

2022

Axium Infrastructure

SFDR Principal Adverse Impact Statement for the year ended December 31, 2022

IMPORTANT

Cette révision vise à présenter les indicateurs par Fonds plutôt que consolidés dans l'ensemble du portefeuille. Nous avons également profité de l'occasion pour corriger certains indicateurs qui ont été ajustés depuis la publication de la version précédente. Ces changements, souvent non matériels, sont le résultat de : assurance qualité, nouvelles données, erreurs. Dans un souci de transparence, la majorité des indicateurs ont été mis à jour.

NOTE: Ce rapport est émis conformément à la réglementation européenne et dans le gabarit fourni, c'est-à-dire en anglais. La traduction est en cours

Disclaimer

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Portfolio investment information include projections regarding investments that are not yet fully realized, and such information is based on the projected operating results of such investments as contained in Axium’s business plans for such investments. In considering any result information contained herein, recipients should bear in mind that past result is not necessarily indicative of future results, and there can be no assurance that the Funds or investments by the respective Funds, as the context requires, will achieve, or will continue to achieve, comparable results.

This documentation has been developed in line with the ANNEX I, “[Template principal adverse sustainability impacts statement](#), of Regulation (EU) [2019/2088](#)

1. Summary

Axium Infrastructure Inc. considers principal adverse impacts of its investment decisions on sustainability factors. The present disclosure is the consolidated statement on principal adverse impacts on sustainability factors of Axium Infrastructure Inc. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. The subsequent disclosure material relates to the following financial products (i.e., Alternative Investment Funds or AIFs) registered in targeted countries in Europe under the Alternative Investment Fund Managers Directive (AIFMD);

- › Axium Infrastructure NA IV Limited Partnership (AINA IV)
- › Axium Infrastructure Canada II (Intl) Limited Partnership (AICII Intl)
- › AxInfra US III Limited Partnership (AxInfra US III)

2. Principal adverse impacts indicator overview

Each of Axium’s funds marketed in Europe are based on investments in Country Funds with underlying assets that are located in North America, which are subject to the regional laws, standards, and regulations. While Axium is dedicated to applying the prescribed mandatory indicators to align with SFDR, some proxy factors were required and have been identified where applicable. The information presented in this statement is based on the data provisioned by Axium’s operating partners, along with data available internally to Axium. Although regular reporting on the principle adverse indicators will provide the most up to date information, data is subject to availability and Axium is dedicated to working with our partners to improve on the breadth of information disclosed.

Reporting Approach

As prescribed by the SFDR, the reporting reference period was held between 1 January 2022 to 31 December 2022 to produce the below results on the principal adverse impact indicators. Only assets which have been in the portfolio for an entire calendar year and in operation are represented in the below results. New acquisitions, projects in constructions and assets acquired into the European open-end fund will be included in the subsequent reporting cycles.

It is important to note that this portfolio view presented in the Principal Adverse Impact statement may be different from the total E&S portfolio makeup disclosed on Axium’s website and the EU taxonomy alignment results outlined in the pre-contractual and periodic disclosures. Assets presented in these disclosures include newly acquired assets throughout 2022 and ones that are in construction, as they illustrate a wholistic view of Axium’s funds. The volume and level of detail involved in reporting on the PAIs requires time to evaluate and interpret to ensure provided data is in fact accurate and relevant. For this reason, we continue to work with our partners and communicate ahead of time the mandatory reporting requirements, while providing enough time to build internal capacity and capabilities to adhere to these reporting needs.

In addition, due to the inherent lag associated with GHG reporting and the detailed validation timeframe required for auditing by third parties, Axium will be disclosing GHG and energy related metrics with a one-year lag. This means that for the 2022 reporting period all emission and energy indicators will be disclosed based on 2021 data, calculated using the NAV at the end of December for that year. All other indicators will use information made available in the prescribed reference period, along with the NAV as of December 2022. Disclosing real data that has been validated continues to be a priority to ensure accuracy in GHG accounting. Axium is dedicated to working towards aligning all data with the fiscal year when this becomes feasible to do so.

The below illustrates a summary view of assets included in all three reporting requirements as they relate to the SFDR disclosures.

Disclosure Document	Principal Adverse Impact Statement	SFDR Website Disclosure	Periodic Disclosure	Pre-Contractual Disclosure
Section	Indicators applicable to investments in investee companies	Proportion of investments for financial products that promote E&S characteristics	What was the proportion of sustainability-related investments?	What is the asset allocation planned for this financial product?
NAV	December 31, 2021- All GHG & energy indicators December 31, 2022 – All other indicators	December 31, 2022		
Assets	1) Assets in operation 2) Assets in the portfolio for a full calendar year <i>Exclusion:</i> Coachella represents a facilitation of a land lease and is not directly tied to the transmission line.	1) Assets in operation 2) Assets in construction 3) Assets acquired throughout 2022		

Investment Detail

Where applicable to the indicator methodology and Axiom’s portfolio detail, the share of investments is calculated based on the Net Asset Value (“NAV”) of the relative year. This is the best indicator that depicts the market value of the underlying investments, and this approach is used in financial reporting activities that are audited annually.

Article 17 of the Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 outlines the formula for calculating the market value of investments and their relative environmental and social contributions to the portfolio. This formula has been listed below.

$$\frac{\text{market value of all investments of the financial product in environmentally sustainable economic activities}}{\text{market value of all investments of the financial product}}$$

Using the same approach, Axiom’s calculations depict the market value through the use of the NAV listed below.

$$\frac{\text{NAV of all investments of the financial product in environmentally sustainable economic activities}}{\text{NAV market value of all investments of the financial product}}$$

This approach has been used to depict all metrics associated with illustrating the share of investments for the relevant indicators. It is important to note that the total NAV may differ between indicators and detailed information on the scope of assets included for each indicator is outlined in *Appendix I: Methodology*.

Coverage Ratio

The coverage ratio has been calculated for each of the mandatory and voluntary principal adverse indicators disclosed. This coverage ratio is a metric intended to measure the percent of the portfolio reporting on a given indicator based on the NAV of the underlying assets. Additional information on the scope of the coverage ratio, reporting year data, and indicator nuances is outlined in *Appendix I: Methodology*. The coverage ratio is abbreviated to “CR” in “Coverage Ratio (CR) & Explanation” column in *Summary Table 1: Mandatory Social and Environmental Indicators* & *Summary Table 2: Voluntary Social and Environmental Indicators*.

3. Description of the principal adverse impacts on sustainability factors

Sustainability risks, including climate-related concerns must be embedded in the decision-making processes during the ownership and management of infrastructure projects. Axium’s Investment Restrictions and Guidelines include exclusions of non-environmentally friendly projects and investments where management does not demonstrate strong and healthy labor relations while also embedding the UN Principles for Responsible Investment. ESG and, more specifically, principal adverse impacts on sustainability factors are considered at every phase of the investment process and policies and guidelines are in place to mitigate sustainability risks. These include;

Policies	Date of Approval	Responsibility /Governance	Relevant SFDR Indicator
ESG Policy/ ESG Charter	2020	ESG Team of Axium Infrastructure Inc.	Mandatory Indicator #1-9, 18 Voluntary Indicator # 19
Responsible Contractor Policy	2018	ESG Team Dept of Axium Infrastructure Inc.	Voluntary Indicator # 1
Human Rights Statement	2022	Legal & Compliance Dept of Axium Infrastructure Inc.	Mandatory Indicator # 10-11
Diversity & Inclusion Policy	2021	Talent & Culture Dept of Axium Infrastructure Inc.	Mandatory Indicator # 12 -13
Investment Restrictions and Guidelines	2009	Axium Infrastructure Inc. acting as manager of General Partners of the AIFs	Mandatory Indicator # 14 & 17 Voluntary Indicator # 1

Methodologies used to select voluntary indicators

Voluntary Indicator #1: Social and Employee Matters - Investments in companies without workplace accident prevention policies

As per our Investment Restrictions and Guidelines, Axium invests only in projects whose management demonstrates a principle of strong and healthy labour relations. Safety continues to be a top priority for Axium, and we closely monitor the labour and health and safety practices of our contractors. Health and safety concerns are monitored on a regular basis through monthly and quarterly reporting from our O&M providers. With this, we collect statistics on occupational health and safety and training provided for many of our portfolio projects under management. In addition, Axium has a Responsible Contractor Policy to ensure our contractors share our values through an established protocol and confirm that they will follow best in class workplace practices. Margin of error for accident prevention policies should be low due to quarterly health and safety reporting and this data is sourced directly from our operators.

Voluntary Indicator #19: Energy consumption intensity - Energy consumption in GWh of owned real estate assets per square meter

Although Axium does not invest in real estate, indicator 19 is applicable to our social sector assets. 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. Data presents asset electricity consumption, gathered through Axium’s quarterly GHG inventory reporting and is sourced directly from our operating partners. Considering that this information is not based on estimates, the margin of error should be relatively low, however, validation on the disclosed information is also completed by a third party each year.

1. Indicators applicable to investments in investee companies

Summary Table 1: Mandatory Social and Environmental Indicators

The below information has been revised. A double Asterix (“**”) is used to identify where adjustments have been made.

Indicators applicable to investments in investee companies									
Adverse sustainability indicator	Metric	Total Axiom Managed Funds Impact [2021/2022]	AIC Impact [2021/2022]	AIC II LP Impact [2021/2022]	AxInfra US (P-1) LP Impact [2021/2022]	AxInfra US LP Impact [2021/2022]	Impact [year n-1]	Explanation & Coverage Ratio (CR)	Actions taken, and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS									
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions **	536,207 tco2e	851 tco2e	14,452 tco2e	386 tco2e	520,517 tco2e	All Funds CR: 100%	
		Scope 2 GHG emissions **	16,722 tco2e	908 tco2e	2,597 tco2e	523 tco2e	12,694 tco2e	All Funds CR: 100%	
		Scope 3 GHG emissions	N/A	N/A	N/A	N/A	N/A	All Funds CR: 0%	2023 objective set to determine approach to tracking scope 3
		Total GHG emissions **	552,930 tco2e	1,760 tco2e	17,049 tco2e	910 tco2e	533,212 tco2e	All Funds CR: 100%	
	2. Carbon footprint	Carbon footprint **	82.03 tco2e/CAD \$MM	2.52 tco2e/CAD \$MM	4.68 tco2e/CAD \$MM	3.5 tco2e/CAD \$MM	249.16 tco2e/CAD \$MM	All Funds CR: 100%	
	3. GHG intensity of investee companies	GHG intensity of investee companies **	345.5 tco2e/CAD \$MM	2.52 tco2e/CAD \$MM	16.09 tco2e/CAD \$MM	0.84 tco2e/CAD \$MM	326.05 tco2e/CAD \$MM	All Funds CR: 100%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0 %	0 %	0 %	0 %	0 %	All Funds CR: 100%	
5. a) Share of non-renewable	Share of non-renewable energy production of investee	45 %	0 %	0 %	0 %	64 %	All Funds CR: 100%		

	and production	companies from non - renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources								
	5. b) Share of non - renewable energy consumption	Share of non - renewable energy consumption of investee companies from non - renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources **	64 %	7 %	24 %	71 %	90 %		All Funds CR: 100%	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector; Grand Total **	0.07 GWh/CAD \$MM	0.07 GWh/CAD \$MM	0.03 GWh/CAD \$MM	0.01 GWh/CAD \$MM	0.14 GWh/CAD \$MM		All Funds CR: 100%	
		SECTION D: ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY - Hydroelectric Power Generation	0 GWh/CAD \$MM	0. GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM		The results are based on electricity consumption.	
		SECTION L: REAL ESTATE ACTIVITIES - Social	0.17 GWh/CAD \$MM	0.68 GWh/CAD \$MM	0.12 GWh/CAD \$MM	0.24 GWh/CAD \$MM	0.24 GWh/CAD \$MM			

		SECTION D: ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY - Solar Power Generation	0.01 GWh/CAD \$MM	0.02 GWh/CAD \$MM	0.01 GWh/CAD \$MM	0.01 GWh/CAD \$MM	0.01 GWh/CAD \$MM		
		SECTION H :TRANSPORTATI ON AND STORAGE - Transportation	0.05 GWh/CAD \$MM	0.06 GWh/CAD \$MM	0.12 GWh/CAD \$MM	0.01 GWh/CAD \$MM	0.01 GWh/CAD \$MM		
		SECTION D: ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY - Wind Power Generation	0.02 GWh/CAD \$MM	0.01 GWh/CAD \$MM	0.01 GWh/CAD \$MM	0.05 GWh/CAD \$MM	0.04 GWh/CAD \$MM		
		SECTION D: ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY - Thermal Power Generation	0.45 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0.45 GWh/CAD \$MM		
		SECTION D: ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY - Transmission and Distribution	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM		
		SECTION D: ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY - Utility Power Generation	0.36 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0 GWh/CAD \$MM	0.36 GWh/CAD \$MM		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near	0 %	0 %	0 %	0 %	0 %		All Funds CR: 100%

		to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas							
Water	8. Emissions to water	<p>Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average</p> <p>Proxy Indicators Used</p>	N/A	N/A	N/A	N/A	N/A	<p><i>Axium is currently not tracking the volume of emissions of priority substances to bodies of water, as this indicator is not material to a large portion of the portfolio activities. Instead, we have asked the operators to identify whether emissions to water are released and whether there are water policies and practices in place to mitigate negative impacts.</i></p>	
		<p>Share of investments that have emissions to water required to be monitored by permits **</p>	8 %	0.00 %	0.00 %	0.00 %	21 %	<p>All Funds CR: 100%</p> <p><i>Axium's portfolio has the potential to generate emissions to water as the result of its natural gas activities. However, monitoring and mitigation practices are in place as defined by environmental management plans, spill prevention, control and countermeasures (SPCC) plans, and where applicable, stormwater discharge permits and wastewater discharge permits. Axium's highway assets have the necessary mitigation measures such as storm water management ponds to capture water</i></p>	

									run-off in designated areas. This prevents the discharge to be directed to the nearby bodies of water.
		Share of investments that have emissions to water governed by permits with water management policies and processes in place to monitor compliance with identified thresholds	100 %	0.00 %	N/A	N/A	100 %		All Funds CR: 100% All of the assets contributing to the above indicator have a water management policy in place to mitigate impacts to surrounding bodies of water in line with applicable laws, regulations and permits.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average **	0.037 Tonnes/ CAD \$ MM	0.025 Tonnes/ CAD \$ MM	0.031 Tonnes/ CAD \$ MM	0.012 Tonnes/ CAD \$ MM	0.05 Tonnes/ CAD \$ MM		Total Axiom Managed Funds CR: 70% AIC CR: 48% AIC II LP CR: 72% AxInfra US (P-1) LP CR: 59% AxInfra US LP CR: 77% With regards to radioactive waste, none of the assets held in Axiom's portfolio produce such waste. CRCUM does use medical isotopes for the treatment of cancer, but this is managed by the hospital and is outside the scope of the research center funded by Axiom. In terms of other medical waste, we are working with our long-term care operators to increase the disclosure of waste that is reported by this sector.

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

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<p><i>Total Axium Managed Funds CR: 70%</i> <i>AIC CR: 60%</i> <i>AIC II LP CR: 75%</i> <i>AxInfra US (P-1) LP CR: 44%</i> <i>AxInfra US LP CR: 72%</i></p> <p><i>Many of Axium's operating partners are not multinational enterprises and thus, have stated that these are "not applicable". Axium has been actively engaging with our partners to ensure that processes align with the spirit of these guidelines, nonetheless.</i></p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines	21 %	54 %	13 %	0 %	21 %	<p><i>Total Axium Managed Funds CR: 73%</i> <i>AIC CR: 100%</i> <i>AIC II LP CR: 75%</i> <i>AxInfra US (P-1) LP CR: 44%</i> <i>AxInfra US LP CR: 67%</i></p> <p><i>Many of Axium's operating partners are not multinational enterprises and thus, have stated that these are "not applicable". Axium has been actively engaging with our partners to ensure that processes align with the spirit of these guidelines, nonetheless.</i></p>

		for Multinational Enterprises **								
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	N/A	N/A	N/A			Axiom is tracking whether policies are in place to monitor and adjust any gender pay gap.
	Proxy Indicators Used									
	Share of investments with policies are in place to monitor and adjust any gender pay gap**	77 %	100 %	76 %	74 %	70 %				Total Axiom Managed Funds CR: 96% AIC CR: 100% AIC II LP CR: 91% AxInfra US (P-1) LP CR: 99% AxInfra US LP CR: 100%
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	80 % Male 20 % Female	85 % Male 15 % Female	82 % Male 18 % Female	78 % Male 22 % Female	78 % Male 22 % Female				All Funds CR: 100%
14. Exposure to controversial weapons (anti - personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	0%	0%	0%				All Funds CR: 100% Axiom does not invest in companies that are involved in manufacturing and selling of controversial weapons.

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS – #15 AND #16 NOT APPLICABLE TO AXIUM

INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS

Adverse sustainability indicator		Metric	Total Axium Managed Funds Impact [2021/2022]	AIC Impact [2021/2022]	AIC II LP Impact [2021/2022]	AxInfra US (P-1) LP Impact [2021/2022]	AxInfra US LP Impact [2021/2022]	Impact [year n-1]	Explanation & Coverage Ratio (CR)	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels	0%	0%	0%	0%	0%		<i>All Funds CR: 100%</i> <i>Axium's real estate assets are comprised of long-term care facilities, student housing, hospitals and research centers, none of which are exposed to fossil fuel activity.</i>	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets Proxy Indicators Used	N/A	N/A	N/A	N/A	N/A		<i>Given the differences in building energy performance regulations between North America and the EU, Axium is still investigating the best way to align with this indicator and its thresholds.</i>	

		Share of investments in real estate assets with a LEED certification	23 %	100 %	13 %	0 %	0 %	<p>All Funds CR: 100%</p> <p>LEED places significant importance on energy efficiency associated with the participating buildings. Thus, energy efficiency is effectively factored into the operational performance of these buildings.</p> <p><u>LEED certified assets include:</u></p> <p>CHUM Research Centre Etobicoke General Hospital SageWood and Walden Heights homes in Axium's Aster</p> <p><u>In construction assets working towards LEED standards include (not include 2022 results):</u></p> <p>Axium Campus Housing uMass Axium Campus Housing Vanderbilt</p>
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2. Other indicators for principal adverse impacts on sustainability factors

Summary Table 2: Voluntary Social and Environmental Indicators

Adverse sustainability indicator		Metric	Total Axiom Managed Funds Impact [2021/2022]	AIC Impact [2021/2022]	AIC II LP Impact [2021/2022]	AxInfra US (P-1) LP Impact [2021/2022]	AxInfra US LP Impact [2021/2022]	Impact [year n-1]	Explanation & Coverage Ratio (CR)	Actions taken, and actions planned, and targets set for the next reference period
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0.00012 (GWh/sq m)	0.00038 (GWh/sq m)	0.00009 (GWh/sq m)	0.00006 (GWh/sq m)	0.00006 (GWh/sq m)		All Funds CR: 100% Axiom does not invest in real estate, but the indicator is applicable to our social sector assets. The results are based on electricity consumption.	

Adverse sustainability indicator		Metric	Total Axiom Managed Funds Impact [2021/2022]	AIC Impact [2021/2022]	AIC II LP Impact [2021/2022]	AxInfra US (P-1) LP Impact [2021/2022]	AxInfra US LP Impact [2021/2022]	Impact [year n-1]	Explanation & Coverage Ratio (CR)	Actions taken, and actions planned, and targets set for the next reference period
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0 %	0 %	0 %	0 %	0 %		Total Axiom Managed Funds CR: 95% AIC CR: 100% AIC II LP CR: 90% AxInfra US (P-1) LP CR: 99% AxInfra US LP CR: 100%	

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

Detail listed in the “*Transparency of sustainability risk policies*”, “*Transparency of remuneration policies in relation to the integration of sustainability risks*”, “*Investment strategy*”, “*Monitoring of environmental and social characteristics*”, and “*Data sourcing and processing*” sections of the [SFDR Website Disclosure](#).

4. Engagement policies

Detail listed in the “*Engagement policies*” sections of the [SFDR Website Disclosure](#).

5. References to international standards

Axiom’s alignment with international standards include;

- International Labour Organisation’s
- OECD Guidelines for Multinational Enterprises
- Partnership for Carbon Accounting Financials
- United Nations Guiding Principles on Business and Human Rights
- United Nations Principles for Responsible Investment
- United Nations Declaration on the Rights of Indigenous Peoples

Furthermore, alignment with the Paris Agreement is applied through Axiom’s ambition to be Net Zero by 2050 or sooner. Our decarbonization roadmap leveraged target setting guidelines to align emission reduction targets with the latest science.

6. Historical comparison

Not applicable for 1st year

Appendix I: Methodology

The below information outlines the various methodologies used to quantify the principal adverse impact indicators. An Asterix (“**”) is used to identify where alternative indicators were used as proxies.

METHODOLOGY				
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Indicator	Year	Formula	CR	Comments
1. GHG emissions	2021	$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$	100%	Indicator data is based on all reporting companies.
2. Carbon footprint	2021	$\frac{\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$	100%	Indicator data is based on all reporting companies.
3. GHG intensity of investee companies	2021	$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$	100%	Indicator data is based on all reporting companies.
4. Exposure to companies active in the fossil fuel sector	2022	$\frac{\text{NAV all investments of the financial product in the thermal sector}}{\text{NAV of all investments of the financial product}}$	100%	Indicator data is based on the operating activities of Axiom’s investment assets. Having a deep understanding of the operational functions across the portfolio, the indicator results are based on sector information outlined during due diligence. Therefore, indicator results represent 100% of the portfolio and did not require input from reporting companies.
5. a) Share of non - renewable energy production	2021	$\frac{\text{Total non – renewable energy production}}{\text{Total energy production}}$	100%	Indicator data is based on all reporting companies.
5. b) Share of non - renewable energy consumption	2021	$\frac{\text{Total non – renewable energy consumption}}{\text{Total energy consumption}}$	100%	Indicator based on all assets reporting using Axiom’s GHG inventory tool.
6. Energy consumption intensity per high impact climate sector	2021	$\frac{\text{Total energy consumption per investment}}{\text{investee company's \$M revenue}}$	100%	Indicator based on all assets reporting using Axiom’s GHG inventory tool.
7. Activities negatively affecting biodiversity-sensitive areas	2022	$\frac{\text{NAV of all investments negatively affecting biodiversity – sensitive areas}}{\text{NAV of all investments of the financial product}}$	100%	Indicator data is based on all reporting companies.

8. a) Emissions to water *	2022	$\frac{\text{NAV of all investments where emissions to water are released}}{\text{NAV of all investments of the financial product}}$	100%	Indicator data is based on all reporting companies. The results of this indicator are based on assets that have water monitoring requirements as a result of their operation.
8. b) Emissions to water*	2022	$\frac{\text{NAV of all investments where emissions to water are released \& have a water mgmt policy}}{\text{NAV of all investments where emissions to water are released which dont have water mgmt policy}}$	100%	Indicator data is based on only the reporting companies that have indicated water monitoring requirements as a result of their operation.
9. Hazardous waste and radioactive waste ratio	2022	$\frac{\text{Tons hazardous waste}}{\text{NAV of all investments reporting on waste data}}$	70%	Indicator data is based only on the assets currently reporting waste data.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS				
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	2022	$\frac{\text{NAV of all investments with violations of UNGCP \& OECD}}{\text{NAV of all investments reporting on this indicator}}$	70%	Indicator data is based only on the assets that have provided a response of “Yes” & “No”. Portfolio results do not count where information provided by the reporting companies states “not applicable” or simply not answered. We cannot infer that these violations have occurred but will work with our partners to further improve the response rate.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	2022	$\frac{\text{NAV of all investments with processes to monitor compliance with UNGCP \& OECD}}{\text{NAV of all investments reporting on this indicator}}$	73%	Indicator data is based only on the assets that have provided a response of “Yes” & “No”. Portfolio results do not count where information provided by the reporting companies states “not applicable” or simply not answered. We cannot infer that these processes are not in place but will work with our partners to further improve the response rate.
12. Unadjusted gender pay gap*	2022	$\frac{\text{NAV of all investments with policies to monitor \& adjust any gender pay gap}}{\text{NAV of all investments reporting on this indicator}}$	96%	Indicator data is based only on the assets currently reporting on policies in place to monitor and adjust gender pay gap.
13. Board gender diversity	2022	$\frac{\text{Total count of male board members}}{\text{Total count of board members}}$	100%	A unique board member count was used to illustrate Axium’s board gender diversity. Certain members may sit on multiple boards and in those circumstances, they were counted only once. This method was chosen to avoid duplicating the count of a board member present on multiple portfolio asset. For certain

				<p>US assets, specifically Limited Liability Companies (LLCs) that do not require a Board of Directors but rather have the Manager as the governing body, the board structure of the Manager, Axium Infrastructure US Inc. was applied. Should the regulation provide additional guidance on how to treat these companies, Axium will make the necessary adjustments. Therefore, indicator results represent 100% of the portfolio and did not require input from reporting companies.</p>
14. Exposure to controversial weapons (anti - personnel mines, cluster munitions, chemical weapons and biological weapons)	2022	$\frac{\text{NAV of all investments exposed to controversial weapons}}{\text{NAV of all investments}}$	100%	<p>Indicator data is based on the operating activities of Axium's investment assets. Having a deep understanding of the operational functions across the portfolio, the indicator results are based on sector information outlined during due diligence. Therefore, indicator results represent 100% of the portfolio and did not require input from reporting companies.</p>
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS				
17. Exposure to fossil fuels through real estate assets	2022	$\frac{\text{NAV of all investments exposed to fossil fuels through real estate assets}}{\text{NAV of all investments}}$	100%	<p>Indicator data is based on the operating activities of Axium's investment assets. Having a deep understanding of the operational functions across the portfolio, the indicator results are based on sector information outlined during due diligence. Therefore, indicator results represent 100% of the portfolio and did not require input from reporting companies.</p>
18. Exposure to energy-inefficient real estate assets *	2022	$\frac{\text{NAV of all real estate investments LEED certified}}{\text{NAV of all real estate investments}}$	100%	<p>Indicator data is based on all real estate assets present in the portfolio. Indicator results are based on LEED certification results obtained for each respective asset. Therefore, indicator results represent 100% of the portfolio and did not require input from reporting companies.</p>
19. Energy consumption in GWh of owned real estate assets per square meter	2021	$\frac{\text{Square meter of all real estate investments}}{\text{Electricity consumption of all real estate investments}}$	100%	<p>Indicator based on all real estate assets reporting using Axium's GHG inventory tool.</p>

1. Investments in companies without workplace accident prevention policies	2022	$\frac{\text{NAV of all investments without a workplace accident prevention policy}}{\text{NAV of all reporting investments}}$	95%	Indicator data is based only on the assets currently reporting on workplace accident prevention policies
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Appendix II - 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>

Financial Product - means an alternative investment fund (AIF). Axiom is an AIF manager, hence is a financial market participant (FMP) required to report under the regulation. The ongoing reference to financial products listed throughout the below disclosure will be used to outline Axiom's funds.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R2088>

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

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.

<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 (IFRS 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/>

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 - 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.

Sustainability Risk - means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment". As such, ESG and sustainability are used interchangeably throughout the presented disclosure.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R2088>

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/>