

# 2022 Q4

## Axium Infrastructure

Annual ESG Report – Summary Version  
for the year ended December 31, 2022

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**AXIUM**  
INFRASTRUCTURE

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## 1.0 Message from the ESG Committee

The ESG Committee is pleased to present Axium's 2022 Annual ESG Report. The past year was a pivotal year as we move into mandatory disclosure and establish our interim target for 2030, as part of our pledge to reach Net Zero by 2050. In line with this, in February 2023, we submitted our decarbonization plan to Net Zero Asset Managers initiative (NZAM) and are awaiting feedback.

When it comes to responsible investing, the best results are achieved through collaboration. When the PRI were established in 2006, its founders recognized the power and potential of active ownership and codified it as the second of the six PRI principles. We adhere to that principle and put it in practice through our active asset management. We believe engagement is the best way to initiate positive change. As a result, engagement actions took many shapes in the past year, and we introduced more specific asks to our operators and partners. We intend to continue on that path and hope to be able to make effective use of the data collected, moving beyond summarizing and reporting these ESG metrics.

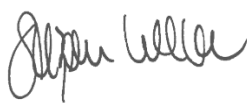
As we are getting ready to publish our first Principal Adverse Impact Report in June 2023, we monitor the newest developments of the regulatory frameworks, namely the Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy and the International Sustainability Standards Board (ISSB).

We are proud to report that our first stand-alone Task Force on Climate-related Financial Disclosures (TCFD) Report was shared with our Limited Partners in June 2022, after becoming a supporter in 2020. Again, this year, this report is aligned with the recommendations of the TCFD. We will continue to engage with our investee companies to ensure our Portfolio is resilient and well-prepared in the face of climate related challenges.

Over the years, we have set in place a solid foundation, one we continue to build on. We are convinced that this foundation allows us to be confident for the work still ahead.

We wish to take this opportunity to acknowledge the efforts of our numerous stakeholders for data acquisition and thank our collaborators in helping us along our responsible investment pledge. ESG is a collective journey, and we are fortunate to be able to count on the indefectible support of Axium's Board and Management, the collaboration of our colleagues, our Partners, our O&M providers, and our Limited Partners. We are inspired by all to continue onward.

We could not do it without all of us involved and committed.



**Suzanne Leblanc**

*Senior Vice President,  
Responsible Investment*

*Chair of Axium's ESG Committee*

## 2.0 Task Force on Climate-Related Financial Disclosures

Axiom has a clear vision and a strong commitment towards integrating environmental matters into its business endeavors as a manager of infrastructure investments. Thus, we are committed to working towards greater transparency and reporting aligned with the TCFD recommendations. In 2022, Axiom continued to improve its climate-related disclosures and with greater integration purposes, will henceforth include its portfolio TCFD aligned disclosures within the annual ESG report moving forward.

As an asset manager we know the key role we can play in the transition of the economy to net zero and climate-resilient communities. We believe our expertise in infrastructure, transportation, social infrastructures, and renewable energy can help allocate capital to opportunities supporting this transition. We actively promote market-leading climate-related disclosure frameworks, ESG data collection and operational practices to our partners, while supporting our portfolio companies in initiating the transition to net zero and accelerating the new normality in terms of maturing climate-related disclosures.

### 2.1 Governance

As long-term investors, Axiom holds the conviction that sustainable development and ethical investment are essential to long-term value creation. We have made them the foundation of our investment philosophy. Axiom also believes it is its fiduciary duty to its investors to integrate ESG concerns to its investment activities and decision-making processes. This approach is translated in policies and guidelines approved by all Limited Partners (i.e., investors in Axiom's managed funds), stewarded by the Board and implemented by management.

#### Investment Restrictions and Guidelines

Axiom's deep commitment to responsible investment, sustainable development and integrating ESG concerns into its investment analysis and decision-making process is embedded in the Limited Partnership Agreement's Investment Restrictions and Guidelines. Since 2009 Axiom committed to following the United Nations' Principles for Responsible Investment ("UN PRI"). More specifically, elements of the Investment Restrictions and Guidelines include not to invest in infrastructure assets that Axiom deems to be non-environmentally friendly (i.e., oilsands, coal) and projects which do not showcase strong and healthy labour relations.

#### ESG Policy

The policy defines our approach to integrating ESG into our activities. In relation to corporate governance the policy dictates the following: *"We act with fairness, integrity, and transparency with all our partners and stakeholders. We promote fair operating practices for our own activities as well as those of our partners. We support fair wage and employment practices and only invest in projects whose management demonstrates strong and healthy labour relations."*

#### Diversity and Inclusion Policy

Axiom recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture where diversity and inclusion is welcomed and brings diverse perspectives to day-to-day operational matters. The policy sets out Axiom's objectives for maintaining that commitment and enhancing workplace diversity and inclusiveness. The board of director is informed at least annually on the diversity data collected. Refer to section 3.1 *Human Capital* for further details.

#### Anti-Corruption Compliance Policy

This policy covers the Manager and all employees, officers, managers, and directors as well as third parties such as General Partners, other affiliates, consultants, agents, joint ventures, partners, or representatives and provides guidance to ensure compliance with all applicable global anti-corruption laws and avoid actions that could give rise to even the appearance of impropriety.

#### Human Rights Statement

Axiom is committed to protecting human rights and providing a fair and ethical workplace. We respect the standards embodied in the UN Guiding Principles on Business and Human Rights, including the eight International Labour Organisation's (ILO) core conventions and the OECD Guidelines for Multinational Enterprises. Axiom specifically supports the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and our business principles across all our activities are aligned with international standards for human rights.

#### Information Systems and Cyber Security Policy

This policy sets our guidelines, expectations, and restrictions for the proper use of the overarching IT infrastructure to prevent inappropriate or illegal use and to maintain its integrity.

#### Responsible Contractor Policy

Axiom strives to implement governance structures that provide alignment of interest amongst stakeholders and our Responsible Contractor Policy is promoted with all our partners and subcontractors. The policy seeks to ensure that the selection process for contractors will include among other things, an analysis of their ability to provide reliable and high-quality services, their compliance with applicable statutes and payment of fair compensation and benefits to employees, as well as their relevant experience, reputation, dependability, and ability to provide cost-efficient services, thereby enhancing the value of the Fund's investments.

### 2.1.1 Board oversight of climate-related risks and opportunities

**Axium’s Board of Directors has the ultimate responsibility for overseeing risks and opportunities relating to ESG topics, including climate change. Both the President and CEO, Pierre Ancil and the President and COO, Stéphane Mailhot, hold responsibility for the climate change strategy and climate-related risks at both the Board and the management levels. The energy transition is at the heart of Axium’s activities with its increasing footprint in the renewables sector in North America and both the CEO and COO constantly reiterate their support towards climate innovations and initiatives undertaken by the firm.**

At all times, at least one Board member participates in the asset management and valuation process meetings, the Risk Overview Committee, the Investment Committee, and the bi-weekly Steering Call meetings. During all these forums, ESG-related matters, including climate change and good governance practices are part of the agenda and actively addressed. This constant exchange of information allows Axium’s Board members and management to keep up to date on evolving sector landscapes and industry developments, all the while addressing material risks and opportunities. It also unifies Axium’s governance approach to ensure responsible investment strategy and practices are upheld, and corporate agility is maintained. This structure to Axium’s governance practices allows for increased collaboration to occur, bringing diverse perspectives to decision making, and promoting synergies across committees. In 2022, a section specifically focused on climate change considerations has been integrated in the Investment Committee Memo in addition to the ESG section.

Furthermore, Suzanne Leblanc, Senior Vice President, Responsible Investment, is the chair of the ESG Committee. Ensuring the application of the ESG Policy, Suzanne acts as the steward for ESG and climate-related matters impacting Axium’s activities as part of her role on the Board of Directors, the Risk Overview Committee, the Investment Committee, the Steering Call, the Asset Management meeting, and the Executive Committee.

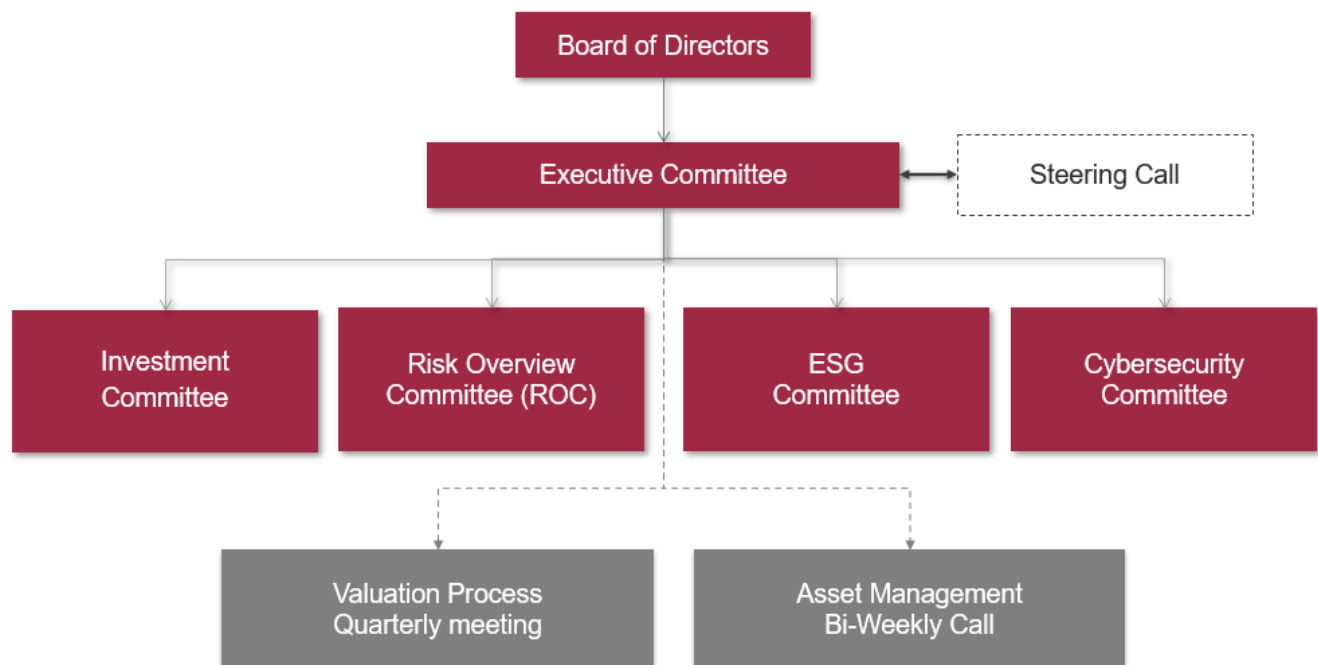


Figure 1 – Axium’s Governance Overview

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#### **BOARD OF DIRECTORS**

*Chaired by Pierre Anctil*

Oversees firm activities and strategic plans for the Manager. Board members are deeply involved in daily operations and ESG and climate change matters.

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#### **EXECUTIVE COMMITTEE**

*Chaired by Pierre Anctil*

Most of the board members are a part of the Executive Committee plus other senior management members. The Executive Committee conducts strategic working sessions including ESG and climate change considerations.

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#### **CYBERSECURITY COMMITTEE**

*Chaired by Lance Wahba*

The Cybersecurity Committee focuses on addressing cyber strategies and their ongoing developments.

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#### **INVESTMENT COMMITTEE**

*Chaired by Pierre Anctil*

The Investment Committee reviews all proposed investments, ensuring compliance to the firm's investment policy, including ESG and climate change and is ultimately responsible to approve/decline an investment.

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#### **RISK OVERVIEW COMMITTEE**

*Chaired by Stephane Mailhot*

The Risk Overview Committee (ROC) is in place to review key risk factors, including ESG and climate change, amongst an internal cross functional group, ahead of the Investment Committee. It also conducts an Annual Risk Review for all assets in Portfolio on a 3-year rotation cycle.

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#### **ESG COMMITTEE**

*Chaired by Suzanne Leblanc*

The ESG Committee manages the firm's ESG and climate change concerns, ensuring the application of initiatives and policies across the organization.

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#### **STEERING CALL**

*Chaired by Pierre Anctil*

The Steering Call provides a forum for the entire organization to discuss new developments, ESG and climate change risks and opportunities, along with organization specific matters.

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#### **VALUATION PROCESS QUARTERLY MEETING**

*Chaired by Dominic Chalifoux*

The Valuation process is responsible for valuation oversight and are supported by the investment teams, asset management teams and accounting teams.

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#### **ASSET MANAGEMENT CALL**

*Chaired by Eric St-Pierre*

Axiom Infrastructure employs an active asset management approach. Through ongoing engagement, ESG and climate change considerations are shared with project operators and monitored on a regular basis.

As with previous years, Axiom continues to believe that ESG integration in its business and activities is the responsibility of all employees. To this effect, and to empower employees to participate into its sustainability journey, Axiom has integrated in its incentive remuneration process, a set of ESG-related targets which are validated and approved by both the President and CEO, Pierre Anctil, the President and COO, Stéphane Mailhot, and the Board. In 2022, eight ESG targets were adopted, corresponding to 10% of the bonus structure. More specifically, for each employee the annual bonus is based on 50% individual performance and 50% corporate performance (ESG represents 20% of the total corporate bonus). These targets, which aim to be cross-departmental, are embedded in the remuneration of all Axiom employees, including executive members. The ESG targets set covered objectives related to risk management, data collection, human rights, climate change, training and volunteering and disclosure objectives. Axiom is happy to report that all of these ESG-related performance targets were successfully achieved for the year.

## 2.1.2 Management role in assessing and managing climate-related risks and opportunities

ESG matters, including climate-related risks and opportunities, are cross-functional concerns and responsibilities that are integrated in the agenda of each executive and management body. At every stage of the investment process (as shown in Figure 2), climate-related risks and opportunities are evaluated, analyzed, monitored, and addressed. To initiate our decarbonisation journey, a working group has been established in 2022 to determine priority initiatives for Axiom's top emitting assets.

Through the application of the United Nations Principles for Responsible Investment (UN PRI), Axiom remains focused on creating long-term value for its Limited Partners all the while bringing about meaningful ways to support the social, economic, and environmental needs of the communities Axiom works in. The ESG Charter, which informs external stakeholders of our commitments to ESG, also reiterates that Axiom is responsible for ensuring that ESG considerations, including climate-related matters, are integrated into all investment activities, from pre-investment to ongoing asset management. Responsibility resides at many levels.

Below is Axiom's overall integrated strategy and approach where ESG matters, including climate change, are embedded into each stage of the investment process.

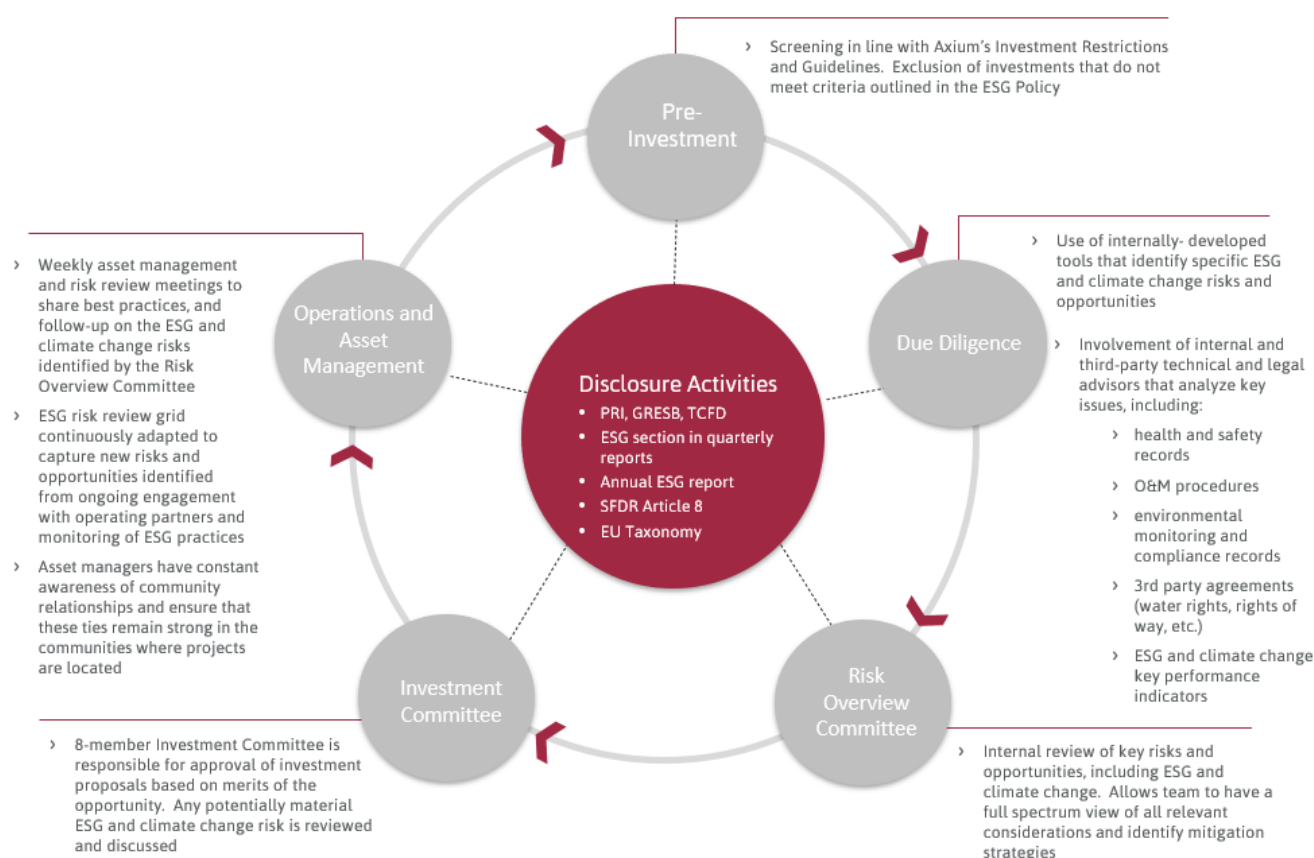


Figure 2 – ESG at Every Stage of the Investment Process

Tools have been developed for the investment team and asset managers to ensure that risks are identified, measured, and properly mitigated such as an Annual Risk Review and a Materiality Assessment. Refer to section 2.3 Risk Management - Annual Risk Review & Materiality Assessment for further details. As a manager, these tools enable Axiom to make sound investment decisions, optimize portfolio performance and ultimately deliver sustainable value to its Limited Partners.

## ACTIVE APPROACH TO ASSET MANAGEMENT

Our integrated approach is focused not only on the acquisition and development of assets, but also on operations and asset management functions which are critical to long-term investment performance. As long-term owners, focus is placed on building sustainable value which is achieved through ensuring the long-term performance of our investments. Our active engagement starts with our hands-on asset management approach which is further detailed in section 4.0 Engagement. In 2022, Axiom representatives made 278 project site visits and we continue to use the voice we have on most Boards of our investments to influence decisions and align strategic activities with our core values. Effort was placed on centralizing evidence to quantify a variety of board related metrics to be tracked and reported on in future years. Considering the unique nature of our asset structures, additional definitions are necessary to differentiate between sector and asset nuances across the portfolio. We will be disclosing board metrics in the subsequent reporting cycles to ensure information reflects the reality of our board activities.

In 2022, a formalized ESG Committee charter was instated. This charter outlines the committee objectives, member composition, scope, duties, and responsibilities. The formalized committee structure supports governance objectives as Axiom continues to grow, with the aim of continuing to deliver the organization's ESG and climate priorities. While formalizing existing functions is important with organizational growth, retaining agility in the delivery of priorities will continue to be maintained. Through its Charter, the ESG Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to the environmental, social and governance issues. The ESG Committee promotes responsible investment practices, coordinates ESG initiatives, works to enhance ESG and climate-related monitoring and reporting processes and is the steward of new regulations and best practices within the industry. The ESG Committee consults and engages with each of Axiom's teams to support the implementation, measurement, and surveillance of ESG initiatives. The Committee also helps define standards and develop methodologies and tools to keep track of ESG performance at the portfolio and the asset investment level. Representing various functions and locations across the organization, the ESG team benefits from a range of perspectives with diverse expertise. The ESG Committee is involved in all aspects of Axiom activities as illustrated below.



Figure 3 – ESG Committee members in Axiom Committees and Working Groups



As our ESG ambition, objectives, and disclosure requirements increase in scope, the involvement of all groups across the organization continues to evolve. Below are the 2022 updates to existing and new governance structures in place at Axium.

- › **Talent & Culture:** In 2022, the ESG Committee formalized reoccurring monthly meetings with Axium's Talent and Culture team. This channel of communication was identified as an important process in order to create synergies between both functions, specifically as it relates to the social pillar of ESG. Through this collaboration, objectives pertaining to a wide variety of topics are being addressed by bringing together the unique perspectives of both departments. Priority topics which continue to be addressed include Diversity, Equity and Inclusion, regulatory compliance (i.e., human rights, indigenous relations), training, internal communication needs (i.e., newsletters), employee wellbeing and satisfaction concerns, as well as onboarding of new hires. This further demonstrates Axium's commitment to embedding ESG in all systems of operation. Collaborative stewardship opportunities, such as these, will continue to be sought out as the ESG practice at Axium evolves in the years to come.
- › **Legal & Compliance:** In 2021, the ESG Committee began holding monthly meetings with the Chief Legal and Compliance Officer and the Vice President of Legal Affairs. This collaboration continued throughout 2022 to address initiatives applicable to both functions. This alignment helps to increase visibility into ESG considerations, including climate-related matters, while ensuring ESG developments are synchronized with all corporate documentation.
- › **Asset Management:** In 2022, a working group has been established to determine priority initiatives for Axium's top emitting assets. Refer to section 2.2 *Strategy - Engagement with Our Biggest Emitters* for further details.
- › **Volunteering Committee:** In 2022, a Volunteering Committee was put in place to stimulate volunteering opportunities and encourage employees to use the day offered by Axium to each employee to donate their time to the community. Refer to section 3.3 *Respect for the communities in which we work – Corporate initiatives* for further details.

From a governance standpoint, this systematic integration of functions illustrates Axium's dedication to prioritizing ESG concerns throughout the firm, while ensuring a consistent and open dialogue, considering diverse perspectives, and avoiding a siloed approach to ESG. ESG-related matters are constantly communicated across all workstreams and are summarized in a quarterly ESG report shared with the Board. The ESG Committee is currently working on defining the decarbonization pathway establishing interim and long-term targets that will ultimately be approved by the Board.

## **TRACTION OF EMPLOYEES' ENGAGEMENT THROUGH RAISING AWARENESS AND REMUNERATION STRUCTURE**

Axium firmly believes it is vital to raise employee awareness on climate-related matters for both their personal knowledge and to reinforce the integration of these issues across Axium activities. Given ESG and climate-related landscape is ever-evolving, all of Axium's employees and executives are encouraged to attend webinars, trainings, and conferences to stay up to date with the latest developments.

The 2022 corporate bonus structure for the second year in a row included an ESG training objective where all employees, including executives, were required to complete at least one hour of ESG training and a total of 200 hours across the Firm. This objective was achieved and has been reintroduced to the 2023 objectives with an elevated threshold. To help achieve this target, several in-house ESG training sessions tailored to different audiences took place during the year, conducted by external consultants or by Axium. Materials from these training sessions are available to everyone. Refer to section 3.1 *Human Capital – ESG Training* for further details.

Building on the ongoing training provided, newsletters prepared by the ESG Committee are shared with Axium's employees on a variety of topics relevant to the firm. Refer to section 3.1 *Human Capital – ESG Newsletters* for further details.

## **2022 CONSULTANT MANDATES**

To keep ourselves aligned with the industry's best practices, Axium continues to partner with industry experts on specific mandates to improve our processes. In 2022, we have partnered with ESG consultants on the following:

- › **Third-Party Verification of ESG Annual Report**

As with previous years, the verification of our Annual ESG Report was conducted by a Montreal-based firm who has been active in Environmental and Health and Safety Management for 25 years. This collaboration provides a valuable opportunity to have our ESG metrics reviewed and present us with helpful suggestions to improve the clarity of the Annual ESG Report. As part of the mandate, the auditor interviewed key members of the team namely senior management, members of the valuation team and the ESG Committee. The letter of assurance can be found at the end of this report.

- › **SBTi Target Setting and Workshop**

Axiom retained the services of a third-party expert to provide insight into existing decarbonization approaches, with a focus on the target setting guidance developed for financial institutions. The engagement resulted in the final presentation outlining decarbonization pathways and targets for Axiom's energy and social sectors. In addition to the recommendations, the third-party held a workshop with Axiom's leadership team to illustrate the results and provide training on decarbonization concepts and target setting.

#### › EU Taxonomy Assessment

For the second year in a row, Axiom has obtained the consultation services of a third-party expert to undergo an EU taxonomy alignment assessment. The consultation mandate will refresh the previous assessment with the inclusion of new assets acquired in the portfolio since the last evaluation, which was completed on June 30<sup>th</sup>, 2021. The purpose of this engagement is aimed at obtaining the most up to date information in preparation for the 2023 SFDR disclosure.

## AXIUM JOINING CANREA

In 2022, Axiom became a member of the Canadian Renewable Energy Association (CanREA). Becoming a member of this organization allows companies to effectively engage in policy development and get access to critical industry news, data, and market updates. CanREA's 2050 vision looks to support Canada's net zero objective by working with its stakeholders to ensure the country implements a low-cost, reliable, and sustainable pathway to Canada's net zero objective. Multiple of Axiom's portfolio companies have been members of CanREA for some time, however, considering our rapidly growing renewables portfolio (**3,215 MW** capacity in operation across 6 Canadian provinces) the decision to join this organization has become even more essential to Axiom.

## 2.2 Strategy

Axiom strongly believes that environmental, climate change and health issues constitute foundational elements to any sustainable investment strategy. Axiom's investment strategy is focused on 3 sectors: **ENERGY**, **TRANSPORTATION**, and **SOCIAL INFRASTRUCTURE** assets underlying 4 pillars for responsible investment, which include Human capital, Protection of the environment, Respect for the communities in which we operate and Innovation and energy efficiency. Axiom Infrastructure believes that the very nature of its infrastructure investments has the potential to bring a positive contribution to United Nations' Sustainable Development Goals (SDGs) for creating a better world by 2030. Axiom consistently includes a review of the potential contributions of each opportunity we analyze towards the SDGs during its due diligence process.



In our continued effort to achieve alignment to the SDGs, we have taken steps to further integrate and measure our contribution to the goals through various tools. We have found that the 4 pillars on which our reporting is based on are properly positioned towards contributions to 6 core goals, which include SDG 3: Good Health and Well-being, SDG 4: Quality Education, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, and SDG 13: Climate Action. Not only are the 4 pillars aligned with these SDGs, but the infrastructure sectors in which Axiom invests also have the potential to contribute to these same core goals. These contributions are outlined in the *3.0 Year in Review* section, along with an overview of the SDG alignment of new investments in the *5.0 Newcomers* section of the report.

### 2.2.1 Key climate-related risks and opportunities identified

**The 2020 portfolio climate resiliency assessment demonstrated that Axiom's portfolio exposure to climate related risks were low to moderate in nature. Axiom aims to avoid increasing this exposure when evaluating opportunities and introducing new assets into the portfolio. Building on the 2020 assessment, in 2023, we engaged with an external firm to deepen our portfolio's climate vulnerability understanding and to update our climate resilience assessment process.**

To help guide us in identifying and prioritizing transition risks prior to acquisition, Axiom uses external consultants whose tools and inputs in pricing models are guided by the applicable or stated objectives of the various governments (state/provincial) and markets such as: GHG emissions reduction targets, renewable power production targets and coal power plants phase out. Some examples of market consultants' analysis completed for Axiom's energy sector include the evaluations of existing and upcoming regulatory changes, expected prices for Renewable Energy Certificates (REC) and changes to the Carbon Credit industry. For the physical risks, Axiom collaborates with its advisors to identify the physical risks that might impact the assets and the effect they may have on the operations, the revenue streams, the CAPEX, or the life expectancy. Once identified, risks are prioritized based on the appropriateness of the mitigation and management tools in place, if any.

Since the first assessment, a variety of supplementary practices have been introduced to further embed climate change considerations, including ongoing monitoring of weather events and their impacts (*3.2 Protection of the Environment - 2022*

*Weather Events* section), climate change considerations included in investment memorandums, and climate risks and opportunities discussed during annual risk reviews (2.3 *Risk Management - Annual Risk Review* section). Furthermore, as science behind climate change modelling continues to mature, in 2022, Axiom evaluated multiple providers for the second portfolio climate resiliency assessment, scheduled to be completed in 2023. The aim of the 2023 revaluation is to factor in changes to modelling and place greater focus on understanding the financial impacts associated with climate change projections. Through the implementation of these systematic processes, we aim to further embed the evaluation of climate risks and opportunities throughout the portfolio.

Below is a summary of the assessment<sup>1</sup> presented by asset class, considering only risks and opportunities classified as medium or higher risks, using the TCFD recommended risk classifications<sup>2</sup> over a medium (2030) and long-term (2050) timeframe.

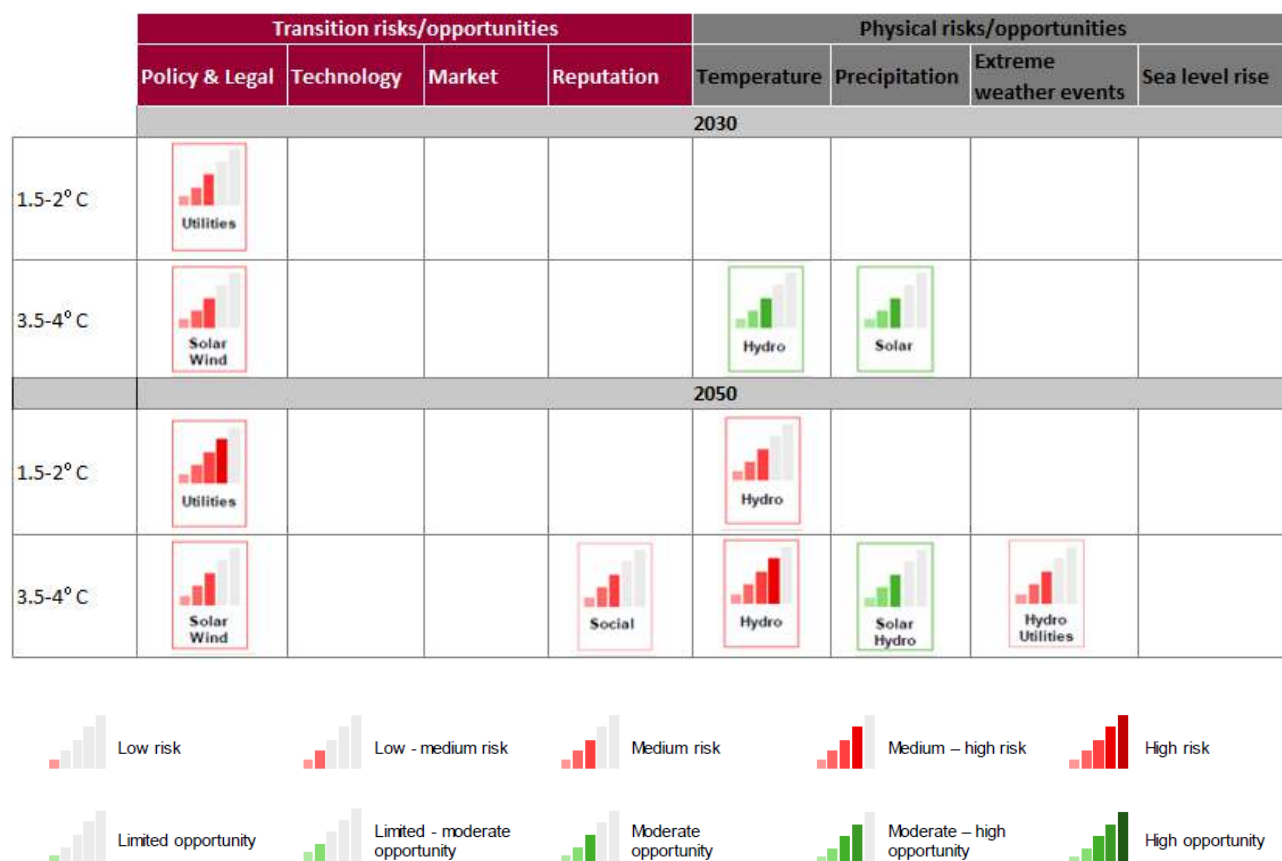




Figure 4 – Climate Resiliency Dashboard: the more significant climate-related risks and opportunities across all asset classes

Axiom monitors the potential impacts of these risks and opportunities in the conduct of its activities and in the selection of its investments. Axiom incorporates these risks in its risk management process, refer to section 2.3 *Risk Management - Annual Risk Review* for details. These are consistently reviewed to keep pace with technological advancements and methods employed to measure and evaluate these factors and their impacts.



<sup>1</sup> Based on assets integrated in Axiom's portfolio and operational in May 2020, in 2021 a refresh of the analysis was conducted on all new acquisitions and demonstrated no increased in the portfolio's vulnerability.

Below are the key climate-related transition and physical risks and opportunities identified in conducting the Climate Resilience Assessment. These are outlined across sectors and timeframe to when Axiom expects to have its business model, strategy and cashflow impacted, along with the potential strength of the impact expected on Axiom's resilience.




**TABLE 1: CLIMATE TRANSITION OPPORTUNITIES**

Sector	Opportunity Category	Opp. Title	Timeframe	Potential impact
<b>SOLAR</b> 	Technology	Decline in solar capital cost/ Levelized Cost of Electricity (LCOE)	Medium	Limited
<b>WIND</b> 	Technology	Decline in wind capital cost/ Levelized Cost of Electricity (LCOE)	Medium	Limited



**TABLE 2: CLIMATE PHYSICAL OPPORTUNITIES**

Sector	Opportunity Category	Opp. Title	Timeframe	Potential impact
<b>SOLAR</b> 	Chronic Precipitation	Increase in generation volume	Medium and Long term	Moderate
<b>HYDRO</b> 	Chronic Precipitation	Variable impact on generation volume	Long term	Moderate
	Chronic Temperature	Net increase in (peak) electricity demand	Medium term	Moderate

**TABLE 3: CLIMATE TRANSITION RISKS**

Sector	Risk Category	Risk Title	Timeframe	Potential impact
<b>SOLAR &amp; WIND</b> 	Policy & Legal	Differences in government compensation	Medium and long term	Medium risk
<b>UTILITIES</b> 	Policy & Legal	Carbon-constraining measures	Medium and long term	Medium risk/ Medium-high risk
<b>SOCIAL</b> 	Reputation	Reputation risk	Long term	Medium risk

**TABLE 4: CLIMATE PHYSICAL RISKS**

Sector	Risk Category	Risk Title	Timeframe	Potential impact
<b>HYDRO</b> 	Acute-Extreme Weather Events	Potential revenue loss & Damage to assets	Long term	Medium risk
	Chronic Temperature	Variable impact on generation volume	Long term	Medium-High risk
<b>UTILITIES</b> 	Acute-Extreme Weather Events	Potential revenue loss & Damage to assets	Long term	Medium risk

## 2.2.2 Impact of identified climate-related risks and opportunities on Axiom's activities and strategy

Axiom's investment strategy has proven well positioned for the turbulent environment and remains the same: to build a portfolio of solid and resilient assets with a focus on long-term contracted and/or regulated investments. The emphasis on responsible investment continues to grow in relevance. Axiom will further increase its contribution to climate change mitigation and protection of the environment. Axiom holds the conviction that this central element of the investment strategy is essential to long-term value creation for its Limited Partners. Consistent with this conviction, climate change considerations are essential to Axiom's business and, whilst climate change risks are actively monitored, managed, and mitigated, they have the potential to impact the operations and financial performance of the managed funds, as with climate-related opportunities.

### NET ZERO AMBITION

In 2015, world leaders congregated in Paris to unite forces to limit global warming to well below 2 degrees Celsius compared to pre-industrial levels. As a result, entities around the globe committed to the ambitious goal to be Net Zero by 2050. In 2021, Axiom announced our own ambition to be Net Zero by 2050 or sooner, which has accelerated the development of our decarbonization strategy, interim targets, and subsequent engagement efforts to align our entire portfolio with this ambition. More details on these strategic developments are scheduled to be published in 2023, upon the review and acceptance of the Target Disclosure submission to NZAM (2.2 Strategy – Decarbonization Plan section). The below roadmap illustrates the high-level actions taken by Axiom since our public commitment was made.

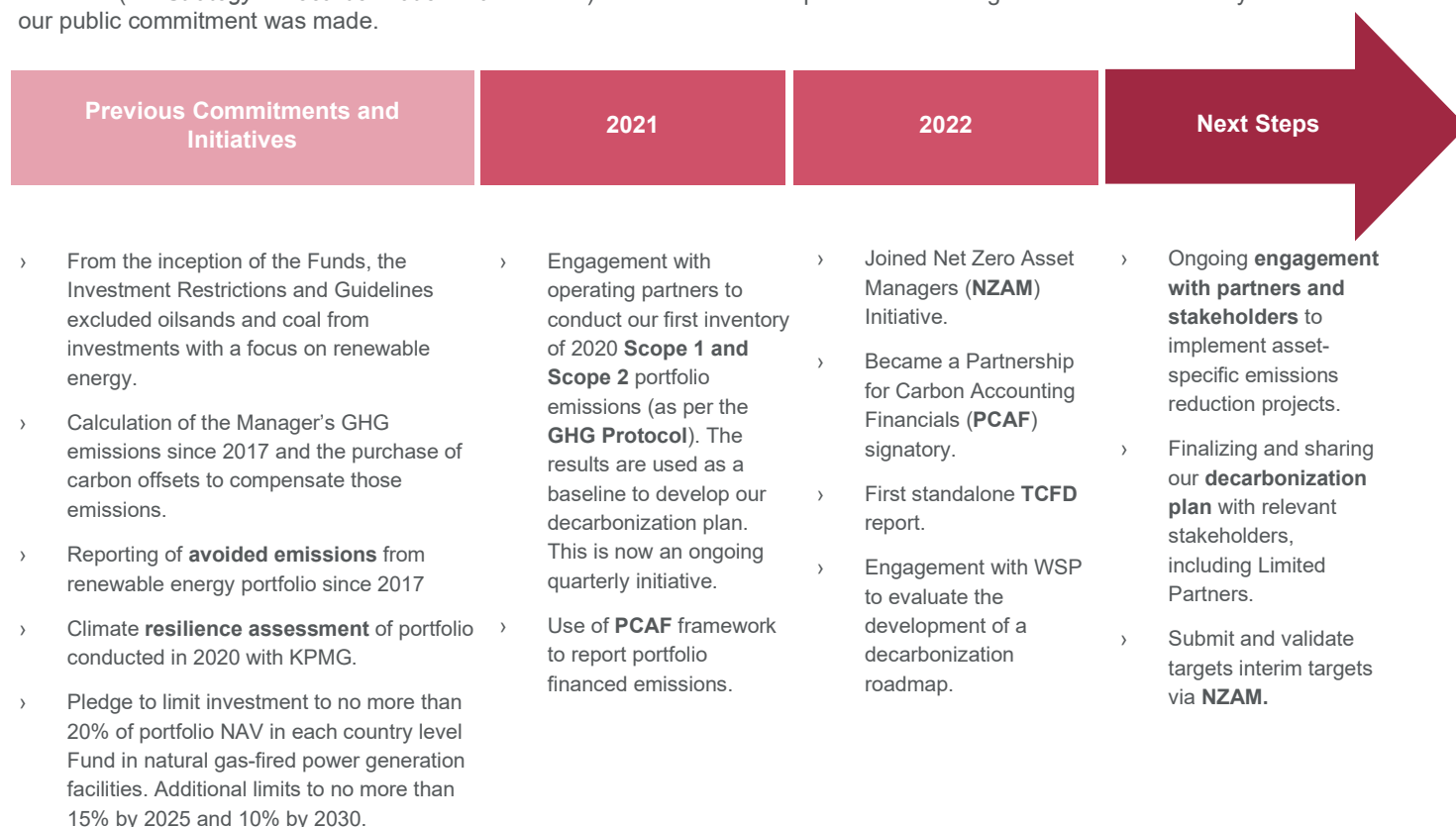


Figure 5 – Axiom's commitment to Net Zero progress

## DECARBONIZATION PLAN

In the current state, viable solutions, and achievable targets are continuing to be prioritized by the firm. Axiom is working on setting targets that are inspired by sectorial decarbonization pathways, with an objective that these goals can be realized, with clear actions and without relying on solutions which may not yet be viable. This approach ensures accountability continues to be upheld and real-world action achieved by the firm, while also placing a focus on avoiding making unsubstantiated claims. Once interim targets are finalized in 2023, these will dictate, and drive accelerated changes to our operations and investment decisions in achieving our decarbonization goals. These proposed interim targets are supported by Axiom existing goal to limit investment (from its original baseline in 2020) to **no more than 20%** of portfolio net asset value in each country-level Fund **in natural gas-fired power generation facilities**. Additional limits have been set to no more than **15% by 2025 and 10% by 2030**.

To meet with NZAM requirement, Axiom submitted our emission reduction targets for 2030 on February 4, 2023. These include:

**By 2030, 50% reduction in tCO<sub>2</sub>e/C\$m total portfolio NAV compared to 2020**

**By 2030, 30% reduction in tCO<sub>2</sub>e/MWh for Axiom's energy portfolio compared to 2020**

Axiom is proud to commit 100% of its asset under management ("AUM") to be aligned with Net Zero and we believe our 50% reduction target aligns with the fair share of global reduction in CO<sub>2</sub> emissions. The targets mentioned above go beyond Axiom's own financed emissions, as they cover all absolute Scope 1 and Scope 2 emissions of our operational assets. We will look to include Scope 3 emissions once data is sufficiently available and reliable. These targets will be monitored closely and adapted when data and innovation enable Axiom to do so. In five years, Axiom will submit an updated decarbonization plan. As an open-end fund, we think our intensity-based target allows Axiom to directly measure the Funds' contribution towards decarbonization, considering the continued growth of the portfolio each year.

As a buy-and-hold investor, we will focus on achieving real emission reductions by investing in innovative solutions, allocating proper Capex to proven technologies and engaging with our partners. We intend to prioritise dialogue with our various stakeholders to benefit from lessons learned, evaluating asset level risks and opportunities, and collaborating with like-minded companies to accelerate innovation. These actions will continue to be supported by our active participation in associations like NZAM and CanREA that allow us to stay abreast of best practices, evolving developments and new opportunities.

## ENGAGEMENT WITH OUR BIGGEST EMITTERS

In 2022, a working group was established to determine priority initiatives for Axiom's top emitting assets. Axiom's gas-fired generation facilities will be evaluated for ways to reduce the overall GHG intensity of the Funds. For Axiom, successful engagement is centered on structured dialogue and clear objectives to transition to low-carbon activities. This will require significant effort, support, resources, and capital to facilitate meaningful discourse and collaboration, which we believe will be the key to our success. To reinforce the importance of engagements focused on emission reduction activities, Axiom has made this a part of the corporate bonus objectives for 2023.

## ENERGY TRANSITION & INNOVATION

Internationally, accelerated mobilization towards decarbonizing the energy sector has been observed as a result of the pandemic and the energy crisis caused by the war in Ukraine. For Axiom, the energy transition will generate both risks, as outlined above and significant opportunities. From the onset of the fund's inception, Axiom has prioritized investments in climate solutions by financing renewable energy projects. As of year-end 2022, Axiom's funds are invested in solar, wind and hydro projects spanning across North America that have a cumulative energy capacity of **7,979 MW**. Our latest solar investment in Alberta, operational since October 19, 2022 (**Travers, AIC II**), represents, with 465 MW of capacity, the largest solar project in Canada and in 2021, we made our first investment in a battery storage facility located in California (**Crimson, AxInfra US**). In 2022, Axiom closed the Edward Sanborn (**Axiom ES Holdings, AxInfra US**) combined solar and battery storage project which represents another milestone achievement, as this facility is the worlds largest of its kind. In total, Axiom's portfolio has **2,905 MWh** of battery storage capacity in operation. Our renewable energy portfolio contributes to the fight against climate change by reducing the need for carbon intensive energy sources and building greater capacity for clean energy solutions. In addition, asset performance through innovation and energy efficiency is a central element to Axiom's investment approach and increasing value for Limited Partners, all the while supporting the growth of the portfolio. This focus also contributes to Axiom's objective to be Net Zero by 2050 and strengthens our portfolio climate resilience. For more information on new renewable energy acquisitions and energy efficiency and innovation highlights seen throughout the existing portfolio, see the *3.4 Innovation & energy efficiency* and *5.0 Newcomers* sections.



## NET ZERO ASSET MANAGERS (NZAM)



Consistent with the Paris Agreement and to support its goal to limit climate change, Axiom has committed to reach Net Zero by 2050 or earlier. To further strengthen this commitment, Axiom became a member of the NZAM initiative in March 2022. Launched in December 2020, the organization is a platform that enhances collaboration by bringing together asset managers globally to support an accelerate transition towards global net zero emissions. As a result of becoming a signatory, Axiom is also a part of The **Glasgow Financial Alliance for Net Zero (“GFANZ”)**. As

part of the commitment, asset managers aligning with Net Zero must also prioritise real economy emissions reductions, consider material Scope 3 emissions, increase investment in climate solutions and create investment products in line with Net Zero. The signatories also agree to only use offsets that involve long-term carbon removal where there are no technologically and/or financially viable ways to eliminate emissions for which Axiom partners with organizations that specializes in helping evaluate, reduce, and offset their clients’ climate impact. Axiom has worked with such organizations, namely Planétair and ACT to offset the Manager’s carbon footprint since 2017 through the purchase of carbon credits which are certified Gold standard. By joining NZAM, Axiom had twelve months to develop a decarbonization plan consistent with its ambition to reach net zero emissions by 2050. Under this plan, Axiom was required to set interim targets for the gradual reduction in overall portfolio emissions. The commitment is consistent with the UNFCCC Race to Zero criteria, and NZAM is accredited by Race to Zero.



## CLIMATE AND SUSTAINABILITY INCREASED REPORTING

Axiom has invested significant amount of time and effort in the last few years to improve its climate-related disclosures, which have been outlined below. In addition, Axiom is regulated by the Security and Exchange Commission (“SEC”) as an investment advisor, therefore will be required to follow any applicable upcoming guidance on climate-related disclosures. Axiom is determined to not only actively mitigate the impacts of climate change on our portfolio investments but to also ensure that our financial decisions help support the transition towards a low carbon economy and a sustainable future. As the risks and opportunities posed by climate change continue to be understood in greater depth, Axiom will continue to evolve and improve our management and disclosure on climate concerns.



Figure 6 – Reporting frameworks under which Axiom is reporting

### 2.2.3 Axiom strategy resilience under different climate-related scenarios

In 2020, Axiom partnered with a third-party expert to assess its Funds' exposure to climate change risks and opportunities. The objective was to understand portfolio resiliency in the context of two potential climate change scenarios: (i) a 1.5 – 2°C scenario (Paris-aligned scenario), and (ii) a 3.5 – 4°C scenario (Adverse trajectory scenario) from both a physical and transition risk perspective. The diversity of infrastructure investments held by the Funds proved to be a benefit in terms of overall risks and opportunities faced by the portfolio.

The assessment results illustrated that majority of the risks identified for all asset classes were low to moderate in nature and a tool was developed to allow for the ongoing evaluation of the sectors that we invest in. Since then, a variety of supplementary practices have been incorporated to further embed climate change considerations, including ongoing monitoring of weather events and their impacts (3.2 Protection of the Environment – 2022 Weather Events section), climate change considerations included in investment memorandums, and climate risks and opportunities discussed during annual risk reviews.

The original assessment considered Axiom's portfolio composition as of May 2020, and the climate source information available up to August 2020. Axiom updated its climate resilience to assess newly acquired assets, and as of December 31, 2021 there was no increase in the vulnerability of the portfolio. Figure 4 illustrates a summary of the climate resilience assessment results presented by asset class using the TCFD recommended risk classification on a 1.5-2°C and a 3.5-4°C scenario.

Furthermore, as science behind climate change modelling continues to mature, in 2022, Axiom evaluated multiple providers for the second portfolio climate resiliency assessment, scheduled to be completed in 2023. The aim of the 2023 revaluation is to factor in changes to modelling and place greater focus on understanding the financial impacts associated with global warming projections.

#### CLIMATE ASSESSMENT RESULTS SUMMARY

Figure 7 – Climate Resilience Dashboard: overview of asset classes by climate resilience level (under 1.5-2°C scenario and 3.5-4°C scenario)






Climate Resilience Level	1.5-2°C	3.5-4°C
High resilience		
High-medium resilience		
Medium resilience		
Medium-low resilience		
Low resilience		

Figure 7 is a summary of the climate resilience assessment results presented by asset class using the TCFD recommended risk classification on a 1.5-2°C and a 3.5-4°C scenario.

The majority of risks identified for all asset classes were low to moderate in nature. As expected, on average, the asset classes are more at risk under a 3.5-4°C than they are under a 1.5-2°C scenario. This is particularly true for assets exposed to the physical risks of climate change. The exception is in the Utilities sector. Due to its dependency on natural gas as a fuel source, it is particularly exposed to policy & legal risks under the 1.5-2°C scenario.

It is also noted that asset classes with a large geographical spread are less susceptible to localized (extreme) weather events or micro-climate trends. This is particularly true for the wind, social and transportation asset classes. The opposite is also true for the hydro, solar and utilities asset classes which are usually more geographically concentrated.

In various instances the contractual agreements combined with the revenue model provide some cushion against climate risks (for the expected life of the asset). This is particularly true for assets that are subject to availability-based and fixed payments (e.g., social, transportation, and utilities to some extent).

Climate change also presents opportunities. Transition opportunities tend to be more pronounced under the 1.5-2°C scenario, particularly for renewable assets. Physical opportunities tend to be more pronounced

under the 3.5-4°C scenario due to climate effects being stronger (e.g., hydro assets benefit from increased precipitation, the effect of which is expected to be greater under the 3.5-4°C scenario specific to the location of Axiom's hydro assets, with the potential exception of the summer months). Under a 3.5-4°C scenario, utilities will likely show continued competitiveness in the energy mix and will benefit of Axiom's ability to passthrough/recover CAPEX to refurbished existing plant with new requirements and compliance costs.



## 2.3 Risk Management

### 2.3.1 Axium's process for identifying and assessing climate-related risks

**A core element of Axium's investment strategy is upheld through its due diligence checks. ESG and climate-related considerations have been integrated in the due diligence process considering their materiality within long-term infrastructure.**

Figure 2 – ESG at Every Stage of the Investment Process listed in section 2.1 *Governance* is a holistic view of how ESG risks identification and assessment is embedded in each phase of the investment process.

During the investment analysis process, dialogue with all the project stakeholders including, when applicable and to the extent permitted by the vendor process, Indigenous communities, is at the cornerstone of Axium's due diligence duty. Axium looks to its strong network of external partners to accompany us to evaluate ESG considerations throughout the process, including reviewing governance structures and compliance history.

To address challenges as they relate to ESG and climate change, Axium has developed its own tailored ESG evaluation grid. The grid is structured around specific themes considered to be material to the investment sector and is used by the investment team to conduct proper due diligence for all potential investments. In addition, all such selected investment opportunity reviews benefit from the involvement of independent external resources such as third-party technical advisors, legal consultants, and input from the ESG committee members to analyze the key issues included in the ESG grid.

The management team has established knowledge of physical and transition risks material to its investment sectors arising from the ongoing transition towards a low-carbon economy. Axium's process to identify and prioritize transition and physical risks are further explained in the below section using the Climate Resilience Assessment tool and Scenario Analysis developed by a third-party consultant.

At this stage, mitigation measures are also assessed. For example, the CAPEX is reviewed to ensure sufficient contingency is introduced to maintain the asset, the spare part inventory is reviewed to be able to restore the asset following an event, the insurance coverage is adjusted to cover damages and loss of revenues, the data is gathered to assess the impacts of weather on the asset (temperature, precipitation, etc.), etc. With sea level rise and the increase of heavy rain events, the risk of flooding will become increasingly material to assets located in low lying and/or draining challenged areas. Flood risks identified during the investment process are a helpful example to illustrate this practice and can impact Axium's decision to pursue an opportunity as well as the selection of materials during construction. Given that glaciers are receding due to global warming, this risk is inevitably considered during the initial assessment to understand historical and future flow patterns for all hydroelectric projects.

We believe that our comprehensive due diligence process is reasonably designed to identify and assess climate change-related risks that have the potential to significantly affect our investments over the short, medium, and longer terms.

### 2.3.2 Axium's processes for managing climate-related risks

**To ensure ESG and climate change considerations are embedded within Axium's operations, asset managers are involved early in the due diligence process and hold regular meetings to mitigate issues and address opportunities. For all portfolio investments, the asset management team holds a continuous dialogue with the project team, operators, and local stakeholders.**

Axium firmly believes that its hands-on asset management approach is foundational to its management of ESG and climate change related matters. This asset management strategy adopted by Axium is strongly positioned to add value through leveraging unique technical, operational and asset management expertise. Regular communication helps increase Axium's visibility over operators and asset activities while ensuring the team delivers its expectations in terms of ESG values and practices.

Through this ongoing engagement, ESG practices are shared with project operators and monitored on a regular basis, following the ESG grid used during the due diligence phase. Asset managers have constant awareness of community relationships and ensure that these ties remain strong in the communities where our projects are located.

With the constantly evolving landscape in ESG and climate change reporting, Axium is working together with project operators to collect a set of ESG indicators, including greenhouse gas emissions. This effort allows Axium to monitor and manage its exposure to climate-related risks and opportunities at the asset level. Axium targets to have this effort conducted on a quarterly basis. Refer to Section 2.4 *Metrics & Targets* for further details.

## **ANNUAL RISK REVIEW**

For the second year in a row, Axium has conducted an ESG risk assessment across the portfolio. This annual risk review serves as a checkpoint to communicate, evaluate, and address asset-level risks and opportunities. As a baseline, in 2021, each asset held within the portfolio underwent a risk review meeting with members of the Risk Overview Committee and ESG Committee, along with the relevant asset managers and deal teams. In 2022, a subset of assets was scheduled to participate in the formal meeting with the wider team. Moving forward, each year the list of assets that undergo a team review will be rotated and chosen based on most recent portfolio developments, formally meeting with the group at least once every three years. This approach was selected to ensure potential material risks are prioritized and efficiency in the review process maintained. The intent is to illustrate whether ESG risks and/or opportunities are evolving, materializing, and being mitigated, in the hopes of providing greater visibility to inform fund level strategies, due diligence processes, performance metrics, and company level objectives.

## **MATERIALITY ASSESSMENT**

In 2022, Axium conducted its first materiality assessment for all portfolio companies. The assessment builds on the materiality tool developed by GRESB which asks a set of questions relating to materiality factors where the answers help determine the weighting of a comprehensive list of ESG issues. To this Axium added its own set of issues that are deemed relevant from a risk perspective. The analysis was completed with the help of asset managers responsible as well as members of the ESG committee and results were reviewed in order to ensure they accurately reflected the specific materiality concerns of each portfolio company. Moving forward, these processes will be completed for each new acquisition and repeated periodically for the entire portfolio.

## **RESPONSIBLE CONTRACTOR POLICY**

As contractors and sub-contractors represent a large portion of the labour on the ground operating Axium's portfolio of assets, ensuring appropriate selection processes which uphold responsible governance practices is essential. To this point, Axium has conducted a governance review to centralize evidence of asset-level responsible contractor policies and/or equivalent documentation which address the core topics listed within Axium's Responsible Contractor Policy. The Policy is designed to guide, in a manner consistent with Axium's commitment to promote responsibility and prudence in managing the investments of its Fund, the selection of independent contractors who provide construction, repairs, maintenance and infrastructure operating services to assets and companies in which Axium invests. The analysis was first completed in 2021 and supplementary evidence was obtained for the remaining assets throughout 2022. All of Axium's assets which were present in the portfolio as of December 31, 2021, have either a Responsible Contractor Policy in place, equivalent language within other operational policies or have provided an acknowledgement to abide by the outlined guidelines and the spirit of the policy in a manner consistent with Axium's commitment.

EXTREME WEATHER EVENTS

In 2021, Axiom instated a formalized process to document weather-related events at the asset level. Monitoring these developments will support the ongoing evaluation of Axiom’s portfolio resiliency to climate change by documenting impacts, mitigation strategies and future improvement considerations. This new register is a more formal way to gather information on weather events and will allow Axiom to look at the events on a higher level, eventually enabling us to have a better view on geography and sector-related risks. A location-based outline is listed below, to illustrate weather events documented between 2021-2022. For additional detail on material events that occurred in 2022, refer to section 3.2 *Protection of the Environment - 2022 Weather Events*.

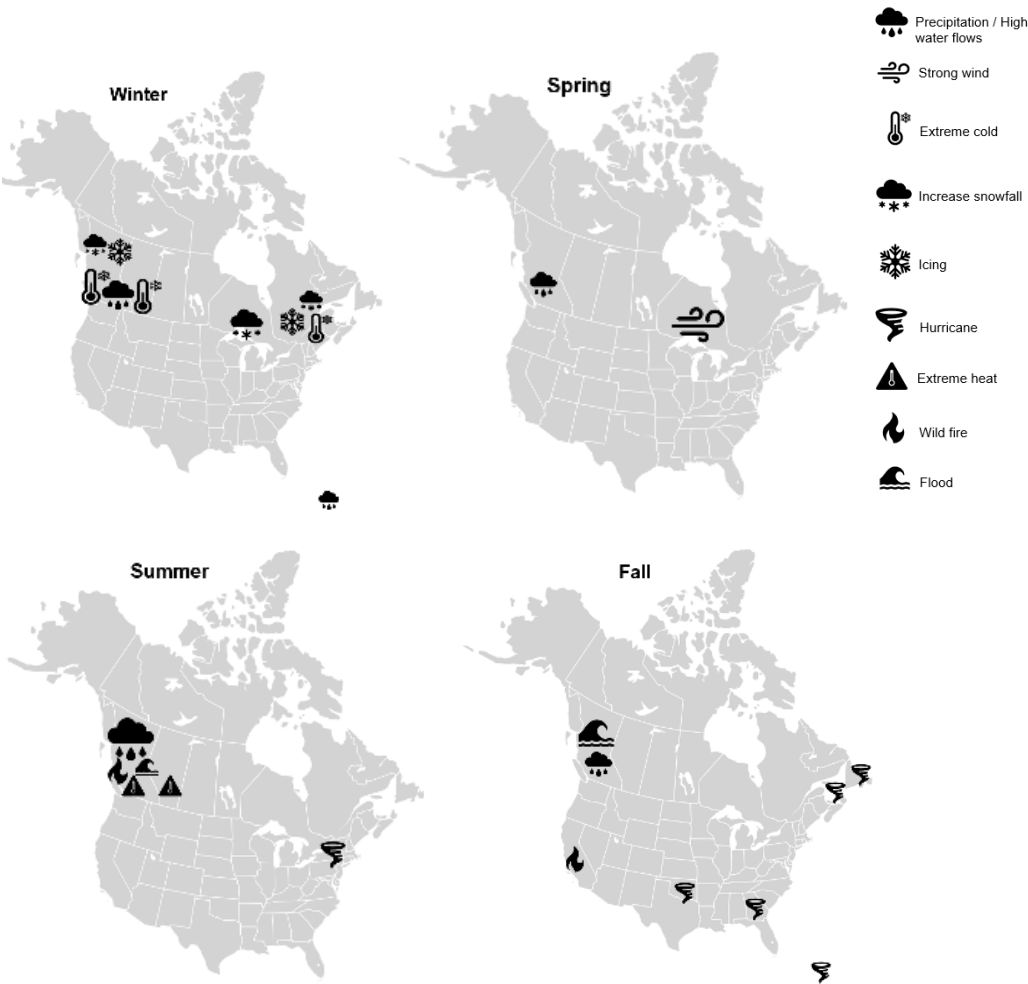


Figure 8 – Extreme Weather Events log 2021-2022

## 2.4 Metrics & Targets

As outlined in the strategy section of this report (section 2.2), improving the collection, and reporting of ESG data was a central focus in 2022. With the introduction of more detailed and uniform KPIs (key performance indicator), Axiom engaged with our operating partners to communicate the new SFDR data requirements, alongside other metrics material to Axiom's annual benchmarking assessments and industry best practices. With the introduction of this effort, throughout the year, Axiom focused on providing support to our operating partners responsible for reporting quarterly on the asset-level data. This included sharing additional material on indicators that may be new to a given partner, developing resources for frequently asked questions, listening to challenges faced by the respondents collecting the information, and facilitating calls with individual assets to engage in meaningful discourse. For more information on the engagement approaches applied, see section 4.0 *Engagement*.

With the first year behind us, we will continue to build on the quality and quantity of data that is provided, while also streamlining the collection process and strengthening control frameworks over the procedures applied. Improvements have already been observed between the first and last quarter of the year as processes began to be established throughout the portfolio for better collection and reporting measures. As a next step, focus will be placed on ensuring that assets are able to effectively address all SFDR indicators in the subsequent reporting periods. In the interim, the SFDR principal adverse impact indicator reporting will include information on the percent of the portfolio supplying information to ensure transparency in the disclosure documents. Defining the foundations for ESG data collection will enable the development of set metrics to monitor our ESG performance and further define targets aligned with our decarbonization plan.

### COMPLIANCE WITH RECOGNIZED REPORTING FRAMEWORKS

With increased demand for transparency within ESG, regulatory agencies are placing focus on building better guardrails around ESG reporting by developing stringent requirements and standards. Due to the diversity of Axiom's investor base, we are subject to regulations in Canada, the United States, and the EU. For this reason, ensuring alignment with the latest regulatory developments in these regions continues to be a focus area. In the fall of 2021, the International Sustainability Standards Board (ISSB) was formally launched during COP26. The ISSB aims to deliver a comprehensive global baseline of sustainability-related disclosure standards that will help standardize and unify existing sustainability disclosure frameworks to increase comparability, reliability, transparency, and quality of ESG information. That same year, the European Commission adopted the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy (EUT), designed to reorient capital towards sustainable businesses. In 2022, the SEC also proposed two rules to increase regulation around labelling of ESG funds and establish new disclosure requirements related to ESG investments. As demand grows for ESG products, regulators continue to take action to create frameworks that support the disclosure of reliable and verifiable information to investors. For this reason, Axiom continues to actively monitor the developments around reporting regulations applicable to our business operations. The information below outlines the current status and progress made in compliance with applicable mandatory ESG disclosure requirements, specifically focusing on data, metrics, and targets.

#### Sustainable Finance Disclosure Regulation (SFDR)

As introduced in the 2021 report, Axiom aims to classify its funds in line with Article 8 of the SFDR, which refers to financial products that promote environmental and social characteristics. Axiom's strong focus on renewables, from the beginning, has proven to be an excellent strategy and one that supports our claim to offer products that align with Article 8. The disclosure requirements under the SFDR consist of both entity-level and product-level disclosures, including;

- › Website disclosure
- › Principal Adverse Impact Statement
- › Pre-contractual disclosure
- › Periodic disclosure

Having outlined the preliminary disclosure requirements in 2021, the European Commission needed to provide additional information to clarify elements of the SFDR that remained unclear and/or open to interpretation. With the application of the Regulatory Technical Standards (RTS), which came into effect in January 2023, the regulation now provides additional guidance on the way financial market participants are expected to present the above disclosure material. Throughout 2022, focus was placed on developing internal knowledge, capabilities and processes that would allow Axiom to abide by the disclosure requirements, specifically reporting on the mandatory adverse impact indicators. The draft RTS guidance, made available in 2022 and finalized in January 2023, was used to develop necessary documentation, scheduled to be published by Axiom in 2023. Although certain aspects of the SFDR remain to be defined in more detail, Axiom is actively monitoring the ongoing publications made by the European Commission to ensure the most up to date guidance is applied.

## EU Taxonomy Assessment

For financial market participants looking to classify their funds as Article 8, the SFDR requires fund managers to disclose detail about the proportion of assets that are Taxonomy aligned. As introduced in Axiom's reporting last year, the EU taxonomy is a dictionary that outlines six environmental objectives that economic activities can align with. These activities present criteria and thresholds that define the significant contributions of activities which are deemed sustainable. In 2021, Axiom conducted the first Taxonomy alignment of its portfolio assets with a third party, South Pole. The 2021 results showed a **48.5%** portfolio alignment mainly through Axiom's investments in the renewables sector. The alignment was based on climate change mitigation and adaptation objectives that were the available objectives at the time of the assessment. In 2022, Axiom secured a second mandate with South Pole to refresh the previous assessment with the inclusion of new assets acquired in the portfolio to present the most up to date information in preparation for the 2023 SFDR disclosure. The 2022 portfolio alignment results are **57.51%** and these are detailed in the *ESG Data Collection* section below.

## International Sustainability Standards Board (ISSB) monitoring

Since its launch in November 2021, the ISSB released two sets of disclosure exposure drafts (S1 – General Requirements for Sustainability-Related Disclosures Exposure Draft and S2 – Climate-related Disclosures Exposure Draft) providing guidance on upcoming disclosure requirements. Whilst the ISSB draft exposure aligns with the architecture of the well established TCFD framework, the proposed disclosures require a subset of additional granular information, specifically around metrics and targets used to monitor ESG performance. To stay ahead of the curve, Axiom is actively monitoring the developments of these drafts, observing the market's feedback and revisiting processes to start implementing changes and improvements for future alignment with ISSB requirements. As such, a working group has been formed with the mandate to focus on implementing industry-based disclosure requirements derived from SASB standards, improve data collection processes and controls, and enhance ESG-related disclosures over the coming years.

## PORTFOLIO ALIGNMENT WITH NET ZERO AMBITION

Axiom's Net Zero ambition represents our guiding objective towards advancing our ESG impacts. With this vision in mind, our portfolio of assets is built with the objective of bringing a substantial contribution to the energy transition to net zero carbon emissions in the communities where we invest. The below graph illustrates the sector breakdown of Axiom's entire portfolio (based on NAV as of December 31, 2022). The renewable energy sectors represent the assets which are carbon sober, meaning that the emissions associated with the energy generation activities are close to none. In total, this sector represents **57%** of Axiom's assets under management which contribute to the decarbonization objective. It is important to note that although the remaining sectors are not carbon sober, they bring other environmental, economic, and social benefits. As outlined above, although limits have been set for the natural gas fired power generation facilities to no more than 20% now, down to 15% by 2025 and 10% by 2030, these assets are critical to energy transition activities. Axiom is dedicated to managing these sectors in line with our ambition to be Net Zero by working with our partners to establish emission reduction plans and targets. With currently only 8% of our portfolio exposure to gas-fired power generation, we are aligning with our original target.

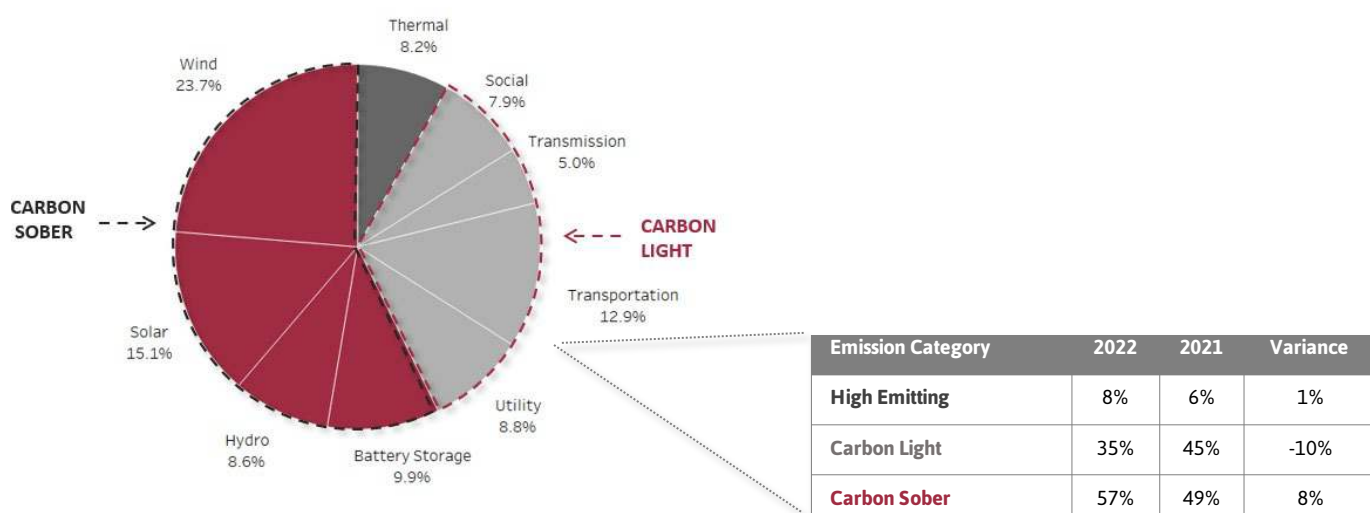


Figure 9 - Portfolio Alignment with Net Zero Objective

Note: Graph represents all assets which were in the portfolio as of December 31, 2022. These include both operational and assets currently in construction.

Our decarbonization plan submitted to NZAM in February 2023 (refer to Section 2.2.2 for further details) includes two intensity-based interim targets. By 2030, Axium targets to achieve a 50% reduction in tCO<sub>2</sub>e/C\$m total portfolio NAV and a 30% reduction in tCO<sub>2</sub>e/MWh for our energy portfolio compared to 2020. These targets will combine the results of our efforts in engaging with our operators of high emitting assets to realize tangible gains in terms of emission reductions. To support this, in 2023 Axium has included an engagement objective within the corporate bonus structure that mandates engagement with investee companies to communicate and/or develop carbon emission reduction plans at the asset level.

ESG DATA COLLECTION

Collecting and monitoring substantiated impacts backed by real and high-quality metrics continues to be a priority for ESG reporting at Axium. As a first step, in 2020, Axium initiated the first complete portfolio GHG inventory which two years later is a well-established quarterly data collection process. Subsequently, at the beginning of 2021, a wider ESG data collection program was launched to address the SFDR reporting requirements and indicators relevant to other disclosure frameworks Axium aligns with. As noted in the 2.4 Metrics & Targets - 2021 Greenhouse Gas Inventory section, 100% of assets are currently reporting on the GHG data, while we have seen a variety of responses relating to the SFDR indicators from our operating partners based on the availability of existing KPIs, sector applicability and size of the project. Although some information is disclosed in great detail, other assets will require the implementation of new capabilities to address the requested data. Through engagement with our partners (see section 4.0 Engagement), we have been able to clarify the purpose of reporting on these metrics, what constitutes as sufficient evidence and reiterating messaging around improving the quality and breadth of data provided each quarter. Through the process of iteration and feedback loops, Axium will continue to improve the ESG data collection process, analysis of metrics provided, and wholistic reporting over the coming years.

The below progress graphs and metrics illustrate the improvements made in the response rates from Axium’s operating partners throughout the year.

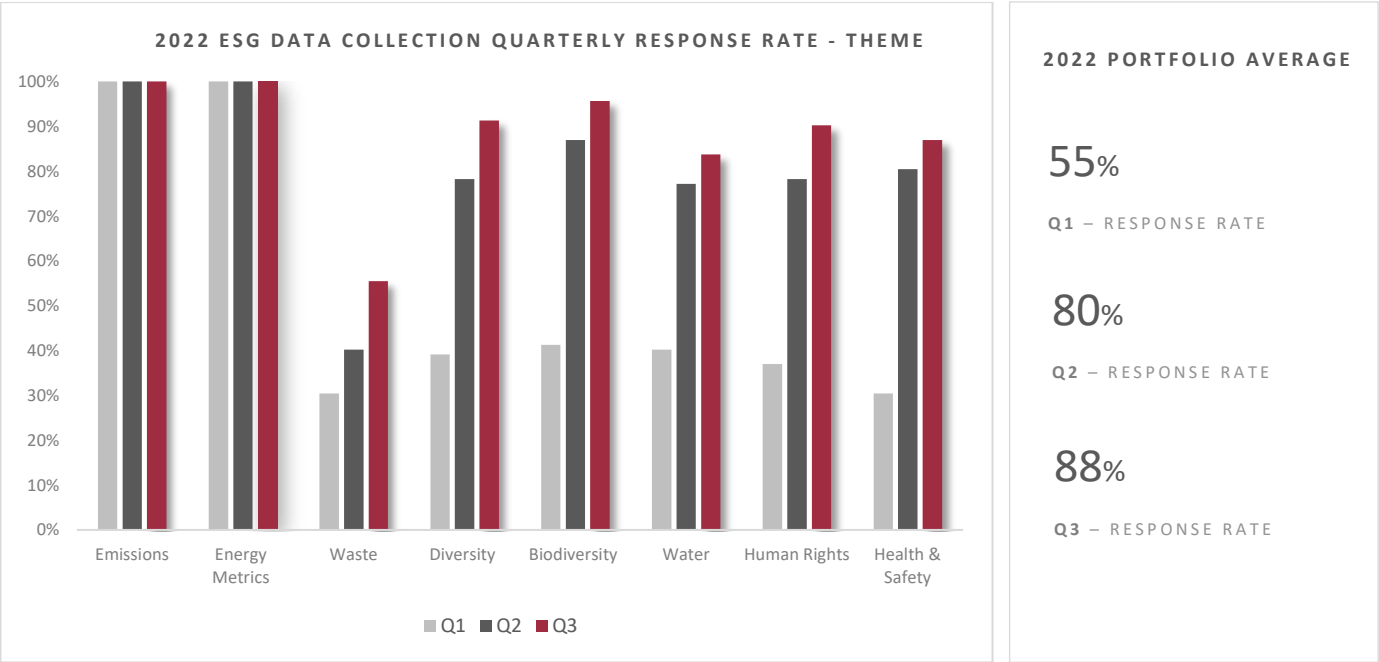


Figure 10 – ESG Data 2022 Response Summary



The first year of tracking of SFDR indicators and metrics relevant to Axiom's operations will be used as baselines to develop subsequent targets for continuous improvement efforts. Therefore, the SFDR first-year reporting cycle will identify areas which require improvements or further surveillance and where increased effort and initiatives should be deployed. Similarly, since the first EU taxonomy assessment was completed in 2021, Axiom has worked on improving the percent of assets aligned under this regulation. Finally, our Extreme Weather Events log will also be leveraged as a useful tool for baselining the exposition of our assets to physical risks. In 2023, we will be working on improving the documentation of financial impacts related to these weather events.

The mandatory SFDR disclosures and principal adverse impact reporting, which is comprised of mandatory indicators and metrics set forth by the SFDR, are underway and scheduled to be issued on our website and relevant internal documentation by June 30th, 2023. The above coverage ratio, to illustrate the percent of the portfolio providing information on a given data point, will be included in the Principal Adverse Impact statement which will summarize Axiom's 2022 indicators results (ESG Data). Although much of the disclosure is being developed as prescribed by the EU regulation, considering that Axiom's assets are located in North America, there are a number of regulatory differences between these regions. For this reason and when necessary, proxy metrics have been identified and information will present akin elements relating to the topics in question. The detailed methodology that outlines how the metrics were collected and summarized will be included in the disclosure documents in Q2 2023. Axiom will continue to apply best efforts to ensure that relevant information is disclosed as necessary and will assess changes needed based on additional guidance being published by the European Commission.

The below results demonstrate details of the 2022 EU Taxonomy alignment of Axiom's portfolio, **57.51%** based on the NAV as of December 31, 2022 (2021 - 48.5%). Assets that participated in the assessment consist of both projects that are in construction and in operation including assets that were acquired throughout the year. Axiom is pleased to report an increase of **9.01%** of portfolio alignment with this regulation. As an open-ended fund financial detail associated with the assets NAV will inevitably change year over year, however, we are determined to continue to improve on the fund's percent alignment. The factors that contributed to the EUT alignment increase are based on two distinct efforts. Firstly, new acquisitions made in 2022 continued to support EU's environmental and social objectives. Secondly, we have made pointed efforts to align existing assets with additional documentation to illustrate various management practices at the asset level that effectively align with the Do No Significant Harm "DNSH" criteria. Axiom intends to continue to improve on the EUT alignment of the portfolio in future years and the below graphs illustrate the 2022 results in detail based on both portfolio and fund breakdowns.

Axiom's overall portfolio EUT alignment is **57.51%**. The below chart illustrates the breakdown by sector with renewable energy sectors accounting for the majority of EUT aligned activities. Differences year over year are based on new acquisitions, new asset alignment and changes to the weighting of the portfolio NAV which play a factor in all of the below sectors. The results are based on the NAV at year end for each reporting period.

**TABLE 5: EU TAXONOMY RESULTS, BY SECTOR**

Year	2022		2021	
Sector	Aligned	Not Aligned	Aligned	Not Aligned
Gas Fired Generation	0.00%	8.17%	0.0%	6.71%
Social	0.00%	7.92%	0.0%	7.76%
Transmission	0.63%	4.42%	0.0%	6.61%
Transportation	0.00%	12.87%	0.0%	17.39%
Utility	4.04%	4.71%	0.0%	12.87%
Battery Storage	8.83%	1.07%	2.9%	0.00%
Hydro	8.61%	0.00%	10.3%	0.00%
Solar	11.73%	3.33%	9.9%	0.00%
Wind	23.67%	0.00%	25.3%	0.26%
<b>TOTAL</b>	<b>57.51%</b>	<b>42.49%</b>	<b>48.40%</b>	<b>51.60%</b>

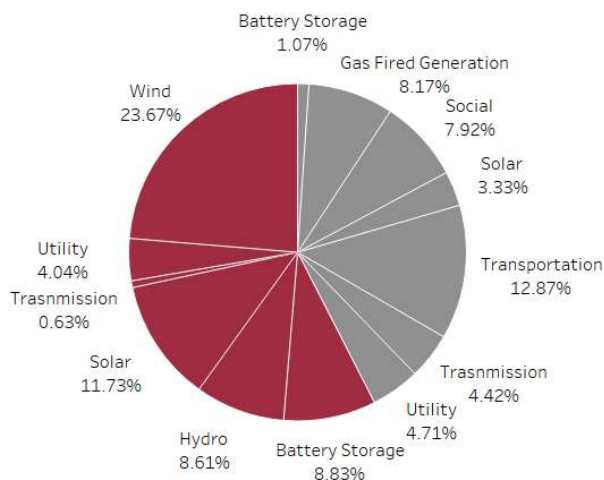


Figure 11 - Portfolio EUT Alignment, by Sector

To illustrate a fund specific view, the below breakdown shows the percentage of assets that are aligned within each country level Fund. AIC II has the largest proportion of assets aligned with the regulation, predominantly based on the renewable energy assets. However, the largest improvement from 2021 was achieved by AxInfra US, which improved its alignment by 25.65% in 2022. The below results are based on the NAV at year end for each reporting period.

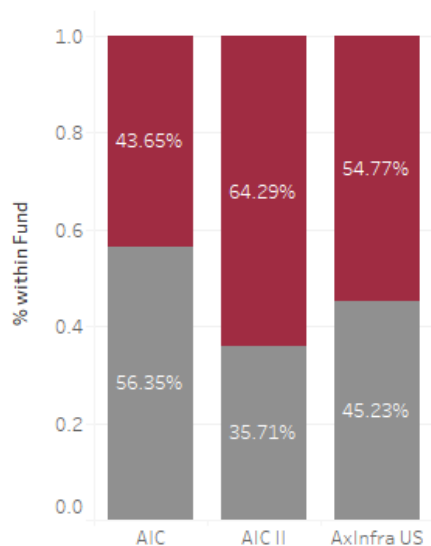


Figure 12 - EUT Alignment, by Fund

TABLE 6: EU TAXONOMY RESULTS, BY FUND

Year	2022		2021	
Fund	Aligned	Not Aligned	Aligned	Not Aligned
AIC	43.65%	56.35%	46.57%	53.43%
AIC II	64.29%	35.71%	67.52%	32.48%
AxInfra US	54.77%	45.23%	29.12%	70.88%

**AxInfra US** has seen the largest improvement since the first EUT assessment conducted in 2021. Alignment of this fund increased by 25.65 % which was the result of additional efforts being placed to align existing assets. In addition to the reassessments, the improvement was also driven by new acquisitions made in the renewable energy and battery storage projects.

## 2021 GREENHOUSE GAS INVENTORY

### GHG Data Collection Methodology

Axiom calculated the Scope 1 and Scope 2 greenhouse gas emissions of the Funds' portfolio of underlying assets for the year ended December 31, 2021, by collecting real data from the operators of these projects on a quarterly basis. Because of data limitations and the lack of a consistent standard for measuring Scope 3 emissions (all other indirect emissions that occur in the value chain of the reporting company), these have not been considered at this time. Further, Axiom decided to exclude assets under construction and those acquired during the reporting year for comparison purposes. Emissions from construction projects are considered to be outside of the boundaries of operational activities.



Two assets sold in Q2 2020 and early 2021 respectively were excluded to enable enhanced tracking of future emissions performance and to avoid redundant data collection efforts.

Given difficulties in collecting real data for some emission sources, a small number of estimates had to be factored into the calculations. As the GHG inventory continues in the following years, we will work with our partners to decrease the number of estimations required.

Axiom reports portfolio greenhouse gas emissions in two ways: absolute emissions and portfolio financed emissions. Absolute emissions cover 100% of the total emissions of each underlying portfolio company, that is 100% of the generated emissions within a given year which is irrelevant of the ownership of the asset by our Funds. Portfolio financed emissions is used to attribute emissions to the Axiom managed Funds as well as other equity and debt providers as per the PCAF (Partnership for Carbon Accounting Financials) methodology to avoid double counting of emissions between equity and debt providers. Financed emissions are calculated by multiplying an attribution factor by the absolute GHG emissions of the portfolio investment. The attribution factor is the share of total annual GHG emissions of the portfolio investment that is allocated to the Funds and is calculated by determining the share of the outstanding amount (% Ownership \* Equity Value at 100%) divided by the total enterprise value of the project that the Fund is invested in.

While Axiom is reporting emissions attributed to each country fund, these emissions can be further allocated to individual Limited Partners indirectly invested within these funds based on the investors' respective ownership (i.e., calculated based on feeder fund units held by the party, and the feeder fund's ownership of the country fund).

Absolute emissions were used to inform Axiom's Net Zero Strategy and interim 2030 targets submitted to NZAM for review given that reflecting 100% of portfolio emissions in our strategy allows Axiom to directly measure the Funds' contribution towards decarbonization and driving real world reductions.

### Portfolio Financed Emissions

As required by PCAF, this section presents the results and key findings from the greenhouse gas inventory of financed emissions from Axiom's managed Funds in 2021. As shown in *Table 8*, gas-fired generation assets account for 87.03% of the 2021 emissions from all operating assets within the managed Funds, up from 84.33% in 2020. Together with the Utility sector, it represents 94.4% of Axiom's total GHG emissions. These high emitting assets will continue to be a focus area for Axiom as we embark on our decarbonization journey.

**TABLE 7: PORTFOLIO FINANCED EMISSIONS, BY FUND**

Fund	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Total 2021 (tCO <sub>2</sub> e)	Total 2020 (tCO <sub>2</sub> e) (Baseline)
AIC	851	908	1 760	2,246
AIC II	14,176	2,618	16 794	17,100
US Country Funds	520,904	13 218	534 122	435,218
<b>Total (tCO<sub>2</sub>e)</b>	<b>535,931</b>	<b>16 744</b>	<b>552 675</b>	<b>454,563</b>

**TABLE 8: PORTFOLIO FINANCED GHG EMISSION COMPOSITION**

Asset Sector	2021 (%)	2020 (%)
Hydro	0.31%	0.33%
Social	2.03%	2.25%
Solar	0.08%	0.06%
Thermal	<b>87.03%</b>	<b>84.33%</b>
Transport	0.52%	0.61%
Utilities	7.50%	9.31%
Wind	2.53%	3.11%

**TABLE 9: AXIUM'S PORTFOLIO CARBON FOOTPRINT**

Fund	2021 tCO <sub>2</sub> e/\$CAD MM	2020 tCO <sub>2</sub> e/\$CAD MM
AxInfra US	222.6	206.0
AIC II	4.0	5.4
AIC	2.3	2.2
<b>Portfolio</b>	<b>74.5</b>	<b>76.3</b>

## Manager Footprint

The above fund level Scope 1 and Scope 2 financed emissions are represented below as the Managers Scope 3 emissions, as required by PACF. Axiom began calculating the firm's own greenhouse gas emissions in 2017 to account for and offset the impact of our business activities (i.e., energy consumption from our office locations, employee commute and business travel). In the five years since, we have expanded the evaluation perimeter to provide a more encompassing understanding of our impacts. For example, within business travel, we have always included fundraising, deal making and other corporate travel but, in 2019, we added travel related to asset management. This includes site visits as well as visits and meetings with third parties involved in the operations and management of portfolio investments. In 2021, using the PCAF methodology described above and in line with the GHG Protocol's Scope 3 Category 15 (Investments) guidance, we began incorporating portfolio financed emissions to the Scope 3 results as of 2020. As previously mentioned, the financed emissions reported within Scope 3 of the organization's GHG inventory represent total portfolio investments, which includes but is not limited to Axiom Infrastructure Inc's share of investment in the funds. This approach has been taken to support consistency in tracking and reporting in alignment with the recommendations of established GHG target setting methodologies. Because of the time required to collect asset-level greenhouse gas data, portfolio financed emissions are reported with a one-year delay, this year we have added the 2021 financed emissions in the table below. Of the 552,675 tCO<sub>2</sub>e financed emissions in 2021, 2,929 of these were attributed to Axiom Infrastructure Inc, based on its ownership of the funds. This year, the Manager proceeded to offset 3,176 (2,929 + 247) tons of CO<sub>2</sub>e. Refer to section 3.2 for further details.

**TABLE 10: AXIUM INFRASTRUCTURE INC. GREENHOUSE GAS EMISSIONS, YEAR-OVER-YEAR COMPARISON**

	2022	2021	(Baseline) 2020	2019	2018	2017
Natural Gas (Scope 1)	10.26	8.26	6.92	8.22	12.14	10.13
Purchased Electricity (Scope 2)	17.24	12.70 <sup>3</sup>	0.03	0.03	0.03	0.03
Commute (Scope 3)	74.83	20.79	21.60	51.36	51.27	46.57
Business Travel (Scope 3)	144.63	14.35	60.34	222.75	99.93 <sup>4</sup>	121.43 <sup>4</sup>
<b>Subtotal (tCO<sub>2</sub>e)</b>	<b>246.96</b>	<b>56.10</b>	<b>88.89</b>	<b>282.37</b>	<b>163.36</b>	<b>178.16</b>
<b>Financed Emissions (Scope 3)</b>	<b>n/a</b>	<b>552,675</b>	<b>454,563</b>	-	-	-
<b>Total GHG Emissions (tCO<sub>2</sub>e)</b>	<b>246.96</b>	<b>552,731</b>	<b>454,652</b>	<b>282.37</b>	<b>163.36</b>	<b>178.16</b>

## GHG Intensity

As required by the TCFD, Axiom has calculated its Weighted Average Carbon Intensity ("WACI") of investee companies for the year 2021 using the following formula:









$$\sum_n^i = \frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i}$$

This GHG intensity expresses the GHGs released from the investment's activities with a normalisation factor, the GHGs released per dollar of revenue generated by the investee company. This KPI is a TCFD requirement and was first introduced in the 2021 standalone TCFD report. It provides insight where Axiom could be the most impacted by future policies, regulatory requirements, market, and technology responses to limit climate change. The results in tons of CO<sub>2</sub> emissions per dollar of revenue for 2021 per sector are the following:

<sup>3</sup> An adjustment was made to the emission factors used for the calculation of purchased electricity resulting in the increase from previous years.

<sup>4</sup> Excluding business travel related to asset management

**TABLE 11: WEIGHTED AVERAGE CARBON INTENSITY (“WACI”) BY SECTOR**

		2021	2020 (Baseline)
Asset Sector		tonsCO <sub>2</sub> e/CAD	tonsCO <sub>2</sub> e/CAD
 Hydro		4.2	4.4
 Social		5.0	4.8
 Solar		1.3	0.3
 Thermal		238.6	336.8
 Transport		2.9	3.7
 Utilities		16.2	22.5
 Wind		14.4	17.8
 Transmission		32.1	41.2
Total		314.7	431.6
<i>* In the 2021 TCFD report both utility and transmission factors were combined. The above totals have been adjusted to illustrate separate factors for both sectors.</i>			

### Emission from Energy Generation

The below sector emission intensities are based on absolute emissions of the underlying assets and the total generation realized for the year. These metrics have been used to develop and track Axiom’s emission reduction targets. The reason for using absolute emission metrics, as opposed to the above financed emission data, is because emission reduction activities do not apply to only the proportion of emissions attributed to an organization. Based on the available guidance, emission targets need to be tracked and disclosed at the absolute level, which will subsequently influence the financed emission totals. Below table lists average emission intensities for all energy sectors Axiom invests in. Assets under construction are excluded. Axiom will be using this metric to track its progress towards its Net Zero ambition as we committed in our submission to NZAM to decrease our emissions from energy generation by 30% by 2030.

**TABLE 12: EMISSION INTENSITY FROM ENERGY GENERATION**

Sector	(Baseline)	
	2021 tonsCO <sub>2</sub> e/MWh	2020 tonsCO <sub>2</sub> e/MWh
Solar	0.002	0.001
Wind	0.004	0.005
Hydro	0.003	0.003
Utility	0.196	0.202
Thermal	0.337	0.352
Average (Energy)	0.141	0.147
<i>* In the 2021 TCFD report the average emissions from energy generation were based on the factors identified during the investment process. The above numbers have been updated to illustrate actual emissions based on real data gathered from the assets in both years.</i>		

### Impact of our Renewable Energy Portfolio

As highlighted in section 2.2 *Strategy* of this report, financing climate solutions is a central element in accelerating the transition towards decarbonizing the global economy. From the onset, Axiom has placed a strong focus on renewable energy, which over the lifespan of the company's operations has significantly contributed to avoiding emissions in regions across North America. In 2022, our renewable energy portfolio of wind, solar and hydro facilities that are currently in operation reached a total capacity of **7,979** MW (2021 – 5,036 MW).

**Table 13: Renewable Energy Capacity, by Fund in Megawatts 2022**

	AIC	AICII	AxInfra US	2022 Total*	2021 Total*
Wind	904	1,609	4,645	6,355	3,921
Solar	60	867	119	1,026	517
Hydro	233	598	0	598	598
<b>Total</b>	<b>1,197</b>	<b>3,074</b>	<b>4,764</b>	<b>7,979</b>	<b>5,036</b>

\*Removes double counting of assets that are held in both AIC and AICII (i.e., AWIND and AWELP)

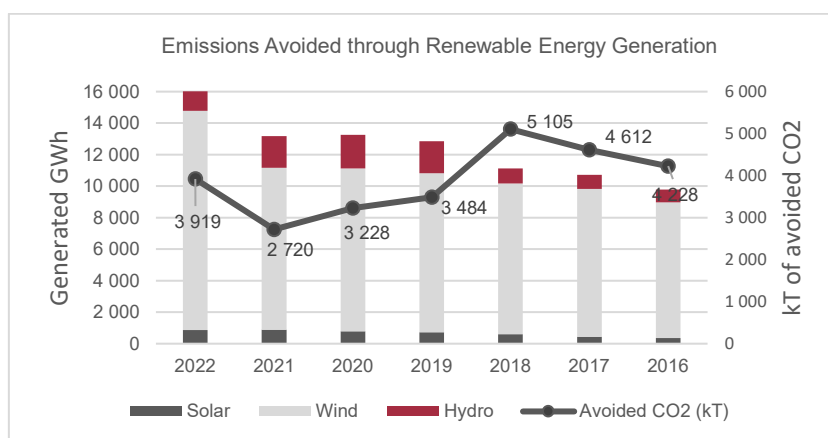
Table 14 illustrates the avoided emissions realized in 2022. Of the 3,919 kT of CO<sub>2</sub> avoided throughout the year from our portfolio of renewable assets, 3,650 kT (93%) of these were avoided in the United States. Note that because energy generation in the United States is shaped by a mix of assets that are much more carbon intensive, our impact on avoided CO<sub>2</sub> is significantly greater in the US, when compared to the avoided CO<sub>2</sub> in Canada.

**Table 14: Avoided CO<sub>2</sub> (kT) from Renewable Energy Portfolio in 2022**

Asset Type	Q1	Q2	Q3	Q4	2022 Total	2021 Total*
Solar	154	294	281	147	875	877
Wind	3,453	3,222	2,220	5,004	13,898	10,405
Hydro	62	583	1,067	292	2,005	2,028
<b>Total (GWh)</b>	<b>3,670</b>	<b>4,098</b>	<b>3,568</b>	<b>5,443</b>	<b>16,778</b>	<b>13,310</b>
<b>Avoided CO<sub>2</sub> (kT)*</b>	<b>837</b>	<b>883</b>	<b>579</b>	<b>1,620</b>	<b>3,919</b>	<b>2,723</b>

\* Slight changes made between the first and third quarters to account for delayed metrics

As the graph below demonstrates, although our renewable energy capacity has increased over the years, our avoided emissions have decreased from 2018 to 2021. This can be expected because as the carbon intensity of states and provinces improves, the harder it is for our investments in renewable energy to improve the overall footprint of these regions. In 2022, the significant growth of the renewable energy portfolio contributed to an increase in the emissions avoided.



Note: 2021 avoided emissions have been adjusted to remove the compensated curtailment amounts for K2

Figure 13 - Historical Evolution

## OTHER ESG METRICS

### Community Impact

Beyond the 94 team members at Axiom (2021 – 80 team members), the workforce involved in the operation and maintenance of our portfolio investments is quite impressive. These assets directly provide jobs to 7,871 people through our partners (O&M providers, construction, etc.), where over 7,163 of the jobs are based in Canada, while 708 are based in the United States. This is primarily due to the long-term care segment requiring by far the most important number of resources. In fact, 81% of the jobs supported through our portfolio investments are held within these long-term care joint ventures across British Columbia, Alberta, Manitoba, Ontario, and Newfoundland. The table below provides a more detailed breakdown of the jobs supported through our investments by sector. For comparison purposes, these do not include the jobs of assets acquired during the reporting year. As such, the metrics are based on assets present within the portfolio at the end of December 31, 2021.

**Table 16: Approximate Number of Jobs Supported Through Portfolio Investments as of December 31, 2021**

Sector	Employees	
	2022	2021
Renewable Energy	324	282
Gas-fired Generation	76	77
Utility & Transmission	162	130
Social	6,363	8,655
Transportation	714	621
Transmission	233	44
<b>Total</b>	<b>7,871</b>	<b>9,809</b>

*\* Between 2021 and 2022, there is a decreased number of total employees within the social sector. Although the number of homes has increased this reduction is the result of only computing FTE or FTE equivalent employees in 2022. The number disclosed in 2021 also counted part time and casual employees working for the long-term care homes, which inaccurately inflated the results.*

The projects Axiom invests in deliver services that are essential in nature to local communities. As we look beyond Axiom employees and the jobs supported through the Funds' investments, we find that over **2.5 million** (2021- 1.91 million) households benefit from the renewable and transition energy portfolio (62% from strictly renewable energy), as these facilities are inherently fundamental to social and economic prosperity. For renewable and thermal energy assets, we recorded the annual energy generated in 2022 from our projects and compared these with the average household electricity consumption in Canada and the United States. For customers supported by our transmission assets, we attributed the proportion of the market customer base by the location and size of the asset. Social infrastructure users represent the long-term care facilities' resident population, hospital patients and researchers.

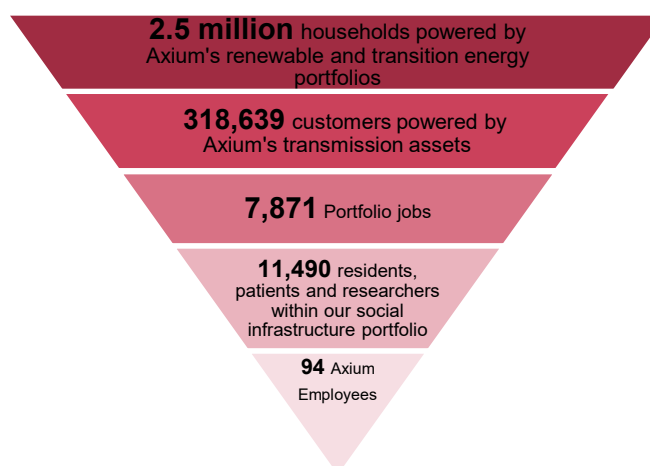


Figure 14 – Employee and Customers Impacted by Portfolio

It is also important to highlight that Axium is committed to supporting local communities by encouraging its employees to volunteer throughout the year. In 2022, a target was set to reach 200 hours of volunteering and over 400 hours have been completed between the Montreal, Toronto, and New York team members. Considering this achievement Axium has elevated this target to 400 hours in 2023. For more detail, reference section 3.3 *Respect for the communities in which we operate*.

Indigenous Community Impact

As noted in section 2.1 *Governance*, Axium supports the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The Declaration states that “Indigenous peoples have the right to the full enjoyment, as a collective or as individuals, of all human rights and fundamental freedoms.” Our infrastructure assets are by their very nature located in various communities and territories across North America. The below information outlines a subset of activities undertaken across the portfolio to strive to build strong relationships with Indigenous peoples and communities across our activities. The below information is not an exhaustive list but is used to illustrate examples of activities occurring across Axium’s portfolio.









Figure 15 – Indigenous Community Impacts

### 3.0 Year in Review

As with other years, we continue to present our report through the lens of our four pillars for responsible investment. These were chosen with the objective of organizing and presenting our ESG results and progress over time as we believe each pillar is essential to our portfolio's health:

1. Human capital
2. Protection of the environment
3. Respect for the communities in which we operate
4. Innovation and energy efficiency

In our continued effort to achieve alignment to the SDGs, we have taken steps to further integrate and measure our contribution to the goals through various tools. We have found that the 4 pillars on which our reporting is based are properly positioned towards contributions to 6 core goals. Not only are the 4 pillars aligned with the following SDGs, but the infrastructure sectors in which Axiom invests also have the potential to contribute to these same core goals:

Axiom Infrastructure's four Pillars for Responsible Investment		
Human capital		
Protection of the environment		
Respect for the communities in which we operate		
Innovation and energy efficiency		

### 3.1 Human capital

#### Corporate Initiatives

From the very beginning, Axiom has been dedicated to developing a corporate culture that promotes collaboration, diversity as well as opportunities for development and growth throughout the firm. We are convinced that our team represents one of our greatest strengths, the core reason for our success and one of the Axiom's most notable differentiating factors.

We recognize the value of a diverse and skilled workforce and are committed to creating and maintaining an inclusive, collaborative, and non-discriminatory workplace culture where diversity and inclusion are welcomed and bring a wealth of perspectives to day-to-day operational matters while offering equal opportunities to all. In 2021, Axiom was proud to introduce a new Diversity and Inclusion Policy with the goal of furthering our commitments on this matter. This policy sets out our objectives for maintaining and enhancing workplace diversity and inclusiveness. In 2022, the Axiom team continued to grow, welcoming 23 new employees. As of December 31, 2022, the team is composed of 94 people reflecting a diverse range of backgrounds, experiences, and perspectives. In the graphs and tables below are listed a few key statistics highlighting the diverse makeup of the organization.

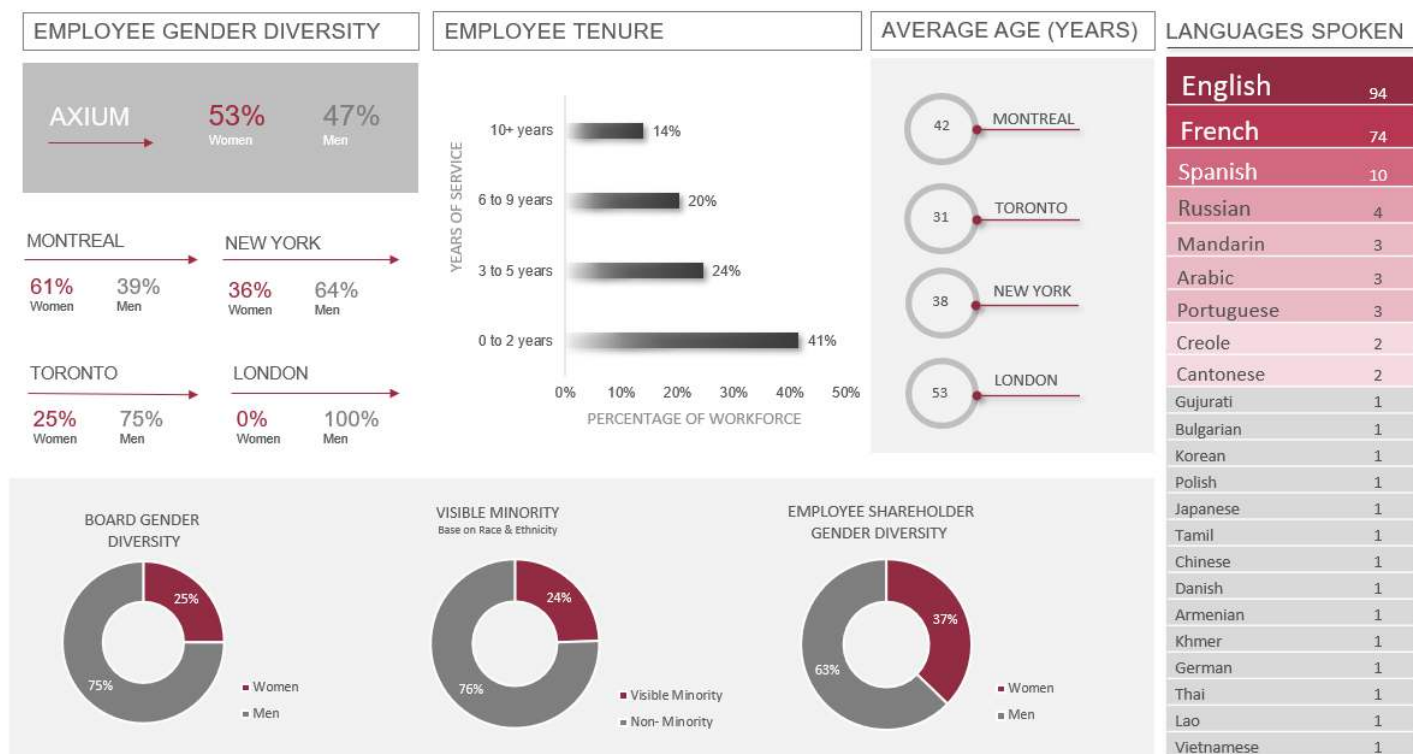


Figure 16 - Diversity Statistics

#### EMPLOYEE SATISFACTION SURVEY RESULTS

Each year, Axiom conducts an employee satisfaction survey to obtain insights into the level of employee satisfaction on a wide range of subjects. Questions are posed on topics such as work environment, management practices, work-life balance, and wellbeing. By participating in the annual survey, employees are encouraged to share their thoughts, opinions, and suggestions for improvement. In 2022, with a participation rate of 95%, results were generally positive with an overall satisfaction score of 92% (in 2021, participation rate was 87% with an overall satisfaction score of 96%). This annual process provides management with the visibility into pertinent focus areas for the subsequent year by obtaining feedback on processes and practices that need to be continued, strengthened, and improved on.



## ESG TRAINING

With Axium's continued effort to bring awareness and educate all employees on ESG matters, the 2022 corporate bonus structure included an ESG training objective where all employees were required to complete at least one hour of ESG training. This objective was achieved with 619 hours completed, which represents 419 hours above the original company target of 200 hours.

Below you will find a list of topics covered during the training sessions with many held by third-party experts this year:

- › Onboarding ESG training for new employees
- › Decarbonization and SBTi Target Setting Workshop with third-party expert
- › Internal employee training on the annual ESG and TCFD reports
- › Internal employee unconscious bias training conducted in each of Axium's office locations
- › Online mandatory sexual harassment training required by law for Axium's New York office
- › Training on ISSB, CSA, and SEC provided to the accounting team by third-party expert
- › Positive mental health workshop presented by a registered psychologist on the theory on positive mental health, stress management and emotion regulation
- › Webinar on "exploration of empathy: what it is, what it means to others, and how to put it into practice" presented by the Canadian Mental Health Association (CMHA)
- › Webinar on "Beating Burnout with Empathy" presented by Dialogue (EFAP)

## ESG NEWSLETTERS

As with previous years, ensuring Axium employees are informed of the latest ESG developments continues to be prioritized. To that effect, newsletters prepared by the ESG Committee are shared with Axium employees on a variety of topics pertinent to the firm. Given that ESG considerations are pivotal to Axium's success, we continue to embed ESG knowledge in all parts of the organization. ESG newsletters shared in 2022 include:

- › Highlights from COP26
- › Circular Economy
- › Axium's Annual ESG Report and Current & Upcoming Disclosures
- › What is Greenwashing?
- › National Day for Truth and Reconciliation

## 3.2 Protection of the environment

### Corporate Initiatives

#### Carbon Credits

Since 2017, Axium has purchased carbon credits to offset the Manager's footprint, and since 2021 also accounting for the portion of the prior year's portfolio financed emissions attributable to the Manager's investment in the Funds. Over the years, the voluntary carbon market has seen a surge in demand as the business world begins to compensate for the negative externalities of their activities. This has caused some shortages in the availability of high-quality carbon offset and removal projects. To reduce future impacts to our compensation activities, Axium decided to secure a large volume of VERRA (Verified Carbon Standard) and BC Carbon Registry credits to cover the next 2 to 3 years of Axium's corporate and financed emissions. The first is a reforestation project, the Guarané Forest Plantation in Uruguay, and represents 21,298 ha of land previously under extensive grazing by beef cattle, on which forest plantations for obtaining high-value, long-lived timber products and for sequestering large amounts of carbon dioxide from the atmosphere will be established. The second is an improved forest management project in Great Bear Forest, Haida Gwaii, BC, one of the largest and most ecologically significant coastal temperate rainforests in the world. Coastal guardian watchmen positions in Kitasoo/Xai'xais territory ensure wildlife monitoring, and support for monitoring whales, salmon and traffic in culturally sensitive areas help strengthen Council of the Haida Nation decision making in marine planning. Carbon credits supported since 2017 to date are summarized in the table below:

**TABLE 17: HISTORICAL CARBON CREDIT PURCHASES**

	2017-2018	2019	2020	2021	2022+
Location	Montreal	Australia	British Columbia	Taiwan	British Columbia and Uruguay
Registry	Gold Standard	Gold Standard	Gold Standard	Gold Standard	BC Carbon Registry and VERRA
Brief Description	Reforestation project in the Montreal metropolitan area. Degraded and unused land in urban and semi-urban zones are being planted to help replenish the ecosystems nearby our Montreal offices.	Reforestation program in the Australian and contributing to local biodiversity of flora and fauna	Conservation project located in BC to preserve the interior rainforest that would be subject to logging. The area is a critical habitat for nearly 40 at risk species including grizzly bears, wolverines, peregrine falcons, mountain caribou and white pine.	Wind farm projects in Taiwan consisting of 62 wind turbines contributing to emission reductions. The project has also supported the reforestation of 2,400 m2 of land, encouraging local biodiversity.	Reforestation project in the Guanaré Forest Plantation in Uruguay and improved forest management project in Great Bear Forest, Haida Gwaii, BC (one of the largest and most ecologically significant coastal temperate rainforests in the world).
Credits Purchased	341.5	282	450	2,500	6,000

## 2022 Asset Level Developments and Highlights

### 2022 WEATHER EVENTS

As outlined in section 2.3 *Risk Management*, Axiom monitors and keeps a record of weather events impacting our portfolio assets throughout the year. The information is collected and where possible, impacts tracked in financial terms. Noteworthy weather events that occurred in 2022 were low to moderate in severity and only resulted in property damages and lost revenue. No causalities or injuries to staff or residents were experienced during these events.

### WILDLIFE MONITORING

Healthy ecosystems depend on wildlife protection to ensure biodiversity of the surrounding environments is preserved. As topics surrounding the preservation of biodiversity are gaining global awareness, Axiom continues to be committed to monitoring the impacts of our activities on wildlife and keeps a record of these activities.

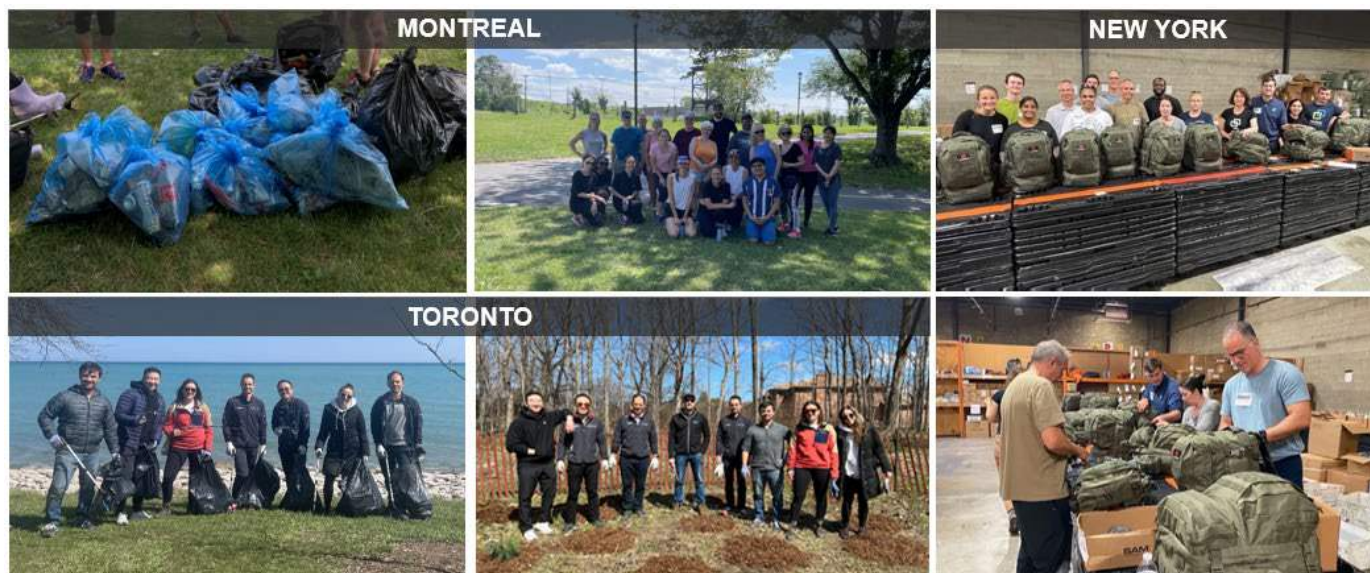
## 3.3 Respect for the communities in which we operate

### Corporate initiatives

In 2022, as part of the ESG corporate bonus objectives, Axiom integrated a goal to accomplish 200 hours of volunteering. To support this, Axiom offered to all its employees 1 day (7.5 hours) dedicated to volunteering for the benefit of the surrounding communities. The objective was exceeded with 406 hours completed across Axiom's Montreal, Toronto and New York offices and the supported activities have been detailed below. Axiom is proud to contribute to positive community development efforts outside of our daily operations and we are excited to see the future volunteering activities undertaken by our team.

- On Earth Day, April 22, the Toronto office participated in a tree planting event organized by the City of Toronto in the morning and subsequently, held a beach cleanup in the afternoon at Scarborough Bluffs.
- In July, the Montreal office, spent the afternoon cleaning the Canal Lachine riverbank and collected more than a dozen bags of litter and recycling material. In July, a team from the Montreal office also volunteered at the Quebec Games for the baseball competition helping with the security and the good proceeding of the event. In November, more than a dozen employees volunteered to help MultiCaf and Services communautaires d'Anjou to cook meals and package food for distribution to people in need.
- In October, the New York team spent the day with Razom in Ukraine assembling 'paramedic backpacks' to be sent to the front lines of the war. Razom (which means 'together' in Ukrainian) is a Ukrainian-American organization established to support community-based initiatives across the Ukraine ranging from health and wellness to early childhood education,

technological advancement, and economic development. Razom also has been advocating for freedom and democracy in Ukraine following the annexation of Crimea in 2014.



## 2022 Asset Level Developments and Highlights

In line with Axium's pillar to respect communities in which we operate in, throughout 2022, many assets continued to support local communities through charitable donations. The organizations that received funding focus on economic development, protecting the environment, education and supporting health and wellbeing of the local communities. Axium notably partners with the Tahltan Nation on the operations of Northwestern Hydro (**AIC II**). Each year, the project sponsors the Tahltan Literacy camp which is held in the summer to teach school aged kids the Tahltan language. The camp was established by the Tahltan to preserve and grow knowledge of their language. For more information, please see the following [video](#).

## 3.4 Innovation and energy efficiency

### 2022 Asset Level Developments and Highlights

Asset performance through innovation and energy efficiency is a central element to investment decisions which create value to our Limited Partners, all the while supporting the growth of Axium's portfolio. This focus also aligns with our objective to be Net Zero by 2050. The below highlights illustrate projects that focused on energy efficiency and innovation in 2022.

Axium Crimson (**AxInfra US**), a 350 MWAC / 1400 MWh lithium-ion battery storage facility located in Riverside County, California reached date of commercial operation (COD) in 2022. The first phase reached COD on September 16, 2022, and the second phase occurred on October 27th, 2022. Being among the world's largest battery storage projects, this is a significant milestone, one that effectively supports the acceleration towards a clean energy system. Although no longer the only battery storage project within the portfolio, Crimson continues to be at the forefront of innovation in renewable energy.

In 2022, Axium acquired 49% of Travers Solar 2 (**AIC II**), a 465 MWac / 691.1 MWdc solar project located in Calgary, Alberta. In January 2023, Axium acquired the remaining 51% of the project. The project is fully operational and is the largest solar project in Canada. In addition, the project's location and structure permits an increase in its capacity in the future. Axium is proud to support the acceleration of solar energy across Canada and this is another significant achievement that supports the efforts in decarbonizing the global economy.

## 4.0 Engagement

The interdependence of Axiom's activities from pre-investment due diligence and acquisition all the way to asset management requires cross-functional support from Axiom team members, our partners, and investors. With a hands-on asset management approach, engagement with all stakeholders continues to be prioritized at every phase of the investment process to ensure strategic alignment and implementation of portfolio-wide initiatives. Axiom prides itself on our company culture which aims to promote collaboration, diversity of thought and engagement from all towards our shared success. We also actively select likeminded, highly qualified, and reputable partners that share our values. Considering sustainable development and ethical investment practices have been a part of our philosophy since the Firm's inception, engagement on material ESG concerns continues to be reflected in the actions of our employees and partners.

As defined by the UN PRI, "Engagement refers to interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure." At Axiom, engagement is a part of our culture, and it is an ongoing and iterative process, focused on influencing investee company behavior throughout our portfolio. Our engagement efforts are centered on purpose driven processes that look to further ESG objectives collaboratively, by broadening knowledge and understanding of material ESG topics relevant to our operations. Considering engagement took a variety of different forms across all levels of the organization, the below highlights the activities that occurred throughout the year. Individual activity types are listed on the left-hand side and marked with an x to demonstrate the targeted audiences that were involved throughout 2022.

**TABLE 19: SUMMARY OF ENGAGEMENT ACTIVITIES AT VARIOUS LEVELS OF OPERATION**

ENGAGEMENT LEVEL	Internal Functions	Investee Companies	Service Providers	Existing Limited Partners	Potential Limited Partners	ESG Industry Organizations	ADDITIONAL DETAIL
<b>ESG PRIORITIES</b>							
Net Zero Objective	x	x	x	x	x	x	2.2 Strategy
ESG Strategy Development	x	x	x			x	2.2 Strategy
ESG Corporate Goals	x	x	x				2.1 Governance
ESG at Board Meetings	x	x					2.1 Governance
ESG Questionnaires	x			x	x		4.0 Engagement
<b>ESG COMMUNICATION</b>							
Site Visits	x		x				4.0 Engagement
Regular Calls/Meetings	x	x	x	x	x	x	4.0 Engagement/ 2.1 Governance
Quarterly and Annual Meetings	x			x	x		4.0 Engagement/ 2.1 Governance
Focused Engagement	x	x	x				4.0 Engagement
ESG Workshops	x					x	3.1 Human Capital
<b>ESG PROGRESS &amp; MONITORING</b>							
KPI Development	x		x			x	2.4 Metrics & Targets
ESG Data Gathering	x	x	x			x	2.4 Metrics & Targets

ESG Disclosure	x	x	x	x	x	x	2.4 Metrics & Targets
Risk Review Sessions	x	x	x				2.3 Risk Management
Materiality Review Sessions	x		x			x	2.3 Risk Management
<b>ESG INDUSTRY TRENDS &amp; DEVELOPMENT</b>							
ESG Forums/Conferences	x					x	4.0 Engagement / 3.1 Human Capital
NZAM/ GFANZ Member	x					x	4.0 Engagement / 2.2 Strategy
GRESB	x					x	6.0 Accolades
UNPRI	x					x	6.0 Accolades
TCFD	x					x	2.0 Task Force on Climate-Related Financial Disclosures
CanREA Member	x					x	2.1 Governance

## 2022 Engagement Themes

The below list of ESG themes represents the focus areas for engagement in 2022 throughout all levels of Axiom's business operations.

**TABLE 20: ENGAGEMENT THEMES**

Engagement Theme	Additional Information	Engagement Level
Net Zero and Interim Targets	Ongoing communication on Axiom's Net Zero ambition and the development of interim emission reduction targets.	All levels as identified in table 13
GHG emissions inventory	Ongoing engagement with assets in the collection of GHG data	Internal Functions, Investee Companies & Service Providers
GHG Emission Reduction Strategies	Internal engagement to discuss highest emitting assets to identify subsequent actions needed.	Internal Functions, Investee Companies
Climate Action/Strategy/TCFD	Development of greater climate action and disclosures communicated with the TCFD report	Internal Functions, Existing Limited Partners & ESG Industry Organization
Climate Risks and Opportunities	Greater focus on climate risk and opportunities communicated through annual risk review, weather event impact documented, and climate change consideration included in investment memorandums	Internal Functions, Investee Companies & Service Providers
Climate-related Financial Impacts	Ongoing discourse and education on evaluating climate related impacts in financial terms	Internal Functions & ESG Industry Organizations
Advanced ESG metrics & SFDR indicators	Ongoing engagement with assets in the collection of advance ESG metrics	Internal Functions, Investee Companies & Service Providers
Human Rights	Development of Human Rights statement	Internal Functions
Cybersecurity	Continued focus on cybersecurity concerns throughout the organization	Internal Functions, Investee Companies & Service Providers



Engagement Theme	Additional Information	Engagement Level
Responsible Contractor Policy	Engagement with asset management team to ensure responsible contractor policy or equivalent documentation is applied at the asset level.	Internal Functions, Investee Companies & Service Providers

## ENGAGEMENT: ENGAGEMENT ON ESG PRIORITIES

The developments made on Axiom's Net Zero ambition and other ESG priorities relevant to our business operations benefit from cross functional engagement, collaboration, and insight from a wide variety of diverse perspectives. The ESG Committee, which meets weekly, includes members responsible for other functions beyond ESG such as accounting, deal making and investor relations. Furthermore, active engagement on ESG priorities occurs via ongoing communication between Axiom's Board, senior management, Talent & Culture, and Legal teams. These collaborative stewardship practices ensure that ESG developments are not siloed but rather embedded in existing processes, making the progress and achievement the responsibility of everyone at Axiom.

This cross-functional engagement can be further illustrated through Axiom's annual bonus structure. Each year, ESG corporate objectives are set to advance our ESG priorities, and these are developed to ensure everyone at Axiom is able to contribute. For more information on this, see section 2.1 *Governance*.

Engagement with existing and potential Limited Partners occurs via scheduled meetings, disclosure reports and ESG questionnaires. ESG questionnaires are sent to Axiom from Limited Partners who are looking to understand our ESG objectives, processes, and recent developments. In 2022, Axiom replied to 13 LP and consultant questionnaires which illustrates another channel through which dialogue is held and feedback on improvements received. This is in addition to the various processes with potential LPs that specifically cover ESG as part of their own due diligence review of Axiom.

It is also important to note that ESG continues to be prioritized during Axiom's board meetings and efforts are underway to ensure all asset level board meetings incorporate ESG on the agenda. Overall, the recognition by Axiom's senior leadership team of ESG considerations as being essential to future success, propagates a culture of engagement on ESG matters across the organization.

## ENGAGEMENT: ESG PROGRESS & MONITORING/ ESG COMMUNICATION

Having set a Net Zero target and being required to report under the SFDR principal adverse indicators beginning in 2023, engagement with operating partners was essential throughout 2022. At the asset level, engagement efforts focused on two main ESG priorities which included greenhouse gas emissions and wider ESG data collection requirements. Although the communication on data requirements and the purpose of the advanced reporting requests was shared with Axiom's entire portfolio, focused engagement was placed on specific assets. The selection of assets subject to enhanced engagement approaches was based on responsiveness, quality and quantity of information provided, and specific to GHG emissions, impact on the overall footprint. These engagement approaches took multiple forms including;

- › Collaboration with an operating partner to run a pilot test prior to deploying the ESG data collection form to obtain user feedback
- › Ongoing engagement by the asset management team via placing data gathering objectives on the agenda during asset level board meetings
- › Scheduling individual asset meetings with the ESG team to discuss questions, challenges, and when necessary, to collaborate on identifying solutions
- › Providing additional resource material such as frequently asked questions documents and more detailed indicator guidance to outline the OECD Guidelines and UN Global Compact Principles
- › Internally reviewing disclosed data and evidence which, when necessary, resulted in additional exchanges to confirm validity, relevance, and accuracy

A combination of approaches may be used to improve the responsiveness of a given operator, and measures taken that involve the board or additional financial support are only discussed in specific circumstances. However, the impacts of these applied stewardship practices can be measured by the overall improvement in the quantity of assets reporting between the first and the last quarter of 2022. Furthermore, relating to our Net Zero ambition, initiation of dialogue with Axiom's top GHG emitting assets have been planned internally and with our partners to identify current and future emission reduction plans.

Furthermore, through the use of risk reviews and materiality assessments, continuous dialogue on asset developments, along with education and awareness building is effectively applied. Through these discussions ESG risks and opportunities are evaluated and monitored, while also keeping all relevant internal groups informed on pertinent asset-level activities.

## ENGAGEMENT: ESG INDUSTRY TRENDS & DEVELOPMENT

In March 2022, Axiom became a member of the Net Zero Asset Managers (NZAM) initiative. As a result of becoming a signatory, Axiom is also a part of The Glasgow Financial Alliance for Net Zero (“GFANZ”). Engagement with leading institutions and international organizations such as NZAM and GFANZ will be essential towards achieving Axiom’s Net Zero ambition by learning from industry best practices, while staying informed and assessing the latest developments within the space. In 2022, Axiom also became a member of the Canadian Renewable Energy Association (CanREA).

Beyond engagement with these new coalitions, Axiom continues to actively interact with existing international organizations such as GRESB, UN PRI and TCFD. This year, the ESG committee participated in several conferences, webinars, and workshops, acquiring insight into industry developments, participating in open dialogue on shared challenges, and engaging with industry leaders. Examples of these include;

- › Aligning Financial Policy with Canada’s Climate Goals
- › Canadian Green & Transition Taxonomy
- › Net-zero target setting session for infrastructure
- › Women in Energy Canada (WIECAN)
- › Climate Disclosure Convergence: TCFD, SEC and ISSB

The collaborative engagement in industry initiatives and events ensures that Axiom stays informed and agile in the face of changing requirements and regulations.

## 2022 ENGAGEMENT PROGRESS METRICS



Figure 17 – Engagement Statistics

## 5.0 Benchmarks & Accolades

As we seek to compare and measure Axiom’s progress on ESG integration from year to year, as well as vis-à-vis our peers, we participate in ESG benchmarking assessments from international standards and reporting frameworks. In preparation, Axiom has been actively involved in improving our internal processes, especially in relation to documenting initiatives and collecting information on material key performance indicators. In 2022, Axiom was proud to submit our fourth participation to the GRESB Infrastructure Fund Management Assessment and obtain the PRI results from the 2021 assessment cycle.

For our fourth GRESB Infrastructure Fund Assessment, we submitted both our open country-level funds to the management evaluation (AICII and AxInfra US). For the first time, we are proud to report having achieved a Management Score of 30/30 (2021 – 28/30). Moving forward, Axiom will seek to maintain this score and has been working to properly address new indicators that will be scored in the future.

In 2021, UN PRI updated their reporting platform and overhauled the assessment process which led many of its participants to experience some technical issues. Because of these difficulties, they decided to pause the evaluation and ensure proper oversight

was performed prior to finalizing results. Axiom received the results in the second half of 2022, obtaining a score of 89% for Investment and Stewardship and 86% for Infrastructure, both above the average of our peers.

In October 2022, AgeCare (**Axiom Aster, AIC II**), was successfully Accredited by Accreditation Canada. Accreditation Canada is a not-for-profit independent organization that provides national and international health services organizations with quality-focused, comprehensive accreditation services. AgeCare participated in the Qmentum program, which provides a framework aimed to validate the achievement of healthcare standards. Under this program, healthcare providers are evaluated on eight categories which include population focus, accessibility, safety, work life, client-centered services, continuity of services, effectiveness, and efficiency. Axiom is dedicated to partnering with the highest quality healthcare providers and this accreditation demonstrates the effective management in place within Axiom's long term care portfolio.

Optima Living, who is the operating partner for Axiom Yarrow (**AIC II**), received in 2022 multiple Business Excellence Awards from the Chambers of Commerce in BC and Alberta. These awards include being named Employer of the Year, being one of the top 3 finalist in the New Business of the Year Excellence Award (Wisteria Place) and a finalist for the Community Attraction Award (Aster Gardens and Country Cottage). These awards illustrate the tremendous work being done by Axiom's operating partners in continuing to provide the highest quality care to the Residents and employees. For more information on these award ceremonies, visit Optima's [press release](#).

## 6.0 Looking Forward

Beyond collecting data from our operating partners, a crucial element has been to embed efficient reporting technologies, processes, and practices to support Axiom's growing portfolio. Initially selected as the reporting mechanism of choice, Axiom Data has been under development to support ESG reporting needs. To date, the system structure has been introduced to host ESG data and is currently in the testing phase. While internal reporting capabilities have been evaluated, in 2022, we began exploring other ESG tools available on the market. The intent is to understand all choices with a focus on identifying a tool that best suits Axiom's ESG needs, with the objective to improve ESG data collection and reporting practices over the coming years. In all scenarios, we will continue to favor real data as we have done up to now.

Taking our first steps into tangible initiatives to reduce the CO2 emissions at the asset level will also be an interesting project. This will require tapping into our strong network to find innovative solutions and benefit from lessons learned by our partners and collaborators. We will be on the lookout for programs and subsidies available to help along the way. With the collaboration of all involved, we are inclined to believe that once a rigorous structure is in place, going towards carbon sobriety will be within reach.

Following our first TCFD standalone report, we will continue to increase the cross functional collaboration with all of Axiom's teams to further integrate the TCFD's recommendations. For 2023, workstreams have been identified with the accounting group to continue our ESG journey and prepare ourselves with upcoming enhanced disclosure at the financial statement level.

The sustainable investing landscape evolves and matures at an unprecedented pace. Our network has evolved as well, and we are doing our best to keep up with new developments, especially as we charter new territories with our colleagues in Europe. We are aware that we cannot stand still, and we have the support of the entire team to continue our journey. We will persist and keep on moving ahead cautiously, making sure we maintain the momentum while allowing newcomers to keep up with the pace.

As mentioned at the beginning, we are convinced we are doing so on strong foundation.



## 7.0 Appendices

### Appendix I: Glossary

**DNSH** - Do No Significant Harm criteria: no measure (i.e., no reform and no investment) should lead to significant harm to any of the six environmental objectives within the meaning of Article 17 of the Taxonomy Regulation

<https://ec.europa.eu>

**ESG** –Environmental, Social, and Governance (ESG) criteria are a set of standards for a company's behavior. Environmental criteria consider how a company safeguards the environment, including corporate policies addressing climate change, for example. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

**EUT** – European Union Taxonomy: The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

<https://ec.europa.eu>

**GFANZ** - Glasgow Financial Alliance for Net Zero: The Glasgow Financial Alliance for Net Zero was launched to unite net-zero financial sector-specific alliances from across the globe into one industry-wide strategic alliance.

<https://www.gfanzero.com/>

**GHG** - greenhouse gas: A greenhouse gas is a gas that absorbs and emits radiant energy within the thermal infrared range, causing the greenhouse effect.

[https://en.wikipedia.org/wiki/Greenhouse\\_gas](https://en.wikipedia.org/wiki/Greenhouse_gas)

**GHG Protocol** – GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas emissions from private and public sector operations, value chains and mitigation actions.

<https://ghgprotocol.org/>

**GRESB** - Global Real Estate Sustainability Benchmark: GRESB is a mission-driven and industry-led organization that provides actionable and transparent environmental, social and governance data to financial markets.

**KPI** - Key performance indicator: KPIs are used throughout the report synonymously with metrics and indicators.

<https://www.gresb.com/nl-en/>

**ISSB** - International Sustainability Standards Board: The ISSB is an independent, private-sector body that develops and approves IFRS Sustainability Disclosure Standards (UFRS SDS).

<https://www.iasplus.com>

**MS** - the Minimum Safeguards : The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

<https://lexparency.org/eu>

**Net Zero** - Put simply, net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.

<https://www.un.org/en/climatechange/net-zero-coalition>

**NZAM** - Net Zero Asset Managers initiative: The NZAM initiative is an international group of asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

<https://www.netzeroassetmanagers.org/>

**OECD** - Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises: The Organisation for Economic Co-operation and Development is an international organisation that works to build better policies for better lives.

<https://www.oecd.org/>

**Paris Agreement:** The Agreement sets long-term goals to guide all nations:

- substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.
- review countries' commitments every five years.
- provide financing to developing countries to mitigate climate change, strengthen resilience and enhance abilities to adapt to climate impacts.

<https://www.un.org/en/climatechange/paris-agreement>

**PCAF** - Partnership for Carbon Accounting Financials: PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas emissions associated with their loans and investments.

<https://carbonaccountingfinancials.com/>

**RTS** – Regulatory Technical Standards: Under the SFDR, the RTS outline the content, methodologies, and presentation of disclosures by financial market participants.

[https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector\\_en](https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en)

**SBTi** - Science-Based Target Initiative: The Science Based Targets initiative drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.

<https://sciencebasedtargets.org/>

**SC** - an economic activity can make a substantial contribution to one or more of the environmental objectives set out in the taxonomy. This means that, based on the technical screening criteria, the economic activity either has a substantial positive environmental impact or substantially reduces negative impacts of the activity on the environment.

<https://ec.europa.eu>

**Scope 1** - Covers the GHG emissions that a company makes directly — for example while running its boilers and vehicles.

**Scope 2** - These are the emissions it makes indirectly – like when the electricity or energy it buys for heating and cooling buildings, is being produced on its behalf.

**Scope 3** - In this category go all the emissions associated, not with the company itself, but that the organisation is indirectly responsible for, up and down its value chain. For example, from buying products from its suppliers, and from its products when customers use them.

<https://www2.deloitte.com>

**SDG** – Sustainable Development Goals: The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go together with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

<https://sdgs.un.org/goals>

**SFDR** - Sustainable Finance Disclosure Regulation: The SFDR is a European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants.

<https://eur-lex.europa.eu>

**Sustainability** – In the broadest sense, sustainability refers to the ability to maintain or support a process continuously over time. In business and policy contexts, sustainability seeks to prevent the depletion of natural or physical resources, so that they will remain available for the long term. Accordingly, sustainable policies emphasize the future effect of any given policy or business practice on humans, ecosystems, and the wider economy. The concept often corresponds to the belief that without major changes to the way the planet is run, it will suffer irreparable damage.

**TCFD** - Task Force on Climate-Related Financial Disclosure: The Financial Stability Board (FSB) created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks—risks related to climate change.

<https://www.fsb-tcf.org/>

**UN PRI** - United Nations Principles for Responsible Investment: The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors; and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

<https://www.unpri.org/>

**UNDRIP** - The United Nations Declaration on the Rights of Indigenous Peoples: The Declaration is the most comprehensive international instrument on the rights of Indigenous peoples. It establishes a universal framework of minimum standards for the survival, dignity, and well-being of the Indigenous peoples of the world and it elaborates on existing human rights standards and fundamental freedoms as they apply to the specific situation of Indigenous peoples.

<https://www.un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html>

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