



WEBSITE PRODUCT DISCLOSURE

Product name: Emerging Market Infrastructure Fund II K/S

Legal entity identifier: 42583790

1. Summary

A.P. Moller Capital manages the Emerging Markets Infrastructure Fund II (“EMIF II” or the “Fund”), an Article 9 fund under the [Sustainable Finance Disclosure Regulation](#) ((EU) 2019/2088) (“SFDR”).

EMIF II seeks to deliver attractive risk-adjusted returns supporting sustainable economic growth by investing in transport infrastructure and energy in Africa and South / Southeast Asia. EMIF II has sustainable investments, as defined in Article 2(17) of the SFDR, as its objective as follows:

- *Social impact:* All investments are expected to support jobs, contribute to economic growth, and provide a decent working environment in Africa and South / Southeast Asia. Most energy investments will also be providing electricity.
- *Environmental impact:* Investments in renewable energy are expected to be EU Taxonomy aligned with the climate mitigation objective. Transport investments should have greenhouse gas (“GHG”) reduction targets with a view to achieving the climate objectives of the Paris Agreement.

All EMIF II investments will be sustainable, and many will contribute to both social and environmental objectives. Investments should do no significant harm (“DNSH”) to any EMIF II environmental or social objective. In addition, investments will meet minimum safeguards, build good governance practices, and report on relevant Principle Adverse Impact indicators (“PAIs”).

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 sustainability or environmental, social and governance (“ESG”) standards at the companies in which we invest, is the best way to mitigate risk and an opportunity to create value.

Responsible investing is a central element of our investment strategy and is integrated throughout the investment cycle, from origination to exit. We require portfolio companies to assign responsibilities to meet the sustainability objectives and effectively identify, manage, and monitor any ESG risks. Regardless of sector or jurisdiction, we apply the same ESG standards to our investments. We closely follow the ESG performance of portfolio companies and provide support, when necessary.

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

2. No significant harm to the sustainable investment objective

All potential investments are screened to ensure they do not cause significant harm to any EMIF II environmental or social objectives.

EU Taxonomy-aligned investments should comply with the DNSH criteria as set out in the EU Taxonomy. All other EMIF II investments are required to align with the [IFC Performance Standards](#) (“IFC PSs”) and the [World Bank Group Environmental, Health and Safety Guidelines](#) (“EHS Guidelines”). As leading international standards for the assessment and management of E&S risks and impacts, both the IFC PSs and the EHS Guidelines are considered credible frameworks to satisfy the DNSH principle¹.

A.P. Moller Capital’s approach to applying the IFC PSs and EHS Guidelines starts at the due diligence phase by screening all investments against the applicable requirements. If gaps in ESG performance are identified, they are integrated into an Environmental and Social Action Plan (ESAP), which is agreed with

¹ IFC, Promoting Interoperability Across Environmental and Social Risk Management Frameworks, 2023

the company and included in contractual agreements. The implementation of the ESAP is closely monitored to ensure that all actions are completed within the agreed timeline. If significant risks or impacts are identified that cannot be mitigated, A.P. Moller Capital will not proceed with the transaction.

In addition to the above, and to ensure that no significant harm is done to EMIF II's environmental objectives, the Fund will not invest in any activities on the Fund's [exclusion list](#).

As part of the investment process and to support EMIF II's commitment to social and environmental DNSH, A.P. Moller Capital also assesses all mandatory PAIs and selected voluntary indicators that have been selected based on their relevance in the sectors and countries where we invest.

All EMIF II investments are subject to A.P. Moller Capital's Responsible Investment Framework which builds on recognised international codes of conduct including the OECD Guidelines, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the UN Principles for Responsible Investment. A.P. Moller Capital commits these commitments into corporate governance, business operations as well as grievance and reporting systems.

3. Sustainable investment objective of the financial product

A.P. Moller Capital has defined social and environmental objectives. All investments are expected to not significantly harm any environmental or social objective and adhere to good governance practices.

Social Objectives

- Investing in infrastructure supporting employment, contributing to GDP, and providing electricity to benefit local business and/or communities; and
- Providing a decent working environment through:
 - Ensuring local employment.
 - Providing a living wage to meet basic human needs and live in dignity.
 - Ensuring healthy and safe working conditions so that workers do not put their health and life at risk.
 - Worker dialogue relating to employee matters; and
 - Non-discrimination at work via equal opportunities for women and minority groups.

Environmental Objectives

- EMIF II seeks to provide power whilst avoiding GHG emissions by prioritizing investments in renewable energy generation in Africa and South and Southeast Asia. Part of the Fund is expected to be invested in renewable energy investments and be EU Taxonomy aligned with the objective of climate change mitigation.
- Prioritising decarbonisation in transport infrastructure and digital assets, which are expected to enable economic growth, by reducing GHG emissions. EU Climate Transition or Paris Agreement-aligned benchmarks will not be applied. Instead, proprietary climate criteria will be applied which require transport and digital infrastructure to set Science-Based Targets (SBTs) to develop a Paris-Aligned climate strategy, and to reduce Scope 1 and 2 emissions by a minimum of 25% during EMIF II ownership.
- Investments will assess physical and transition climate risks using a third-party platform and address material risks accordingly.

4. Investment strategy

EMIF II seeks to deliver attractive risk-adjusted returns while supporting sustainable economic growth by investing in critical transport and digital infrastructure and reliable energy in Africa and South and Southeast Asia. These regions are experiencing globalisation, urbanisation and a growing middle class that are driving demand for critical infrastructure.

A.P. Moller Capital is seeking to invest in middle-market opportunities primarily in the transport, digital, and renewable energy sectors. These sectors are strong enablers of emerging market economies yet face

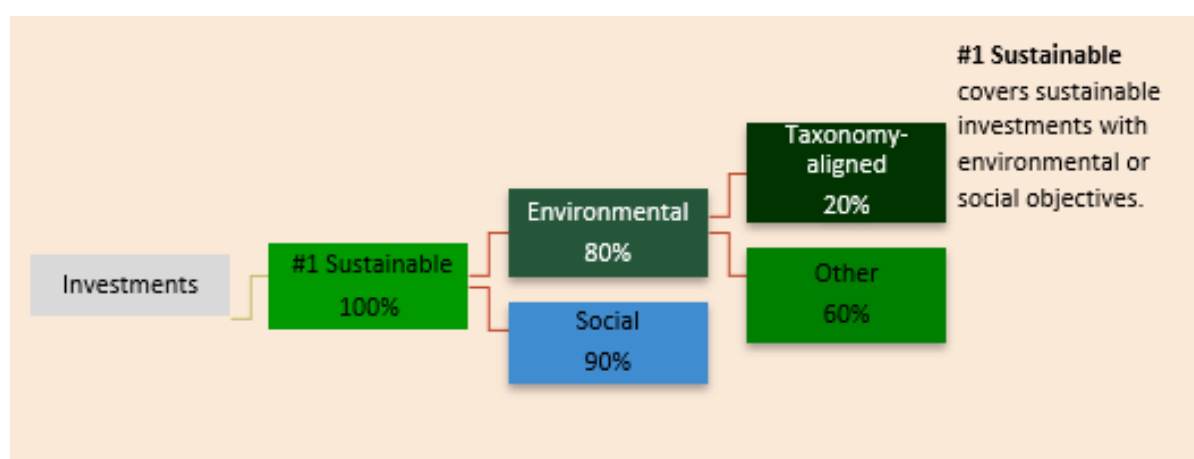
particularly significant gaps, projected to require new investments of more than USD 679 billion per annum².

The Fund's investment strategy is founded on the twin elements of value creation and risk mitigation. Unlike more developed regions, a pure private equity model is often insufficient for value creation in emerging markets. EMIF II seeks majority or strategic minority positions and invests where it can drive value creation and risk mitigation at each stage of the infrastructure project life cycle.

There are certain investments that will not be made if the business is on the Fund's [exclusion list](#). In addition, the Fund will not invest in businesses /projects that generate revenues from energy production based on coal or involve utility-scale power generation using oil or gas. Investments exposed to fossil fuels will only be made if stringent criteria are met.

5. Proportion of investments

Many EMIF II investments will contribute to both social and environmental objectives. In addition to meeting sustainability objectives, investments will meet ESG standards, meet minimum safeguards, build good governance practices, and report on relevant principal adverse impact indicators.



6. Monitoring of sustainable investment objective

The contribution to the Fund's sustainable investment objective and the sustainability indicators are monitored on a quarterly basis through A.P. Moller Capital's ESG reporting platform, using data collected directly from the investee companies. Any gaps in meeting our requirements are addressed through direct engagement with the investee companies and during active ownership through the company board. A.P. Moller Capital reviews the reported data on a quarterly basis to ensure the accuracy and completeness of reported data. Any outliers and inconsistencies compared to the previous reporting period are discussed, and resolved where needed, with the investee companies. If insufficient data management capabilities are identified during due diligence, they are addressed by implementing the post-investment ESAP.

7. Methodologies

EMIF II's methodology to measure the attainment of the Fund's sustainable investment objective is to consider whether each investment fulfils the following conditions:

1. The investment contributes to the Fund's social and/or environmental objectives.
2. The investment does not negatively impact other social and environmental objectives.
3. The investment adheres to good governance practices.

The methodology that EMIF II follows to demonstrate contribution to the social and environmental objectives combines the mechanics of the EU Taxonomy for investments in renewable energy and proprietary EMIF II-specific social criteria for decent work and environmental criteria for all other

² G-20 Infrastructure Outlook. Includes amount required annually to sustain current networks and to cater for future expected demand 2020-30.

investments. The criteria for decent work are based on the methodology and objectives of the Draft EU Social Taxonomy, to ensure an evidence-based approach.

To measure the impact of the portfolio from investing in infrastructure, A.P. Moller Capital uses the Joint Impact Model, as amended from time to time (“JIM”). The JIM estimates the value added (contribution to GDP) and employment supported for the portfolio by tracing company revenues through an economy revealing linkages between each investment and other sectors in the economy. Information about the JIM can be found at www.jointimpactmodel.org.

The indicators for the social and environmental objectives for EMIF II are shown in the tables below.

Table 1: EMIF II social indicators for each portfolio company

Social objective	Social indicator
Investing in infrastructure	
Supporting employment	Number of direct and indirect jobs at exit (calculated using the JIM)
Contributing to GDP	Total value added at exit (calculated using the JIM)
Providing electricity	GWh produced at exit compared to average consumption per capita
Providing a decent working environment	
Local employment	Percentage of local employees compared to the total number of employees in a portfolio company
	Percentage of contractors with a commitment to promote access to jobs for the local workforce
Living wage	Percentage of portfolio company’s employees paid a living wage, as a percentage of total employment of the company
	Portfolio company’s employees’ living wage is regularly reviewed and negotiated
Health and safety	The portfolio company operates in verified compliance with an internationally recognized occupational health and safety management system (ISO 45001)
	The portfolio company regularly reports on OHS leading indicators (LTIs, sickness, near misses) for all categories of employees, including non-permanent employees and contractors
	The portfolio company follows up on material safety incidents
Worker dialogue	Percentage of portfolio company’s workers that are employees (known as wage and salaried workers) comprised of permanent employees and full-time employees
	Percentage of the portfolio company’s employees whose pay and/or conditions of employment are determined by a collective bargaining agreements negotiated with a trade union (or equivalent agreement with representative worker body e.g. works council)
	The portfolio company has an effective grievance handling system in place for employee matters
Non-discrimination	The portfolio company has a commitment to respect equality and non-discrimination in the workplace
	Female share of employment in the portfolio company

Table 2: EMIF II environmental indicators

Environmental objective	Environmental indicator
EU Taxonomy-aligned investments	
Avoid GHG emissions	Renewable power provided in kWh
	EU Taxonomy-aligned activity
Transport investments	
Reduce GHG emissions	Total (annual) scope 1 and 2 GHG emissions (tCO2e)

Reduce GHG emissions	Decarbonisation plan in place
Reduce GHG emissions	Science-based targets set
All investments	
Mitigate climate risks	Financial implications of climate risks estimated
Compensate for GHG emissions	EMIF II equity share of residual scope 1 and 2 emissions (tCO ₂ e)

8. Data sources and processing

Most of the data is collected on a quarterly basis directly from the investee companies through A.P. Moller Capital's reporting platform. As highlighted above, data on GDP contribution, employment (social objectives) and scope 3 emissions (environmental objective), is estimated using the JIM. Where applicable, the sustainability indicators are calculated in the reporting platform. For example, the platform has a carbon accounting software that ensures scope 1 and 2 emissions are calculated in accordance with the GHG Protocol and the latest conversion factors.

A.P. Moller Capital reviews the reported data on a quarterly basis to ensure the accuracy and completeness of reporting. Any outliers and inconsistencies compared to the previous reporting period are discussed, and resolved where needed, with the investee companies. If insufficient data management capabilities are identified at the stage of due diligence, this is addressed through the implementation of the post-investment ESAP.

9. Limitations to methodologies and data

A.P. Moller Capital does not foresee any material limitations.

10. Due diligence

A.P. Moller Capital will incorporate the ESG principles set out in the Responsible Investment Framework at the fund manager level and portfolio company level, through the following principles in its investment evaluation and decision-making process:

- Screening:** Each investment opportunity is screened against A.P. Moller Capital's sustainable investment framework and exclusion list. 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.
- Due Diligence:** After the initial screening, A.P. Moller Capital engages a qualified third party (external E&S consultant) to conduct an Environmental and Social Due Diligence ("ESDD") on the investment. The findings of the due diligence process are considered during the Investment Committee, including the extent of any non-alignment with A.P. Moller Capital's ESG requirements, as well as alignment with the IFC PS. The results of the ESDD are also discussed during the Risk and ESG Committee, which provides its comments prior to the Investment Committee. An environmental and social action plan 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.
- Investment Agreement:** Each investment has an associated shareholder agreement ("SHA") that is used to obtain a commitment from the portfolio company on key shareholder matters, including

ESG. The SHA requires that our portfolio 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.

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, and investee companies. A.P. Moller Capital regularly engages with investee companies to improve ESG reporting practices and performance.

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.

12. Attainment of the Sustainable Investment Objective

No index has been designated as a reference benchmark for EMIF II. The sustainable investment objective of the Fund is ensured through the Investment Strategy, outlined above.

Last updated August 2024