11. Engagement policies

Stewardship and engagement are a core part of A.P. Moller Capital's approach to ESG. Our key stewardship objective is to maximise constructive ESG dialogue between us (A.P. Moller Capital), our Limited Partners, our portfolio companies and other wider stakeholders, e.g. industry associations. A.P. Moller Capital holds regular meetings with our Limited Partners where ESG is a fixed topic on which we engage.

Our objective is to maximise overall long-term value through active engagement with portfolio companies via our nominated representatives on company boards and board ESG committees. We engage to improve ESG practice and performance at the portfolio company. We require the Fund's 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.

At the portfolio company level, 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 specific 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 has occurred.

