RESPONSIBLE INVESTMENT FRAMEWORK

A.P. Moller Capital

In compliance with the EU Sustainable Finance Disclosure Regulation (Articles 3-5), A.P. Moller Capital has outlined its approach to responsible investment, describing how sustainability risks are integrated into its investment decision-making process using the following structure:

A. INTRODUCTION

A.P. Moller Capital ("Manager") has adopted a corporate philosophy by which it commits to be an ethical and responsible partner. This means that the Manager focuses on delivering competitive returns for investors, as well as seeking to create businesses that benefit society through economic and social development. A.P. Moller Capital believes that working towards implementing high Environmental, Social and Governance ("ESG") standards at the companies in which it invests is the best way to mitigate risks and generate opportunities for value creation.

In line with this commitment, the Manager developed and implemented a formal Responsible Investment Framework which provides for the consideration of ESG risks and impacts throughout the entire lifecycle of the investment process; from the identification of new opportunities to the active management of investments including exits. This framework is embeded within A.P. Moller Capital's Ethical Policy, which is owned by the Board. The implementation of the Ethical Policy is the responsibility of the Executive Board and subject to compliance audits.

B. BASIS OF THE FRAMEWORK

The five key principles underpinning this framework are as follows:

1. Aligning its approach to ESG with its fiduciary duty to act in the best interests of its Funds' Limited Partners by ensuring a balanced view of broad ESG issues and risks that may impact long-term returns;
2. Incorporating ESG considerations into its investment analysis and decision making, including legally binding provisions that define how Investments, as necessary, will implement improvements in line with the ESG principles in the Ethical Policy;
3. Incorporating ESG considerations into its active ownership practices and ongoing reporting activities, including requirements for ongoing compliance with ESG principles;
4. Ensuring ESG responsibilities are assigned to effectively oversee the implementation of the Policy, and that each member of the Investment Team is accountable for ESG integration in accordance with the Managers' internal policies with support from suitably qualified staff including from third parties where appropriate; and
5. Reporting to the Limited Partners and the APMC Board of Directors ("Board of Directors") on its activities and progress towards implementing the Responsible Investment Framework for the Manager and the Investments.

In addition to these key principles, A.P. Moller Capital's Responsible Investment Framework is based on the main principles of the United Nations Global Compact; the United Nations Principles for Responsible Investment ("PRI"); the IFC Performance Standards on Environmental and Social Sustainability ("IFC Performance Standards"), including the World Bank Group Environmental, Health and Safety Guidelines

("EHS Guidelines"); and good international industry practices. Other guidelines that have also informed the development of this framework include the Guidelines for Multinational Enterprises from the Organisation for Economic Co-operation and Development ("OECD") and the International Labour Organizations ("ILO") Fundamental Conventions.

Specific corporate governance guidelines have been developed in relation to Anti-Bribery and Corruption ("ABC") and Anti-Money Laundering ("AML"). ABC guidelines are aligned with the US, UK and Danish ABC regulations and AML guidelines follow the EU AML Directive, responsible tax practices, and guidelines for company boards.

C. IMPLEMENTATION OF THE RESPONSIBLE INVESTMENT FRAMEWORK

Considering that ESG-related risks can affect the short-, medium- and long-term performance of investments, the analysis and management of material ESG risks are integral to the Manager's investment decision-making processes. This approach leads to investments with better governance, a stronger social focus, lower environmental impact, and ultimately, higher value.

Below is an overview of the risks that are inherent to the sectors and countries where the Manager invests, including how these risks are managed. Additionally, investees may have company-specific risks that require a tailored approach to ensure these risks are identified and managed effectively. Therefore, A.P. Moller Capital integrates ESG risk and impact considerations throughout the investment cycle from screening, through to exit. With the support of a dedicated Risk Manager, ESG risks, included in the risk assessment of each company, are monitored quarterly.

a. Environmental risks

The Manager recognises that, with a focus on infrastructure, its activities may have a broader and more significant impact on the environment and communities in which they are located and are vulnerable to climate-related risks. As such, the Manager:

- Implements the the recommendations made by the Task Force on Climate-related Financial Disclosures ("TCFD") to ensure stranded asset risks or other losses from climate change are minimised. To this end, the Manager uses a third-party provider that models the estimated financial losses arising from both transition and physical climate risks for different climate scenarios and decadal periods.
- Actively engages with investees to reduce the carbon footprint of its investments, including the development of Paris-aligned decarbonisation roadmaps and the establishment of science-based carbon reduction targets.
- Requires investees to implement a management system that enables them to effectively identify, manage and monitor environmental risks consistent with international standards, including relevant IFC Ps and EHS Guidelines.

b. Social risks

The Manager also recognises that the sector as well as the markets in which it will invest are generally associated with a higher social-related risks. These could include poor labour standards, low occupational health and safety standards, community health, safety and security risks, and inadequate stakeholder engagement. Therefore, the Manager requires all investees to take into account the impact of their operations on the local community and to ensure that potentially harmful occupational health and safety, and social impacts and risks are properly identified, mitigated, and monitored, consistent with good international industry standards, including relevant IFC Performance Standards and EHS Guidelines.

c. <u>Governance risks</u>

In compliance with the EU Anti-Money Laundering Directive, A.P. Moller Capital takes a zero-tolerance approach to corruption, money-laundering, terrorist financing, extortion, fraud, and other financial crime. The Manager properly reports financial information, audit our annual accounts, and makes tax payments in accordance with applicable law and adopting a responsible approach to tax.

To ensure investees operate to the same high corporate governance standards in markets where some of those risks are higher than in other countries, A.P. Moller Capital has developed a corporate governance manual for its investees with similar standards to those of A.P. Moller Capital.

A.P. Moller Capital also has a whistleblowing procedure that allows suspected violations of applicable law, internal policies, or other wrongdoing to be reported anonymously and without fear of retribution for the reporter. The Manager is committed to identifying, handling, and monitoring conflicts of interest, including ensuring information only be used in the best interests of the company and not for personal financial gain by any employee.

Integration of ESG considerations in the investment process

As highlighted above, A.P. Moller Capital integrates ESG considerations at every stage of the investment process to ensure ESG risks and impacts are identified and managed.

a. <u>Screening:</u>

At the early stage in the investment process, it is determined whether the potential investment will be able to meet A.P. Moller Capital's ESG requirements. All investments are screened against the exclusion list (refer to Appendix I) and assigned an E&S risk category, indicating the project's associated E&S risks. This risk category, which is later confirmed during the due diligence process, informs the extent of the necessary due diligence.

To comply with regulations covering anti-money laundering, anti-bribery and anti-corruption measures, sanctions, financial crime and terrorism financing, initial integrity screenings are carried out to identify, as early as possible, any illegal practice by counterparties with whom A.P. Moller Capital will refrain from doing business. The initial screening identifies high risk issues that need to be covered during in-depth Due Diligence (see below).

b. <u>Environmental and Social Due Diligence:</u>

After the initial screening, A.P. Moller Capital engages a qualified third party (external E&S consultant) to conduct an ESDD on the investment against the IFC Performance Standards. These standards are designed to help companies manage and mitigate the environmental and social risks associated with their projects. The findings of the due diligence process, including the extent of non-alignment, are discussed during the Risk and ESG Committee and subsequently during the Investment Committee.

An Environmental and Social Action Plan ("ESAP") is developed for situations where an investment is not aligned with A.P. Moller Capital's ESG requirements. The plan specifies the action to be taken towards alignment and the deadline by which gaps in this regard will need to be closed.

In addition to the ESDD, an Integrity Due Diligence ("IDD") is carried out to identify and assess areas of concern in relation to the background of potential investments, including key personnel, as well as any other relationships and activities that could cause reputational or commercial risk to A.P. Moller Capital. Any red flags identified during the initial integrity screening are covered during the IDD.

ESG considerations and due diligence findings are presented to the Investment Committee prior to any investment. Each investment is approved by the fund's Investment Board, which ensures ESG factors are thoroughly considered. A.P. Moller Capital's Risk and ESG Committee, comprising the Head of ESG, Head of Risk, and Head of Compliance, plays a consultative role in this process, providing input on risk, ESG compliance, and brand exposure during due diligence. This committee also meets quarterly to conduct ongoing monitoring.

c. Investment Agreement:

Each investment has an associated shareholder agreement ("SHA") that is used to obtain a commitment from the company on key shareholder matters, including ESG. The SHA requires that our investee companies align with APMC's Ethical Policy. Appended to the SHA is the ESAP, which includes the areas for improvement highlighted during the due diligence process.

d. Portfolio Company Management:

Once companies have been integrated into the portfolio, A.P. Moller Capital's Head of ESG, with the support of nominated Board representatives and the Investment Team, ensures that gaps identified during the pre-investment due diligence are implemented and that the companies ESG in accordance with internal policies and procedures.

This includes the requirement that the governance policies of investee companies align to A.P. Moller Capital's portfolio governance manual. This Manual stipulates that investee companies must have policies in place for ESG and ethical business practices; anti-bribery and corruption, anti-money-laundering and anti-financing of terrorism, conflict of interest, brand and reputation, whistle-blower, and responsible tax practices, ensuring alignment to the standards outlined in the Manual.

ESG performance of the investees is monitored on a quarterly basis through A.P. Moller Capital's ESG reporting platform, using data collected directly from the companies. This data includes the mandatory principle adverse impact indicators ("PAIs") required under the EU SFDR and additional indicators related to potential adverse impacts on sustainability factors such as climate, environmental, employee matters and human rights. Investees are also required to report on any material ESG incident e.g. that results in loss of life or significant environmental impact, as soon as practically possible.

In addition to the PAIs, A.P. Moller Capital tracks several fund-level ESG indicators that are considered relevant to assess the ESG performance and impact of its investees. These include data on safety (e.g., near misses and lost time injuries); jobs (e.g., direct vs. indirect employment and the share of female workers); corruption (e.g., bribery- and corruption cases and follow up); and taxes paid to the government. Data on 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.

e. Exit

A.P. Moller Capital conducts an integrity check on potential buyers to ensure the protection of its reputation. During the exit process, information is collected on the positive impact achieved, completion of ESAP, ESG improvements and other documentation (e.g., ESIA, permits, regular reporting).

D. STEWARDSHIP AND ENGAGEMENT

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 (the Manager), our Limited Partners, our investees, and other wider stakeholders, e.g. industry associations.

We require investee companies to assign responsibilities to effectively identify, manage and monitor ESG risks, work with responsible business counterparties, and engage transparently and proactively with stakeholders. 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 holds regular meetings with our Limited Partners where ESG is a fixed topic on which we engage. At the level of the investee company, material ESG issues identified pre-investment are monitored post investment through the agreed ESAP and specific ESG targets. We engage our investee 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.

A.P. Moller Capital is a member of both the Danish Venture Capital and Private Equity Association[1] and the IIGCC[2]. A.P. Moller Capital is also a signatory to the PRI and completes an annual return which is benchmarked against similar industry peers. Information about the PRI benchmark can be downloaded from their website.

E. REMUNERATION

A.P. Moller Capital integrates sustainability risks in the investment decision process and our remuneration policy encourages employees, including management, to create sustainable results and promote a sound risk management culture. Performance reviews, which are linked to our remuneration process, consider the performance of our employees in carrying out A.P. Moller Capital investment processes which contain specific ESG requirements. The Remuneration Policy reflects:

- that A.P. Moller Capital shall be able to attract, develop and retain high-performing and motivated employees in a competitive international market,
- that employees, including the Partners, shall be offered competitive and market aligned remuneration packages,
- that employees, including the Partners, shall feel encouraged to create sustainable results, and
- that a sound risk management culture is promoted and that excessive risk-taking is not induced.

[1] **DVCA** aims to strengthen its members' business, networks and skills through a variety of activities and committees focusing on specific areas.

[2] **IIGCC**'s mission is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate.

F. APPENDICES

a. Appendix I: Exclusions

As an active owner, A.P. Moller Capital always seeks to have significant influence in the investments it makes on behalf of the funds it manages. The Manager applies a structured value creation approach to developing infrastructure assets and actively ensure investees work towards implementing its ESG standards. A.P. Moller Capital's Ethical Policy covers all its investments and includes a list of all excluded activities in which the Manager cannot invest.

In the case of **Africa Infrastructure Fund I** ("**AIF I**"), the Manager shall not invest in businesses/projects that:

1. Employ forced labour[3] of any kind;
2. Allow children[4] to form part of their workforce;
3. Pay wages which are below industry or national minima);
4. Are in a country or involve a person, group or entity subject to international trade embargoes or sanctions[5] at the time of investment;
5. Generate over 90% of revenue from mining of coal or from energy production based on coal;
6. Are incorporated in EU non-cooperative jurisdictions for tax purposes (blacklist) at the time of investment;
7. Contain activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs our bans, such as:
    a) Ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other, specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
    b) Wildlife or products regulated under the Convention on International Trade in Engendered Species or Wild Fauna and Flora (CITES); or
    c) Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets more than 2.5 km in length).
8. Include cross-border trade in waste and waste products, unless compliant with the Basel Convention and underlining regulations;
9. Involved the destruction[6] of High Conservation Value[7] ("HCV") areas;
10. 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;
11. Generate power from a nuclear reactor;
12. Manufacture tobacco or tobacco-related products, unbonded asbestos fibres or radioactive materials;
13. Involve gambling, casinos, and related activities;
14. Relate to prostitution or pornography;
15. Include racist and/or anti-democratic media; or
16. Involve alcoholic beverages (except beer and wine).

In the case of the **A.P. Moller Capital - Emerging Markets Infrastructure Fund II** ("**EMIF II**"), the Manager shall not invest in businesses/projects that:

1. Employ forced labour or child labour;

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[3] Forced labour means all work or service, not voluntarily performed, by an individual under threat of force or penalty as defined by ILO conventions.

[4] Persons may only be employed if they are at least 14 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.

[5] Imposed by the UN or EU that have been endorsed or otherwise officially ratified or approved by the Kingdom of Denmark.

[6] Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the habitat's ability to maintain its role is lost.

[7] HCV areas are defined as natural habitats considered to be of outstanding significance or critical importance (see www.hcvnetwork.org).

2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs our bans, such as:
    a) Ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other, specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
    b) Wildlife or products regulated under the Convention on International Trade in Engendered Species or Wild Fauna and Flora (CITES); or
    c) Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets more than 2.5 km in length).
3. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and underlining regulations;
4. Destruction of HCV areas;
5. Radioactive materials[8] and unbounded asbestos fibres;
6. Pornography and/or prostitution;
7. Racist and/or anti-democratic media;
8. In the event that any of the following products form a substantial part of a project's primary finances business activities[9]:
    a) Alcoholic Beverages (except beer and wine);
    b) Tobacco;
    c) Weapons and munitions; or
    d) Gambling, casinos, and equivalent enterprises.
9. Commercial logging operations for use in primary tropical moist forest;
10. Production or trade in wood or other forestry products other than from sustainably managed forests;
11. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products;
12. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples;
13. Conversion or degradation of Critical Habitat unless it can be demonstrated though a Biodiversity Action Plan (as defined by IFC Performance Standard 6) that efforts to avoid, minimize, rehabilitate, or restore the habitat will ensure no net loss of threatened or endangered species;
14. Construction of dams that significantly and irreversibly impact: (a) biodiversity; (b) natural ecosystems, upstream or downstream of the dam; (c) natural hydrology; (d) large land areas; or (e) that will displace, physically or economically, large numbers of inhabitants (5,000 persons or more);
15. The export of mercury and mercury compounds, and the manufacture, export, and import of a large range of mercury-added products;
16. Shipment of oil or other hazardous substances in vessels that do not comply with IMO requirements;
17. Any impact on World Heritage Sites[10] unless it can be demonstrated through an environmental and social assessment that the Project (i) will not result in the degradation of the protected area; and (ii) will produce positive environmental and social benefits;
18. Any impact on areas on the United Nations List of National Parks and Protected Areas[11] unless it can be demonstrated through an environmental and social assessment that the Project (i) will not result in the degradation of the protected area; and (ii) will produce positive environmental and social benefits; and
19. Extraction or infrastructure in or impacting protected area Categories I, II, III, and IV (Strict Nature Reserve/Wilderness Areas, National Parks, Natural Monuments, and Habitat/Species Management Areas), as defined by the International Union for the Conservation of Nature

[8] This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.
[9] For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes.
[10] The list can be found here: https://whc.unesco.org/en/list/
[11] The list can be found here: https://www.protectedplanet.net/

(IUCN) unless it can be demonstrated through an environmental and social assessment that (i) there is no degradation of the protected area; and (ii) there are positive environmental and social benefits.

Additionally, and in alignment with its investors, EMIF II will not invest in any of the following:

- Coal prospection, exploration, mining or processing.
- Oil exploration or production
- Standalone fossil gas exploration and/or production[12]
- Transport and related infrastructure primarily[13] used for coal for power generation.
- Crude Oil Pipelines
- Oil Refineries
- Construction of new or refurbishment of any existing coal-fired power plant (including dual
- Construction of new or refurbishment of any existing HFO-only or diesel-only power plant[14] producing energy for the public grid and leading to an increase of absolute CO2 emissions[15]
- Any business with planned expansion of captive coal used for power and/or heat generation[16]

b. Appendix II: Log of Changes

Version 1	June 2021
Version 2	December 2022
Version 3	August 2024

[12] Gas extraction from limnically active lakes is excepted from this exclusion.
[13] "Primarily" means more than 50% of the infrastructure's handled tonnage.
[14] Investments (up to a maximum of 20% of the fund) in new or existing HFO-only or diesel-only power plants are allowed in countries that face challenges in terms of access to energy and under the condition that there is no economically and technically viable gas or renewable energy alternative.
[15] I.e., where energy efficiency measures do not compensate any capacity or load factor increase.
[16] This does not apply to coal used to initiate chemical reactions (e.g., metallurgical coal mixed with iron ore to produce iron and steel) or as an ingredient mixed with other materials, given the lack of feasible and commercially viable alternatives.