Advantage Investment Partners

SUSTAINABILITY-RELATED DISCLOSURES – ADVANTAGE CORE INFRASTRUKTUR DCP VII 2022 I A/S

This statement of disclosure for the financial product ADV Core Infrastruktur DCP VII 2022 I A/S (“**the Partnership**” or “**the Fund**”), managed by ADVANTAGE Investment Partners (“**the Manager**”), has been prepared in accordance with Article 10 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”).

The Fund is a fund-of-funds investing in NIC DCP VII K/S (“**the Feeder Vehicle”**), and thereby indirectly investing equally in DIF Infrastructure VII Coöperatief U.A. ("**the Cooperative**") and DIF Infrastructure VII SCSp ("**the Debt SCSp**") (collectively "**the Main Funds**") and any co-investment vehicles (each a "**Co-Investment Vehicle**") established by DIF Capital Partners, each with DIF Capital Partners as its manager (“**Portfolio Fund Manager**”) and any Alternative Investment Vehicles, Feeder or Parallel Funds (each as defined in the Master Fund LPAs) established in accordance with the Master Fund LPAs (collectively the "**Master Funds**") with the principal objective of creating capital growth for the benefit of the Limited Partners.

This statement may be subject to changes or revisions, especially following the disclosure of any further legislation, guidance, or recommendations concerning the SFDR (including any delegated acts thereto) by the Danish or EU legislators and/or supervisory authorities.

A. SUMMARY

No sustainable investment objective

The Master Funds (and thus indirectly the Feeder Vehicle and the Partnership) promote environmental or social characteristics but do not have as their objective sustainable investment within the meaning of SFDR. The Master Funds are classified by the Portfolio Fund Manager as an article 8 product for purposes of the SFDR, and accordingly the Manager has also classified the Partnership as an Article 8 product for purposes of the SFDR.

Environmental or social characteristics of the financial product

The Master Funds aims to make investments that contribute to one or more of the following Sustainable Development Goals (“**SDGs**”):

- SDG 7 - Affordable and Clean Energy
- SDG 9 - Industry, innovation & infrastructure
- SDG 11 -Sustainable cities and communities
- SDG 13 - Climate action

Investment strategy

The Master Funds are closed-ended funds which makes direct investments where applicable through holding companies in infrastructure assets. Within the broader infrastructure market, the Master Funds (and thus indirectly the Feeder Vehicle and the Partnership) will focus on investing in concessions (including but not limited to availability-based PPPs), renewable energy investments, broader energy transition investments and utilities.

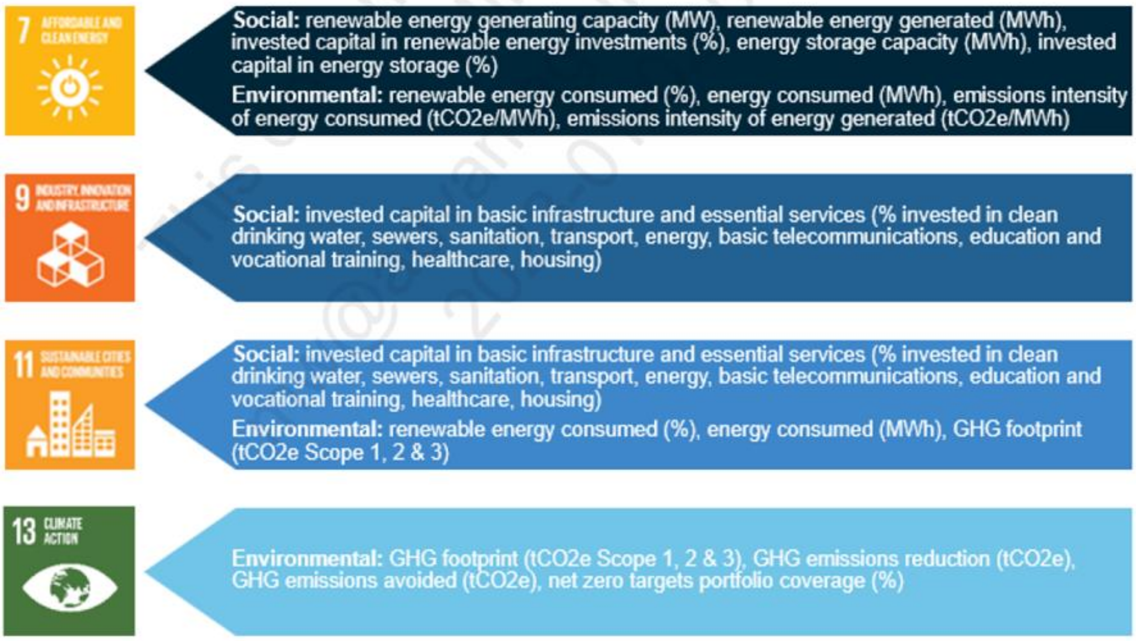
The Portfolio Fund Manager’s ESG policy describes its approach for ensuring that good governance practices are implemented by investee companies.

Proportion of investments

A minimum proportion of 50% of AUM of the Master Funds (and thus indirectly the Feeder Vehicle and the Partnership) will be allocated to investments aligned with the promotion of the SDGs for the Master Funds. In this context the investments made to attain the environmental and social characteristics of the Master Funds do not qualify as sustainable investments under the SFDR.

Monitoring of environmental or social characteristics

The Master Funds promote environmental and social characteristics by making investments that contribute to SDGs. The contribution to the SDGs is monitored both pre-investment and post-investment. For each sector a list of indicators has been prepared that reflects the promotion of environmental and/or social characteristics as below.



Methodologies

The Portfolio Fund Manager has developed complementary methodologies to assess the contribution of the Master Funds to the SDGs.

Data sources and processing

The Portfolio Fund Manager expects that availability and quality of data to be satisfactory.

Limitations to methodologies and data

Since availability and quality of data is mainly depending on the governance position of the Master Funds, for a limited number of investments (and related data points) it is possible that availability and/or quality of data points is limited.

Due diligence

The Portfolio Fund Manager's due diligence process includes different steps in which the promotion of the environmental and/or social characteristics is embedded. The pre-IC document ("**TPAF**") will include amongst others the results from the ESG Screening checklist, the outcomes of the IBT, and where relevant ESG topics on which additional due diligence needs to be performed. The IC proposal includes a dedicated ESG section which describes the contribution of the investment opportunity to the SDGs and where relevant the results of the additional due diligence performed.

Engagement policies

Post investment, the Portfolio Fund Manager's ESG Path is driving the active ESG engagement. The ESG Path follows an iterative approach in which an assessment is performed on an annual basis and followed up with an investment specific ESG action plan.

Designated reference benchmark

No index has been designated as a reference benchmark to meet the characteristics.

B. NO SUSTAINABLE INVESTMENT OBJECTIVE

The Master Funds (and thus indirectly the Feeder Vehicle and the Partnership) promote environmental or social characteristics but do not have as their objective sustainable investment within the meaning of SFDR. The Master Funds are classified by the Portfolio Fund Manager as an article 8 product for purposes of the SFDR, and accordingly the Manager has also classified the Partnership as an Article 8 product for purposes of the SFDR.

C. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Master Funds (and thus indirectly the Feeder Vehicle and the Partnership) aim to make investments that contribute to one or more of the following Sustainable Development Goals ("**SDGs**"):

- SDG 7 - Affordable and Clean Energy
- SDG 9 - Industry, innovation & infrastructure
- SDG 11 -Sustainable cities and communities
- SDG 13 - Climate action

D. INVESTMENT STRATEGY

Investment strategy used to meet the characteristics

The Master Funds are closed-ended funds, which make direct investments where applicable through holding companies in infrastructure assets. Within the broader infrastructure market, the Master Funds will focus on investing in concessions (including but not limited to availability-based PPPs), renewable energy investments, broader energy transition investments and utilities. Selectively, the Master Funds may also target other infrastructure assets that have a comparable risk profile, benefitting from long-term contract cover, high barriers to entry and/or monopolistic market positioning. The Master Funds invest in both operational and construction infrastructure assets. The Master Funds will target investments in Europe, North America, Australia and selected Latin American and Asian countries. The Portfolio Fund Manager aims to build a well-diversified portfolio across countries with the vast majority (i.e., more than 70-80%) in Europe and North America. For the investments made by the Master Funds the Portfolio Fund Manager seeks to be able to exert significant influence on all board decisions. Through its investment strategy the Master Funds aim to generate financial returns whilst promoting the selected SDGs.

Good governance practices

The Portfolio Fund Manager's ESG policy describes the Portfolio Fund Manager's approach for ensuring that good governance practices are implemented by investee companies. The Portfolio Fund Manager's ESG Policy and ESG Screening tool build on relevant standards such as the OECD Guidelines for Multinational Enterprises, UNPRI and UNGP to ensure that ESG risks that are expected to be material for the investment strategy are identified. The Portfolio Fund Manager has an active ESG engagement approach, in which the ability to leverage board seats due to a large minority or majority shareholding is used to improve ESG practices at investments.

- Pre-investment, the ESG screening tool is applied as a risk-based approach to identify potential risks that would not be in line with good governance practices. The ESG Screening Tool covers the following areas to assess good governance: Adverse media search, Health and Safety, Labor Rights, and Governance issues (including corruption, code of conduct issues, tax avoidance).
- Post investment, the Portfolio Fund Manager's ESG Path is applied to improve the implementation of relevant ESG practices at its investments. The ESG Path covers the following areas to assess good governance: implementation of relevant ESG policies, ABC training, Whistleblower systems, Management of stakeholder grievances, Anti-discrimination systems/processes, and fair labor systems/processes. Based on an assessment of current practices (including those relevant for good governance) an ESG action plan is developed aimed at improving (governance) performance over time.

E. PROPORTION OF INVESTMENTS

The Master Funds are closed-ended fund, which makes direct investments where applicable through holding companies in infrastructure assets. A minimum proportion of 50% of AUM of the Master Funds will be allocated to investments aligned with the promotion of the SDGs for the Master Funds. In this context the investments made to attain the environmental and social characteristics of the Master Funds do not qualify as sustainable investments under the SFDR.

Other investments will include investments that do not directly contribute to the SDGs the fund promotes and/or for which the annual reporting requirements on sustainability indicators are deemed unfeasible. These investments fit the fund investment strategy in terms of portfolio diversification objectives and risk/return profiles. Also, the Master Funds' assets consist for a smaller portion of working capital (components are e.g., cash and other current items). All investments, where relevant, are subject to ESG screening pre-investment which acts as a minimum safeguard on ESG risks.

F. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Master Funds promote environmental and social characteristics by making investments that contribute to SDGs. The contribution to the SDGs is monitored both pre-investment and post-investment. This section outlines the monitoring approach and relevant control mechanisms implemented by the Portfolio Fund Manager.

1. Pre-investment monitoring of environmental and social characteristics

The pre-investment contribution to the SDGs is measured by the Portfolio Fund Manager's Intrinsic Benefits Tool ("**IBT**"). The IBT is completed by Portfolio Fund Manager investment teams based on inputs for the relevant fund, sector and geography for the investment. Based on these inputs the IBT measures positive and negative impacts and computes a relative score (including quarter allocation) for the investment compared to the Master Funds investment universe. The IBT directly links the positive impacts identified to the SDGs. Upon completion the output of the IBT includes inputs selected, relative score, positive impacts, negative impacts, SDG contribution, investment specific reporting indicators and follow-up procedures.

2. Pre-investment control mechanisms

The pre-investment SDG contribution is integrated in the overall investment process and includes a number of control mechanisms:

- The IBT output is recorded in the Transaction Pre-Approval Form ("**TPAF**") which needs to be signed by , the lead originator from the investment team and the managing partner of the Portfolio Fund Manager. The TPAF is then distributed to relevant people within the Portfolio Fund Manager, including the ESG team.
- The outcomes of the IBT determine follow-up steps to be taken in the investment process
  - Where an investment achieves a Quarter 1 score, the investment opportunity is escalated to the Portfolio Fund Manager's ESG Committee which provides a formal opinion on whether the negative impacts associated with the investment are sufficiently mitigated to align to the promotion objective of the Master Funds
  - Where an investment achieves Quarter 1 or Quarter 2 score additional reporting requirements on the mitigation of negative impacts associated to the investment are imposed
  - Additionally, investments in all quarters are assigned reporting indicators that will need to be reported on post-investment (more detail provided below)
- Finally, within the Portfolio Fund Manager Investment Committee paper a dedicated ESG section needs to be completed which also covers the outcomes of the IBT. The Investment Committee of the Portfolio Fund Manager decides on the investment proposal outlined in the Portfolio Fund Manager Investment Committee paper including ESG).

3. Post-investment monitoring of environmental and social characteristics

The post-investment contribution to the SDGs is measured by pre-defined reporting indicators. Investments made by the Master Funds are required to report on these pre-defined reporting indicators on an annual basis to ensure that the Portfolio Fund Manager is able to monitor and report on the post-investment contribution to the SDGs. The Portfolio Fund Manager has defined both Social and Environmental indicators which are discussed below:

Social indicators

Invested capital in clean energy (SDG 7)

The reporting indicators measure the percentage of the Master Funds' invested and committed capital in renewable energy and battery storage investments, as well as a capacity indicator and a performance indicator reflecting the performance of the year. For renewable energy the capacity indicator is defined as installed capacity in MW and the annual performance indicator is defined as production in MWh. For battery storage investments the capacity indicator is defined as battery capacity in MWh. The annual performance indicator for battery storage investments depends on the use case of the investment and can for example be defined as utilization percentage or energy delivered. The percentage of the Master Funds' invested and committed capital is determined by the Portfolio Fund Manager on an annual basis. The indicators are reported by investments on an annual basis and aggregated by the Portfolio Fund Manager at Master Funds level.

Invested capital in basic infrastructure and essential services (SDG 9 and SDG 11)

For this indicator the Portfolio Fund Manager tracks a key reporting indicator and a number of supplementing metrics. The key reporting indicator measures the percentage of the Master Funds' invested and committed capital in transport, energy, telecom, water, healthcare, education, and housing infrastructure respectively. The Portfolio Fund Manager aims to further disaggregate the percentage of the Master Funds' invested and committed capital into subsectors within defined categories. Additionally, the Portfolio Fund Manager aims to further substantiate the contribution to the SDGs by reporting on supplementing metrics reflecting the services investments made provide to society. In that context the supplementing metrics consist of a capacity metric that reflects the potential/capacity of investments to provide these services as well as a performance metric that captures the level or quality of service delivered over the reporting period. Where possible these metrics are pre-defined within the IBT but given the variety of investments the Portfolio Fund Manager has not defined an exhaustive list.

Environmental indicators

GHG data (SDG 11 and SDG 13)

The GHG data indicators include GHG footprint, GHG emissions reduction, and GHG emissions avoided which need to be reported by the investments made by the Master Funds as relevant. GHG footprint data will in principle cover Scope 1 and 2 emissions for all investments, and where feasible include Scope 3 emissions. GHG emissions reduction data is derived from GHG footprint data provided when two consecutive years of data are available for investments. GHG emissions reduction data is reported separately as the Master Funds' GHG footprint may increase and decline due to additional investments being made and investments being exited. GHG emissions avoided data will only cover relevant investments which by their nature will result in avoided emissions in the wider economy (i.e., through improvements in energy efficiency, electrified transport and heating infrastructure displacing fossil fuel-based technology, and renewable energy displacing conventional energy generation).

Energy consumption (SDG 7 and SDG 11)

The Energy consumption indicators include total energy consumed, renewable energy consumed, and average share of renewable energy consumed. Total energy consumed is measured in MWh and is either directly reported by investments or derived from detailed GHG footprint data. Renewable energy consumed is measured in MWh and is either directly reported by investments or derived from detailed GHG footprint data. The average share of renewable energy consumed is defined as a weighted average percentage. It is computed by multiplying investment level share of renewable energy consumed by invested and committed capital at investment level and divided by Master Funds total invested and committed capital.

4. Post-investment control mechanisms

The reporting indicators are collected and reported on an annual basis. The process is supported by the following control mechanisms:

- The post-investment reporting indicators are pre-defined in the IBT. Where pre-defined indicators are not relevant and/or feasible to a specific investment alternative indicators are agreed upon between the Portfolio Fund Manager's deal team and ESG team.
- Where relevant, the Portfolio Fund Manager will engage with investments on the reporting and performance on the reporting indicators through the ESG Path, add relevant actions to ESG action plans to improve reporting and escalate engagement as necessary through its board positions.

The ESG Path: This process follows an iterative approach in which an ESG assessment is performed on an annual basis and followed up with an investment specific ESG action plan. The relevant reporting indicators will be added to the ESG Path process to ensure consistent reporting and data storage.

G. METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Portfolio Fund Manager has developed a methodology consisting of a set of indicators (non-exhaustive list in table below) that measures the contribution to the environmental and social characteristics that are promoted by the Master Funds.

1. Pre-investment

The IBT has been developed to identify and score the intrinsic benefits of infrastructure investments. The tool considers both positive and negative impacts and is based on the UNEP-FI impact radar methodology. The outcome of the IBT is a single score per combination of sector and country, on a scale of 0-100 against a universe of investable sectors.

The IBT has been developed for the Portfolio Fund Manager by external consultant ERM, who have adapted the UNEP-FI Impact Radar Methodology to cover impact categories, sectors and country needs that are relevant to the Portfolio Fund Manager’s investment strategy, Furthermore, they have also defined the scoring methodology applied in the tool. In developing the IBT they have relied on the existing UNEP-FI Impact Radar Methodology and supplemented it with a literature review, insights from subject matter experts and other credible data sources. The impact categories, sectors covered, country needs and scoring methodology will be discussed in more detail below.

The impacts included in the IBT have been selected from the Impact Radar Tool developed by the UNEP-FI (2018) and adapted to the infrastructure investment universe. The Impact Radar aims to offer a credible and comprehensive set of impact categories that can be integrated with the tools developed to deliver positive impact finance and contribute to a common frame for the assessment of impact products in the industry.

Impact categories included in the framework have been identified based of the most relevant categories considering the Portfolio Fund Manager’s investment universe. To ensure a holistic and transparent impact analysis, the IBT looks at both positive and negative impacts across the selected impact categories.

UNEP-FI impact categories selected			
Air	Biodiversity	Climate	Education
Energy	Health/Sanitation/Wellbeing	Information	Mobility
Resource efficiency/security	Waste	Water	

Sectors

For the IBT, the universe of investable sectors has been defined based on:

- Relevant sectors for the investment strategy and
- Relevant GRESB infrastructure sectors (e.g., airports, coal plants) – to avoid bias in the analysis and consider a more holistic view of the infrastructure world.

For the resulting list of sectors, a sector impact matrix has been developed. The sector impacts matrix is based on the one developed by the UNEP-FI as part of the Corporate Impact Analysis Tool. This map seeks to capture positive and negative associations between sectors or activities (as per ISIC, the United Nations Industry classification system) and the impact categories. It builds on the IFC's EHS Guidelines, as well as UNEP FI's Risk Briefings.

For each selected impact category, different levels of impact are identified to classify activities. The positive impact heat map classifies activities by attributing a score of 0, +1 or +2 depending on the strength of correlation between the activity and the impact category (+2 being the highest positive score). The negative impact heat map classifies activities by attributing a score of 0, -1 or -2 depending on the strength of correlation between the activity and the impact category (-2 being the highest negative score). These sector impacts have been verified by ERM sector experts.

The resulting sector impact matrix includes positive and negative impact score per impact category for each of the sectors included in the defined infrastructure universe.

Country needs

To supplement sector level impacts a "*Country needs*" matrix has been developed, which cross analyzed countries within the investment target area with the same 11 key impact categories as those used in the sector-level assessment. The matrix highlights the maturity level and needs per impact category and per country. For each impact category, up to 4 indicators were selected to assess the country performance in that impact category. Then, for each indicator, a scoring method was determined to be able to score each country's performance on a scale from 1 to 4, 1 being the highest score (low country need in that impact category) and 4 being the lowest score (high country need in that impact category).

Scoring methodology

To arrive at a score for the combination of sector and country, sector level impact scores are adjusted for country needs. The adjustment ranges from +0.25 to +1 for positive impacts and -0.25 to -1 for negative impacts depending on the country needs score for the respective impacts. Following the country needs adjustment an absolute score is determined by performing a sum aggregation of all positive and negative scores across the impact categories. This absolute score is then computed into a relative score by dividing the delta between the absolute score and the lowest scoring combination in the infrastructure investment universe by the delta between the highest and lowest scoring combination in the infrastructure investment universe.

Quarter allocation

In the context of Portfolio Fund Manager funds that are classified as Article 8 under the SFDR, the IBT is used to embed the promotion of environmental and/or social characteristics in a binding manner in the investment process. Pre-investment, the investment specific IBT score is allocated to one of four quarters, defined as follows, which defines the subsequent process that needs to be followed by the Origination team:

- Q1: IBT score ≤ 25
- Q2: 26 < IBT score ≤ 50
- Q3: 51 < IBT score ≤ 75
- Q4: 76 < IBT score

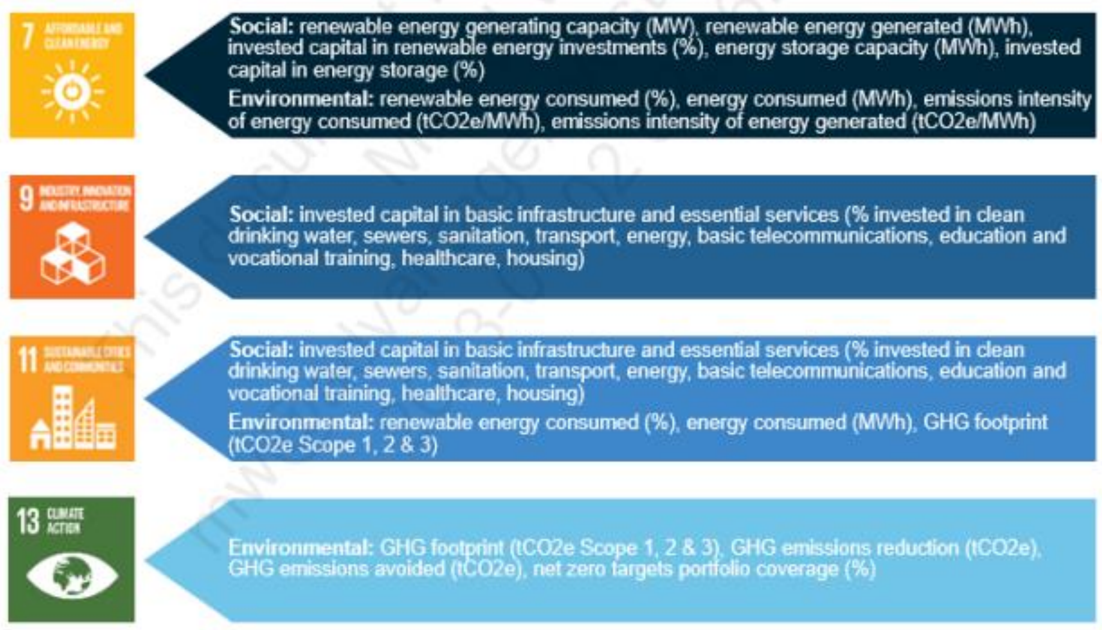
Outputs of IBT

The IBT provides the following outputs to deal teams for the investment:

- Relative score and quarter allocation
- Follow-up procedures which are adjusted for the quarter allocation of the investment opportunity
- Reporting indicators which are pre-defined for the sectors included in the IBT
- Positive impacts on the UNEP FI impact categories
- Negative impacts on the UNEP FI impact categories SDG contribution with for each of the selected SDGs the positive impacts that contribute to these respective SDGs

2. Post-investment

For each sector a list of indicators has been prepared that reflects the promotion of environmental and/or social characteristics. Post-investment, these indicators are reported by the Portfolio Fund Manager on an annual basis. In defining the post-investment indicators, the Portfolio Fund Manager built on indicators included in the SDG Compass business indicators.



H. DATA SOURCES AND PROCESSING

In order to measure and report on the Master Funds' contribution to the selected SDGs the Portfolio Fund Manager utilizes a number of data sources and processing steps. These include data sources and processing steps used in determining the contribution to the SDGs pre-investment, data sources and processing used in determining the contribution to the SDGs post-investment, and processing steps performed in Master Funds reporting.

1. Pre-investment data sources and processing

The pre-investment measurement of the contribution to the SDGs relies on the completion of the IBT and recording the outputs.

Data sources

The completion of the IBT relies on a limited number of inputs that need to be provided by the investment team. The inputs needed are fund, sector and country, which are expected to be readily available. The IBT itself is available to Portfolio Fund Manager investment teams in the SharePoint folder that includes all other ESG documents relevant to the investment process.

Measures to ensure data quality

The IBT only requires limited inputs and includes guidance to contact the Portfolio Fund Manager's ESG team in case of doubt. The data underlying the IBT is based on credible sources (UNEP-FI Impact Radar) and complemented by reputable third-party subject matter experts (ERM). The underlying calculations and data sources in the IBT are locked from editing/viewing by investment teams. Export results button ensures that all relevant data is extracted from the IBT and recorded in the TPAF.

Data processing

The IBT takes a limited number of inputs and subsequently selects the relevant data to present. The relevant data is then extracted and recorded in the TPAF and later in the IC paper. This process is automated to the extent that investment teams need to click an export button in the IBT and simply paste the output in the relevant investment docs. No further data processing steps are performed.

Proportion of data estimated

In case a sector is not included in the IBT another sector may be assumed as proxy, this proxy is determined in consultation with the ESG team.

2. Post-investment data sources and processing

Post-investment measurement of contribution to the selected SDGs consists of invested capital related indicators and supplementing social and environmental indicators.

Data sources

Invested capital related indicators are sourced from Master Funds level financial reporting. The supplementing social and environmental indicators need to be reported by investments on an annual basis.

Measures to ensure data quality

The Portfolio Fund Manager has a comprehensive control framework in place to ensure the quality of the data included in Master Funds level financial reporting. For indicators reported directly by investments the Portfolio Fund Manager applies a cut-off date and only requires investments in portfolio as of the end of Q3 to report. The Portfolio Fund Manager utilizes the time provided by this cut-off date to engage with investments required to report to identify possible issues with data quality and provide adequate support as needed. When indicators are reported by investments in January they are reviewed by the Portfolio Fund Manager's ESG team. If data quality issues are identified that cannot be resolved or incomplete data is provided the Portfolio Fund Manager will disclose this in comments on the data presented in the regulatory annex to the annual report.

Data processing

Data processing steps for invested capital related indicators consist of assigning investments to the relevant sector and performing simple computations to arrive at the percentage of invested capital per relevant sector. Indicators reported by the investments consist of data which is directly measured and reported (e.g., installed capacity in MW) and indicators which require multiple inputs that are converted into a single output (e.g., GHG footprint requires multiple inputs which are converted into tCO_2e by relevant emission factors). These data processing steps will be performed by investments.

Proportion of data estimated

The Portfolio Fund Manager anticipates that data estimation may be performed for the environmental indicators reported by investments as this is inherent to the practice of measuring carbon footprints. Investments are expected to align their data measurement to relevant standards and methodologies to ensure that any estimations made are adequate and consistent.

3. Fund level reporting

The Portfolio Fund Manager will perform a number of manual data processing steps to aggregate investment results at Master Funds level for annual reporting. Master Funds level reporting will be prepared by an ESG team member from the Portfolio Fund Manager who will collect all relevant data in a SharePoint folder, prepare a workbook to perform relevant computations and prepare a draft version of the regulatory annex to the annual report. The work performed by the ESG team member will be reviewed by the Head of ESG of the Portfolio Fund Manager. The direct data sources used will primarily be the investee companies that the Master Funds invest in. Other indicators combine investee company data with Master Funds financial metrics. The direct data relates to both static (name plate capacity of a wind farm) and dynamic (amount of GWh of energy produced). Most data are expected to be of high quality as already made available for other purposes. For certain indicators it is expected that the availability/quality of data will need to be checked and improved over time, this can include estimation of certain data points during a limited period of time. The Portfolio Fund Manager relies on the governance it has with the investee companies to ensure access to and quality of the data. Data collection is expected to be part of the Portfolio Fund Manager's ESG Path that collects other, non-financial, data. Inclusion of data collection in this process will ensure maximum quality and consistency as well as data processing to determine the value of relevant indicators.

I. LIMITATIONS TO METHODOLOGIES AND DATA

The Portfolio Fund Manager has developed complementary methodologies to assess the contribution of the Master Funds to the SDGs. While the Portfolio Fund Manager has defined its approach to ensure that the contribution to the SDGs is substantiated, it also recognizes that there are limits in the defined approach. The Portfolio Fund Manager expects that availability and quality of data to be satisfactory. However, mainly depending on the governance position of the Master Funds, for a limited number of investments (and related data points) it is possible that availability and or quality of data points is limited. For these data points the Portfolio Fund Manager would need to rely on estimations, at least for a period of time. The Portfolio Fund Manager does not expect that this will affect the ability of the Master Funds to attain the environmental or social characteristics promoted by the Master Funds.

Below the Portfolio Fund Manager will discuss these limitations for the pre-investment and post-investment methodology and data sources respectively.

1. Limitations to pre-investment methodology

The pre-investment methodology applied by the Portfolio Fund Manager is the Intrinsic Benefits Tool. The Portfolio Fund Manager recognizes the following limitations in the application of the IBT:

- The IBT is a simplified model which determines positive and negative impacts as well as a score based on inputs on sector and country. As such it does not distinguish between business types within a sector (e.g., a greenfield developer and an operational project within the same sector result in the same outputs). Additionally, investments may also be active in multiple sectors, while the IBT assumes a single sector, and investments may be active multiple countries, in which case specific country level needs are not assessed.
- The IBT assesses impacts on a discretionary scale ranging from 0-2 for both positive and negative impacts, and country needs on discretionary scale ranging from 0-4. Both are a simplification into discrete categories while real world impacts and needs may be more nuanced. Additionally, all impact categories are weighted equally, which means that a medium positive impact (1) on two categories scores the same as a strong positive impact (2) on one category.
- The IBT is only able to provide outputs for sectors and countries pre-defined in the tool. This means that novel sectors and countries not previously targeted may not be covered by the tool.

Limitations to pre-investment data sources

The Portfolio Fund Manager has not identified any limitations on the availability of data inputs needed to complete the Intrinsic Benefits Tool.

How limitations do not affect promotion of environmental or social characteristics

The Portfolio Fund Manager has developed the following procedures to ensure that limitations identified do not affect the contribution to the selected SDGs of the Master Funds.

- While the Portfolio Fund Manager recognizes that sector differences are not reflected in the IBT this does not materially affect the promotion of environmental and social characteristics pursued by the Master Funds. A more detailed perspective would add nuance to the contribution made but would not change the outcome that a positive contribution is made. For the limitations in terms of single sector and country inputs the Portfolio Fund Manager has developed a number of business rules to address the limitation. These business rules include that main activities (defined on a value basis) are leading for the sector used in IBT completion, where an investment opportunity also includes activities in low scoring sectors additional IBT outputs are to be included as an annex in investment docs (TPAF/IC paper)
- While the Portfolio Fund Manager recognizes that the discretionary scales used in the IBT are a limitation this does not materially affect the promotion of environmental and social characteristics pursued by the Master

Funds. The discretionary scales are inherent as they have been adopted from the UNEP-FI Impact Radar methodology and the Portfolio Fund Manager aims to remain consistent with this methodology to ensure the credibility of the IBT approach. More detailed or continuous scales would add nuance to the contribution made but would not change the outcome that a positive contribution is made.
- The Portfolio Fund Manager has defined an approach to assess sectors not pre-defined in the IBT which consists of the Portfolio Fund Manager's ESG team agreeing upon a reasonable proxy sector which is included in the IBT with the Portfolio Fund Manager Investment team. Where a specific country is not pre-defined in the IBT Investment teams of the Portfolio Fund Manager may input Other as country. Effectively this means that results computed in the IBT as less nuanced as specific country needs are not considered. Both will not materially affect the promotion of environmental and social characteristics pursued by the Master Funds.

2. Post-investment:

Limitations to post-investment methodology

- The Portfolio Fund Manager has only defined social reporting indicators for measuring the contribution to SDG 9 and SDG 11 at the level of Invested and committed capital in the PPM. The indicators explicitly defined in the investment docs therefore only give a generic view on the contribution to the relevant SDGs and lack detail on the actual contribution delivered.
- The post-investment reporting indicators for investments are pre-defined in the IBT. As a result, they are generic at the level of the (sub)sectors included in the IBT, this means that the indicators defined are not always relevant to all types of investment withing a specific subsector. The supplementing indicators have been defined in a desktop exercise in which an assumption has been made on the relevance and availability of data per sector. In practice not all pre-defined indicators will be readily available or even measurable in specific investment circumstances.

Limitations to post-investment data sources

- Post-investment indicators for investments are expected to be delivered by investments on a tight deadline to ensure integration into regulatory annex to the annual report. As a result, there may instances in which an investment is not able to provide relevant data in a complete and timely manner.
- The Portfolio Fund Manager applies a cut-off date of investments in portfolio as of end of September of each year. As a result, Master Funds reporting on the indicators directly reported by investments may not cover all investments in portfolio.

How limitations do not affect promotion of environmental or social characteristics

- While a more detailed perspective would add nuance to the contribution to the SDGs made by the Master Funds, this would not change the outcome that a contribution is made. Nevertheless, the Portfolio Fund Manager decided to collect and report additional supplementing investment reporting indicators as this provides more detail on the contribution made and allows to track how the Master Funds contribution evolves over time. The Portfolio Fund Manager also notes that the contribution to the SDGs is already measured pre-investment as well. As a result, the Portfolio Fund Manager deems that this limitation will not materially affect the promotion of environmental and social characteristics pursued by the Master Funds.
- The Portfolio Fund Manager has defined an approach to ensure that relevant reporting indicators are confirmed in the preinvestments process. Where pre-defined reporting indicators are not deemed relevant for the specific investment case the Investment team agrees upon alternative indicators with the ESG team.
- The Portfolio Fund Manager will engage early with investments to identify and address potential issues with data availability. Where relevant the Portfolio Fund Manager provides support to investments with measurement of the reporting indicators (e.g., GHG footprint tooling). Finally, the Portfolio Fund Manager will include detail on the percentage of portfolio investments that has provided the data included in the regulatory annex to the annual report to ensure transparency on the contribution made by the Master Funds.
- The Portfolio Fund Manager expects that the proportion of the portfolio for which no indicators are directly reported to reduce to nil over the investment period as the Master Funds become fully invested. The regulatory annexes to the annual report provided during the investment period may underreport on specific indicators. The Portfolio Fund Manager will clarify in the disclosure the proportion of the portfolio covered and provide relevant comments in case of underreporting. As the promotion of the relevant SDGs is already measured through other

indicators as well, the Portfolio Fund Manager does not expect the limitation to materially affect the promotion of environmental and social characteristics pursued by the Master Funds.

J. DUE DILIGENCE

The Master Funds' pre-investment approach, carried out by the Portfolio Fund Manager, consist of four-steps. In the pre-investment steps, two formal decision documents are made:

- The transaction pre-approval form ("**TPAF**")
- The Portfolio Fund Manager Investment Committee proposal ("**IC proposal**")

The TPAF will include amongst others the results from the ESG Screening checklist, the outcomes of the IBT, and where relevant ESG topics on which additional due diligence needs to be performed. The IC proposal includes a dedicated ESG section which describes the contribution of the investment opportunity to the SDGs and where relevant the results of the additional due diligence performed.

ESG Screening

For all prospective investments, the Portfolio Fund Manager applies a detailed ESG Screening Tool to ensure ESG factors are fully addressed and taken into account when considering an investment. This ESG Screening Tool is used by all Portfolio Fund Manager deal teams during the initial screening phase, to identify ESG factors that require further due diligence and to confirm that the investment complies with the Portfolio Fund Manager's ESG exclusion guidelines. Investment opportunities with significant sustainability risks are discussed within the ESG Committee of the Portfolio Fund Manager.

The output of the ESG Screening Tool and, in case the tool suggested further due diligence on certain matters, the related due diligence findings are disclosed in the investment proposal and as required, ESG factors are captured in contracts with business partners.

IBT

The outcome of the IBT has binding consequences for the next steps followed in the investment process. Investment opportunities that score in the lowest quarter are first subject to an opinion by the ESG Committee of the Portfolio Fund Manager on whether the negative impacts associated with the investment are sufficiently mitigated to align to the promotion objective of the Master Funds. Investment opportunities in the lowest two quarters are assigned both selected negative impact reporting indicators as well as relevant reporting indicators. Investment opportunities in the highest two quarters are only assigned relevant reporting indicators.

K. ENGAGEMENT POLICIES

The Portfolio Fund Manager's ESG Path is driving the active ESG engagement during the investment phase. The ESG Path follows an iterative approach in which an assessment is performed on an annual basis and followed up with an investment specific ESG action plan. When an investment underreports or underperforms specific improvement action will be included in their ESG action plan. These improvement actions will be included on the board agenda and the Portfolio Fund Manager funds will leverage their board seats to ensure that these actions are implemented.

L. DESIGNATED REFERENCE BENCHMARK

No index has been designated as a reference benchmark to meet the characteristics.