

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant A.P. Møller Capital P/S (38284967)

Summary

A.P. Møller Capital P/S (hereafter “A.P. Moller Capital”) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of A.P. Moller Capital.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

A.P. Moller Capital monitors and reports on all mandatory principal adverse impact indicators (“PAI indicators”) and five voluntary indicators which have been selected based on their relevance to the sectors and geographic regions of our investments.

The Ethical Policy sets out A.P. Moller Capital’s Responsible Investment Framework, including the process for considering and addressing Environmental, Social and Governance (ESG) risks and impacts throughout the lifecycle of the investment process. To minimise the occurrence of adverse impacts, A.P. Moller Capital identifies material ESG issues at the pre-investment due diligence phase and addresses gaps through its ownership. Monitoring of the closing of these gaps is done through the establishment of an Environmental and Social Action Plan (ESAP). The overall ESG performance of investee companies is monitored on a quarterly basis as part of the Risk and ESG Committee meetings.

Besides the Ethical Policy and Responsible Investment Framework, stewardship and active ownership form an integral part of A.P. Moller Capital's ESG approach, with the primary objective of facilitating constructive dialogue on ESG matters among A.P. Moller Capital, Limited Partners, investee companies, and other stakeholders.

Resumé

A.P. Moller Capital P/S (herefter “A.P. Moller Capital”) inddrager informationer om væsentlige negative skadevirkninger af sine investeringsbeslutninger på bæredygtighedsfaktorer.

Denne erklæring er den samlede erklæring om væsentlige negative skadevirkninger på bæredygtighedsfaktorer for A.P. Moller Capital. Denne erklæring om væsentlige negative skadevirkninger på bæredygtighedsfaktorer dækker den anden referenceperiode fra 1. januar 2023 til 31. december 2023.

A.P. Moller Capital overvåger og rapporterer om alle obligatoriske væsentlige negative skadevirkningsindikatorer ("PAI-indikatorer") og fem frivillige indikatorer, som er udvalgt baseret på deres relevans for sektorerne og de geografiske regioner af vores investeringer.

Den Ethiske Politik fastlægger A.P. Moller Capitals Ansvarlige Investeringsramme, inklusive processen for at overveje og adressere ESG-risici og -påvirkninger gennem hele investeringsprocessens livscyklus. For at minimere forekomsten af negativeskadevirkninger identificerer A.P. Moller Capital væsentlige ESG-problemer i før-investerings due diligence-fasen og adresserer mangler gennem sit ejerskab. Overvågning af udbedring af disse mangler sker gennem etableringen af en Miljø- og Social Handlingsplan. Den overordnede ESG-præstation af porteføljeselskaberne overvåges på kvartalsbasis som en del af møderne

i Risiko- og ESG-komitéen.

Udover den Ethiske Politik og Ansvarlige Investeringsramme udgør stewardship og aktivt ejerskab en integreret del af A.P. Moller Capitals ESG-tilgang, med det primære mål at facilitere konstruktiv dialog om ESG-anliggender blandt A.P. Moller Capital, Limited Partners, porteføljeselskaber og andre interessenter.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse Gas (GHG) Emissions	1. GHG Emissions	Scope 1 GHG emissions (tCO2e)	367,091	493,403	Despite an increase in absolute scope 1 emissions, this impact indicator has decreased because the investment-to-value ratio has decreased.	<p>Action taken: A.P. Moller Capital collects activity-level data to monitor scope 1 and 2 emissions across all its investee companies and GHG emissions are calculated in line with the GHG Protocol. Scope 3 emissions are estimated with the Joint Impact Model. Companies are encouraged to establish reduction targets.</p> <p>During 2023, in collaboration with third parties, A.P. Moller Capital started working with investee companies to verify their GHG emissions baseline (including scope 1, 2 and 3) in line with the GHG Protocol, establish science-based targets and develop a Paris-aligned decarbonisation</p>
		Scope 2 GHG emissions (tCO2e)	41,746	23,490	This impact indicator has increased due to portfolio growth.	
		Scope 3 GHG emissions (tCO2e)	362,496	118,139	This impact indicator has	

					increased due to portfolio growth.	strategy.
		Total GHG emissions (tCO2e)	771,334	635,032	This impact indicator has increased due to portfolio growth.	Action planned: In 2024, A.P. Moller Capital will continue to work with investee companies to increase the accuracy of their emissions baselines (including scope 3), and the development of a Paris-aligned decarbonisation strategy.
2.	Carbon footprint	Carbon footprint (tCO2e / MEUR)	1,080	781	This impact indicator has increased due to portfolio growth.	
3.	GHG intensity of investee companies	GHG intensity of investee companies (tCO2e / MEUR)	2,750	2,614	This impact indicator has increased due to portfolio growth.	
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	30.2	47.5	This impact indicator has decreased due to portfolio growth and investments in companies that are not active in the fossil fuel sector.	Actions taken: A.P. Moller Capital ensures that potential investee companies comply with the fossil fuel restrictions of their respective funds prior to investment. Commitments for the second fund have been increased. The restrictions have become more stringent in the second fund. Actions planned: to decrease the share of investments in companies active in the fossil fuel sector, A.P. Moller Capital's Emerging Markets Infrastructure Fund II (EMIF II) committed to investing 20% of the fund in renewable energy.

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	96.8	90.4	This impact indicator has increased due to portfolio growth, and investments in companies that rely on fossil fuels for their operations.	<p>Actions taken: A.P. Moller Capital has tracked direct energy consumption and production data from its investee companies and encouraged them to adopt renewable energy in their operations.</p> <p>Actions planned: to increase the share of renewable energy production, A.P. Moller Capital's Emerging Markets Infrastructure Fund II (EMIF II) committed to investing 20% of the fund in renewable energy. To increase the share of renewable energy consumption, A.P. Moller Capital will continue to work with investee companies to develop a Paris-aligned decarbonisation strategy, and transition to renewable energy sources wherever feasible to reduce scope 2 emissions.</p>
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (GWh/ MEUR)	D: 9.19 E: 0.01 F: 0.01 H: 0.46	D: 11 H: 0.5	The high impact climate sectors are broken down per NACE code ¹ . If an investee company derives its revenue from multiple economic activities (NACE codes), its energy consumption is distributed	<p>Actions taken: A.P. Moller Capital has tracked direct energy consumption data from its investee companies.</p> <p>Actions planned: To limit where possible and decrease adverse climate-related impacts of investee companies, A.P. Moller Capital will continue to work with investee companies active in the transport and logistics sector to develop Paris-aligned decarbonisation strategies and set science-based carbon reduction targets.</p>

¹ D: Electricity, gas, steam, and air conditioning supply; E: Water supply, sewerage, waste management, and remediation; F: Construction; H: Transportation and storage

					among the applicable NACE codes based on the share of revenue the company derives within the respective NACE code. Data for 2022 has been restated to align with the appropriate calculation method.	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	30.2	0.0	The rise in share of investments in investee companies that negatively affect biodiversity-sensitive areas has increased in 2023. This is due to the impact on a mangrove of one of our investee companies.	<p>Actions taken: A.P. Moller Capital assesses the potential impact of its investee companies on biodiversity during the pre-investment due diligence phase, in line with IFC Performance Standard 6 (biodiversity). Any negative impacts are mitigated post investment through the Environmental and Social Action Plan (ESAP).</p> <p>On an ongoing basis, A.P. Moller Capital uses the Integrated Biodiversity Assessment Tool (IBAT) to determine if investee companies have sites or operations located in or near to biodiversity-sensitive areas.</p> <p>Actions planned: In 2024, one of A.P. Moller Capital's investee companies has had a negative impact on a mangrove. Mitigation measures have been defined</p>

						and will be implemented in collaboration with the local administration starting in July 2024.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (tonnes/ MEUR)	0.0	41.2	The decrease in emissions to water is attributed to the lack of data from the sole investee company responsible for this impact.	<p>Actions taken: A.P. Moller Capital monitors emissions to water on a quarterly basis.</p> <p>Actions planned: In 2024, we will continue to work with investee companies on closing reporting gaps.</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average (tonnes/ MEUR)	0.7	0.7	This impact indicator has remained stable, however, A.P. Moller capital lacks waste data for part of its portfolio.	<p>Actions taken: A.P. Moller Capital monitors the amount of hazardous and radioactive waste generated by its investee companies on a quarterly basis and requires its portfolio companies to align with the IFC Performance Standards, including IFC PS3, which includes requirements around the mitigation and management of hazardous and radioactive waste.</p> <p>Actions planned: A.P. Moller Capital will continue to engage with its investee companies on data collection and ensure that new investee companies align with the hazardous waste requirements of IFC PS3.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0.0	0.0	This impact indicator has remained stable.	<p>Actions taken: A.P. Moller Capital's Responsible Investment Framework is based on international frameworks, including the UNGC Principles and OECD Guidelines. On an annual basis, A.P. Moller Capital monitors compliance to avoid any violations against the above-mentioned standards.</p> <p>A.P. Moller Capital also requires all investee companies to align their policies to its Portfolio Company Governance Manual, which includes requirements on anti-bribery and corruption; anti-money laundering and anti-financing of terrorism; responsible tax; ethical business practices; conflict of interest and whistleblowing.</p> <p>Actions planned: In 2024, A.P. Moller Capital will continue to monitor compliance with the UNGC Principles and OECD Guidelines, and Governance Manual to maintain 0 violations across our portfolio.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD	34.4	21.2	This impact has increased due to portfolio growth and investments made in companies that	<p>Actions taken: A.P. Moller Capital embeds both the OECD Guidelines for MNEs as well as the UNGC principles in the governance requirements it sets for the investee companies.</p>

	with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)			do not yet have policies in place to monitor compliance with the UNGC principles or the OECD Guidelines for Multinational Enterprises. All investee companies have grievance/complaints mechanisms, as per A.P. Moller capital's requirements.	Actions planned: A.P. Moller Capital will continue to work with the investee complained on the implementation of the relevant processes and compliance mechanisms.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (%)	16.1	24.2	This impact indicator has decreased due to portfolio growth and the investment in companies with a lower gender pay gap.	Actions taken: A.P. Moller Capital monitors this the unadjusted gender pay gap using investee company data. Actions planned: A.P. Moller Capital will continue to look at the gender pay gap of its prospective investments and invest in companies with sound employment practices.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (%)	10.3	10.5	This impact indicator has remained stable.	Actions taken: A.P. Moller Capital tracks the gender composition of the investee companies' boards. Actions planned: Given the ration of male board members in investor companies remains significantly higher, in 2024, A.P. Moller Capital will review

						the way in which board members are being recruited and appointed, to identify potential opportunities for reaching a wider audience.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%)	0.0	0.0	This impact indicator has remained stable.	A.P. Moller Capital does not invest in companies that manufacture or trade weapons, as stated in the exclusion list for both funds.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	As A.P. Moller Capital does not invest in sovereigns and supranationals, this indicator is not applicable.

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A	N/A	
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels	N/A	N/A	N/A	As A.P. Moller Capital does not invest in real estate assets, this indicator is not applicable.
Energy	18. Exposure to	Share of investments	N/A	N/A	N/A	

efficiency	energy-inefficient real estate assets	in energy-inefficient real estate assets				
Other indicators for principal adverse impacts on sustainability factors						
Additional climate and other environment-related indicators						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source (%)	Electricity: 2.6 Diesel: 1.7 Petrol: 0.2 Heavy fuel oil: 2.4 Natural gas: 90.6 Distillate diesel oil: 0.5 Bio HVO: 2	Electricity: 2.9 Diesel: 2.4 Petrol: 0.2 Heavy fuel oil: 5.7 Natural gas: 88.7 Distillate diesel oil: 0.1	This impact indicator has remained stable.	Actions taken: A.P. Moller Capital monitors energy consumption across all its investee companies. All companies are encouraged to reduce energy consumption from non-renewable sources and adopt renewable energy where possible. Actions planned: A.P. Moller Capital will continue to encourage investee companies to transition to renewable energy sources where feasible. To increase the share of renewable energy, A.P. Moller Capital's Emerging Markets Infrastructure Fund II (EMIF II) also committed to investing 20% of the fund in renewable energy.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social and employee matters	1. Investments in companies without a workplace accident prevention policy	Share of investments in investee companies without a workplace accident prevention policy (%)	0.0	0.0	This impact indicator has remained stable.	<p>Actions taken: Each of A.P. Moller Capital's investee companies is required to implement a workplace accident prevention policy.</p> <p>Actions planned: A.P. Moller Capital will continue to track the implementation of these policies at the investee companies. Based on the portfolio's current performance, A.P. Moller Capital is in the process of developing and implementing an enhanced Occupational Health & Safety (OHS) policy to better ensure accidents, including fatalities, are prevented.</p>
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption (%)	0.0	0.0	This impact indicator has remained stable.	<p>Actions taken: Each of A.P. Moller Capital's investee companies is required to implement anti-corruption and anti-bribery policies.</p> <p>Actions planned: A.P. Moller Capital will continue to track the implementation of these policies at the investee companies.</p>
	16. Cases of insufficient action taken	Share of investments in investee companies with identified	0.0	0.0	This impact indicator has remained stable.	Actions taken: A.P. Moller Capital tracks cases of insufficient action on a quarterly basis.

	to address breaches of standards of anti-corruption and anti-bribery	insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery (%)				Actions planned: A.P. Moller Capital will continue its efforts to monitor and, if necessary, address any breaches of corruption and bribery and ensure that appropriate actions are taken and to assess its impact.
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Number of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	0 convictions 0 fines	0 convictions 0 fines	This impact indicator has remained stable.	Actions taken: A.P. Moller Capital monitors the number of convictions and number of fines for violations of anti-corruption and anti-bribery laws by investee companies. Actions planned: A.P. Moller Capital will continue to closely monitor any incidents and fines related to corruption and bribery in order to take appropriate actions where necessary.
No other information on any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor referred to in Article 6(1), point (c).						

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

A.P. Moller Capital's Ethical Policy outlines the overall approach to identifying and prioritising principal adverse impacts on sustainability factors. The Policy describes the company's [Responsible Investment Framework](#), which ensures that ESG issues are considered throughout the entire lifecycle of the investment process. It also specifies the ESG principles and standards that underpin the Framework.

The Board of Directors is responsible for the annual evaluation and review of the Policy. The Policy, last reviewed on 30 May 2024, is also subject to compliance audits as part of the multi-annual compliance review. A.P. Moller Capital's Partners, with support from the function heads, are ultimately responsible for ensuring that the organisation implements the Ethical Policy as approved by the Board. The Investment Team, with the support of a dedicated internal ESG team, is responsible for the implementation of A.P. Moller Capital's Responsible Investment Framework, and the consideration of ESG throughout the investment lifecycle.

A.P. Moller Capital monitors all mandatory PAI indicators and has selected additional relevant indicators based the industries and geographic regions of our investments. Given our investments in emerging markets, and largely in energy-intensive industries, we focus on additional PAI indicators that measure energy

consumption, and corruption. These indicators align with the fund-level selected ESG indicators.

To minimise the occurrence of adverse impacts from the start, ESG performance is assessed during the pre-investment due diligence. Any gaps identified, are addressed through active ownership at the investee company's board and through the implementation of an Environmental and Social Action Plan (ESAP). To ensure investee companies can meet our ESG requirements post-investment, A.P. Moller Capital also considers an impact thesis during the initial stages of the investment process. Additionally, investee companies cannot engage in any activities on A.P. Moller Capital's exclusion lists².

Most data needed for calculating the PAI indicators is collected from our investee companies and is consistently monitored to evaluate ESG performance. Two indicators are calculated with external data sources. These include scope 3 emissions, which are estimated using the Joint Impact Model (JIM), and biodiversity sensitive areas, which are identified using the Integrated Biodiversity Assessment Tool (IBAT). The management teams at these companies are required to report quarterly on ESG-related data, as well as on material ESG incidents per A.P. Moller Capital's incident reporting procedure. To ensure data quality, A.P. Moller Capital's ESG team reviews this data quarterly and engages with the investee company on outliers, inconsistencies, and indications of poor ESG performance.

Engagement policies

Stewardship and engagement are a core part of A.P. Moller Capital's approach to ESG. Our primary stewardship objective is to facilitate constructive dialogue between A.P. Moller Capital, our Limited Partners, investee companies, and other stakeholders, where relevant. A.P. Moller Capital holds regular meetings with Limited Partners with ESG as a fixed topic of discussion. Shareholder agreements require a minimum of one board seat and a senior manager responsible for ESG management and reporting. Investee companies are also required to assign responsibilities to identify, manage and monitor ESG risks effectively, to work with responsible business counterparties, and to engage transparently with stakeholders.

Active ownership continues through the boards of investee companies, with ESG responsibilities assigned from the board level down. As highlighted above, A.P. Moller Capital regularly engages with its investee companies on ESG performance, and the implementation of the ESAP.

References to international standards

Overview:

A.P. Moller Capital's approach to ESG is outlined in the Ethical Policy. The Policy is based on the following international standards:

- The Principles of the United Nations Global Compact
- The United Nations Principles for Responsible Investment
- The IFC Performance Standards on Environmental and Social Sustainability (IFC Performance Standards), including the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines)

Furthermore, A.P. Moller Capital follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for all climate-related

² Refer to: [Exclusion List Africa Infrastructure Fund I](#) and [Exclusion List Emerging Markets Infrastructure Fund II](#)

reporting. As per TCFD recommendations, we assess all material climate-related risks faced by investee companies using a third-party provider, Climanomics, which models the estimated financial losses arising from both transition and physical climate risks. When assessing climate change risks, we consider different decadal periods, and Representative Concentration Pathway (RCP) scenarios, ranging from high climate change scenarios, such as RCP 8.5 (3.3-5.7 °C), to scenarios with slowly declining emissions, like RCP 4.5 (2.1-3.5 °C).

[Link to principal adverse impacts:](#)

PAI 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises) can be mapped to the UNGC and OECD Guidelines. The data used to measure alignment to these international standards is collected directly through A.P. Moller Capital's investee companies.

Historical comparison

A historical comparison and an explanation of the changes between 2022 and 2023 is provided in table 1 'Description of principal adverse impacts.'