2023

Annual ESG Report – Summary Version

for the year ended December 31, 2023

Axium Infrastructure

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1.0 Message from the ESG Committee

The ESG Committee is pleased to present Axium's Annual ESG Report for 2023.

If we were to describe 2023 in one word, it would be "data". The better part of the year was dedicated to preparing for the various assessments and disclosure requirements and, in parallel, exploring software solutions to streamline ESG data reporting needs. We did so with the aim of finding a tool to ease the data collection process, enable the storage of evidence material and provide capabilities to communicate with other software already in use at Axium. We are confident that we found the best solution for us, one that will enhance our ecosystem of tools and make it easier to align with existing and upcoming disclosure requirements.

To complement this collection of information, we increased internal collaboration within Axium. With the "inflation" of compliance and reporting obligations, we took the time to understand the new and expected requirements, decipher the new terminology, and share our findings with the entire team. With this, we are actively preparing to integrate ESG key performance indicators (KPIs) into Financial Reports. As mentioned in last year's report, these continued efforts demonstrate that, when it comes to responsible investing, the best results are achieved through collaboration.

In June of 2023, we published our first mandatory disclosure with the first mandatory disclosure of Axium's Principal Adverse Impact Statement in compliance with the European Union's Sustainable Finance Disclosure Regulation (SFDR) Given that this required considerable effort from us and our collaborators, we are quite satisfied with the outcome, and will continue to work towards improving the coverage of the indicators.

Regarding climate change, we remain convinced we have built a resilient portfolio, as demonstrated in the Climate Resilience assessment of 2020 and confirmed by the new assessment done in 2023. With that in mind, we cannot ignore the numerous extreme weather events experienced in 2023, and we continue to identify mitigation and adaptation measures to help our portfolio adapt to these more damaging and frequent events.

Axium was pleased to have its interim 2030 net zero targets reviewed and approved by the Net Zero Asset Managers Initiative (NZAM). Collaboration will be key in the decarbonization of our portfolio. While some assets have begun developing action plans for decarbonization, we will be working with others who have not yet done so and will continue to focus on this effort for years to come.

As always, we wish to take this opportunity to acknowledge the efforts of our numerous stakeholders. Now more than ever, ESG is proving to be a collective journey, and we are fortunate to be able to count on the unwavering support of Axium's Board of Directors and management, and the collaboration of our colleagues, partners, O&M providers, and Limited Partners. We could not do it without all of them.

Finally, while it is certainly important to pause and celebrate the progress and achievements made up until now, we are aware that this is not the end of the road, but rather an early step in an ever-evolving journey.

Suzanne Leblanc

Senior Vice President,
Responsible Investment

Chair of Axium's ESG Committee

2.0 Task Force on Climate-Related Financial Disclosures (TCFD)

Axium 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. 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, renewable energy, transportation, and social infrastructures, 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.

Axium's ESG report follows the recommendations of the TCFD. The framework is structured around four thematic areas that represent core elements of how organizations operate in the context of governance, strategy, risk management, and metrics and targets. TCFD was designed to help investors and other stakeholders understand how reporting organizations think about and assess climate-related risks and opportunities. Considering the standards developed by the International Sustainability Standards Board (ISSB) built on the TCFD recommendations, the below sections have been further expanded to include wider sustainability related risks and opportunities alongside climate related information. This framework reporting adjustment was made to pre-emptively begin aligning Axium's disclosures with the ISSB standards over the next few years.

2.1 Governance	2.2 Strategy	2.3 Risk Management	2.4 Metrics and Targets
Section covers the organization's governance around climate -related risks and opportunities.	Section covers the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Section covers how the organization identifies, assesses, and manages climate-related risks.	Section covers the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
Describe the board's oversight of climate-related risks and opportunities.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Describe the organization's processes for identifying and assessing climate-related risks.	Disclose the metrics used by the organization to assess climate - related risks and opportunities in line with its strategy and risk management process.
Describe management's role in assessing and managing climate-related risks and opportunities.	Describe the impact of climate - related risks and opportunities on the organization's businesses, strategy, and financial planning	Describe the organization's processes for managing climate-related risks	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Source: https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf

2.1 Governance

Section covers the organization's governance around climate and sustainability related risks and opportunities.

As long-term investors, Axium 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. Axium also believes it is its fiduciary duty to its investors to integrate ESG concerns in its investment activities and decision-making processes. This approach is translated in policies and guidelines, as well as strategies and statements, all of which are stewarded by the Board of Directors and implemented by management.

Investment Restrictions and Guidelines

Axium'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 Axium has committed to following the United Nations' Principles for Responsible Investment ("UN PRI"). More specifically, elements of the Investment Restrictions and Guidelines include to not invest in infrastructure assets that Axium 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 factors 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

Axium 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 Axium's objectives for maintaining that commitment and enhancing workplace diversity and inclusiveness. The Board of Directors 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, when acting on behalf of Axium, 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

Human Rights Statement

Axium 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. Axium 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

Axium 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.

Responsible Investment Strategy

The Responsible Investment Strategy builds on Axium Infrastructure's ESG Policy and details how responsible investment principles guide our due diligence process, asset management practices, engagement with stakeholders, and overall operations. Axium believes that environmental, social, and governance (ESG) issues constitute foundational elements to any sustainable investment strategy and that good ESG practices will improve the risk profile of our portfolio while contributing to sustainable fund returns.

Net Zero Strategy

The strategy sets forth Axium's commitments, progress, and strategy towards achieving Net Zero by 2050. Through a wide variety of approaches, Axium's Net Zero strategy is focused on building greater portfolio value by achieving positive climate impacts, engaging with our partners, and supporting the transition to a low carbon economy.

Tax Strategy Statement

As per Axium's Tax Strategy Statement, Axium recognizes the importance of taxation to the functioning of a healthy economy and society. By conducting our business in a tax efficient manner while undertaking only non-aggressive tax planning, Axium is committed to responsible tax behavior.

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

Axium's Board of Directors has the ultimate responsibility for overseeing risks and opportunities relating to sustainability topics, including climate change. The President and CEO, Pierre Anctil and the President and COO, Stéphane Mailhot, as well as the SVP Responsible Investment, Suzanne Leblanc, 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 calls. 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 with the aim 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 stakeholders.

Furthermore, Suzanne Leblanc, Senior Vice President, Responsible Investment, is the chair of the ESG Committee. Overseeing 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.

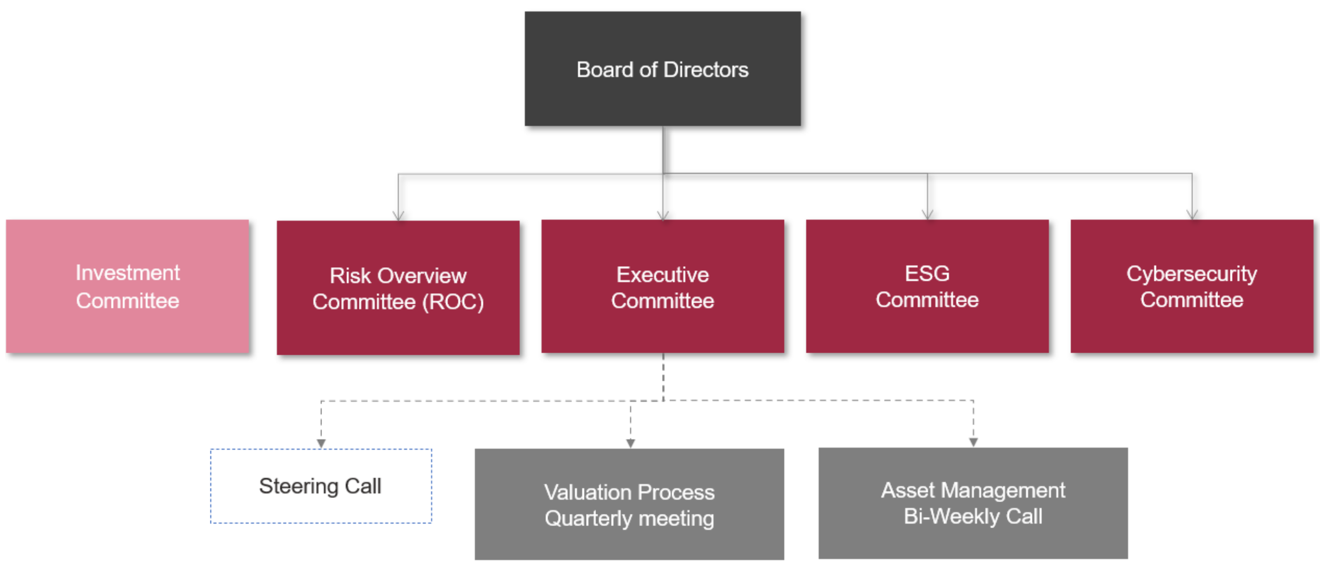


Figure 1 – Axium's Governance Overview

BOARD OF DIRECTORS
Chaired by Pierre Anctil

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

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.

CYBERSECURITY COMMITTEE
Chaired by Lance Wahba

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

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 or decline a proposed investment.

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 the portfolio on a 3-year rotation cycle.

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.

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.

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.

ASSET MANAGEMENT MEETING
Chaired by Eric St-Pierre

Axium 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, Axium 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, Axium 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. For each employee, the annual bonus is based on 50% individual performance and 50% corporate performance objectives. ESG represents 20% of the corporate bonus, corresponding to 10% of the total bonus structure for all employees. In 2023, eight ESG targets were adopted. These targets, which aim to be cross-departmental, are embedded in the remuneration of all Axium employees, including executive members. The ESG targets set in 2023 are illustrated in *Figure 5.*

BOARD SKILLS AND DIVERSITY

Axium believes that corporate governance should represent the breadth of skills and diversity needed to exercise oversight responsibilities on behalf of the Firm and Managed Funds. Collectively, Axium Board members bring their experiences, skillsets, and backgrounds to asset-level and fund-level decisions. Among the 24 Axium team members that sit on Boards of portfolio companies within Axium's managed Funds, the following experience, skills, and attributes are reflected:

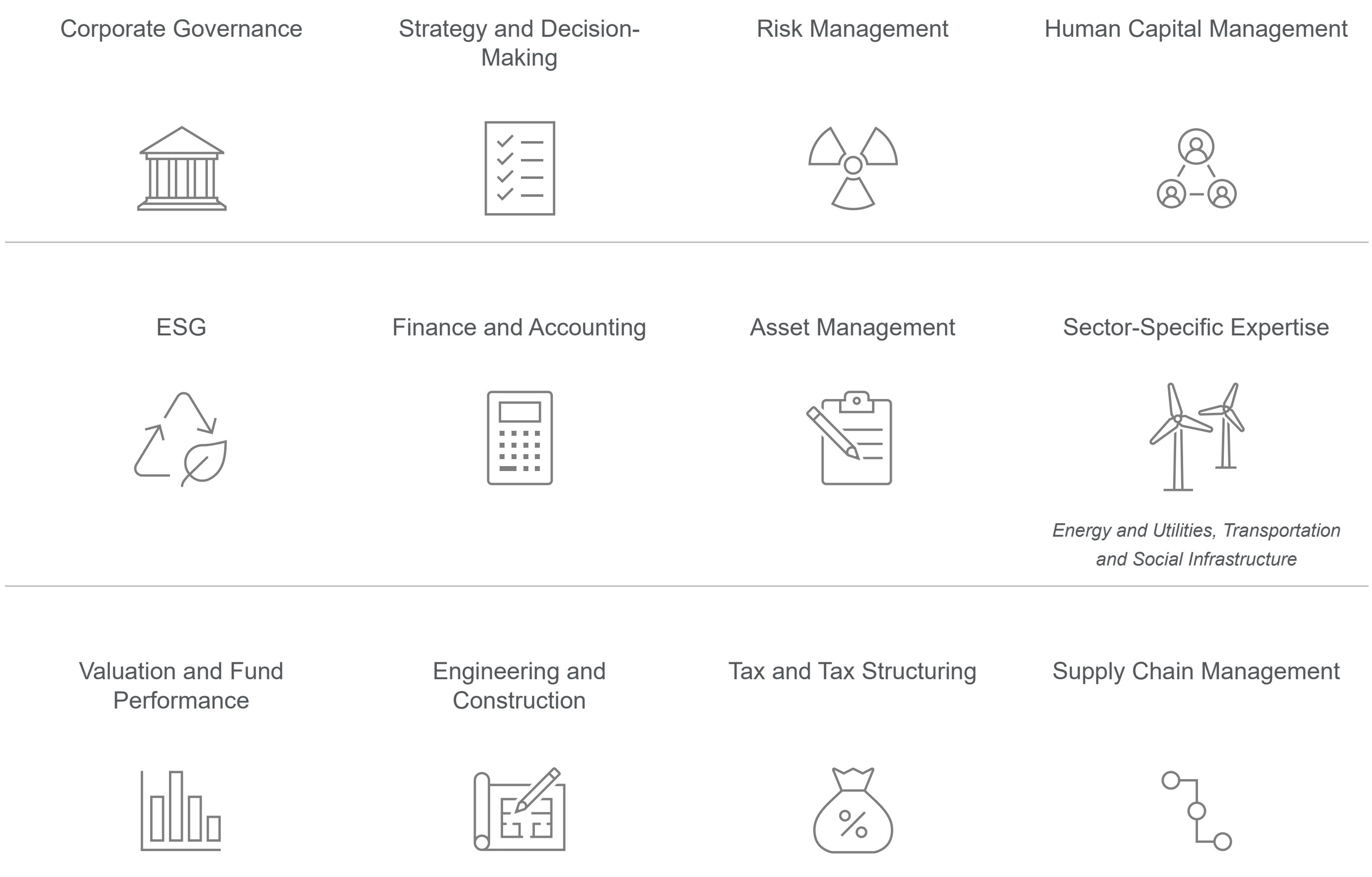


Figure 2 – Axium Board Member Expertise

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

Sustainability 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 3*), sustainability and climate-related risks and opportunities are evaluated, analyzed, monitored, and addressed. A number of working groups have been established with various departments to ensure these processes are embedded across the organization.

Through the application of the United Nations Principles for Responsible Investment (UN PRI), Axium 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 Axium works in. The ESG Charter, which informs external stakeholders of our commitments to ESG, also reiterates that Axium 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. Furthermore, a section specifically focused on climate change considerations has been integrated in the Investment Committee Memo in addition to the ESG section. Below is Axium's overall integrated strategy and approach where ESG matters, including climate change, are embedded into each stage of the investment process.

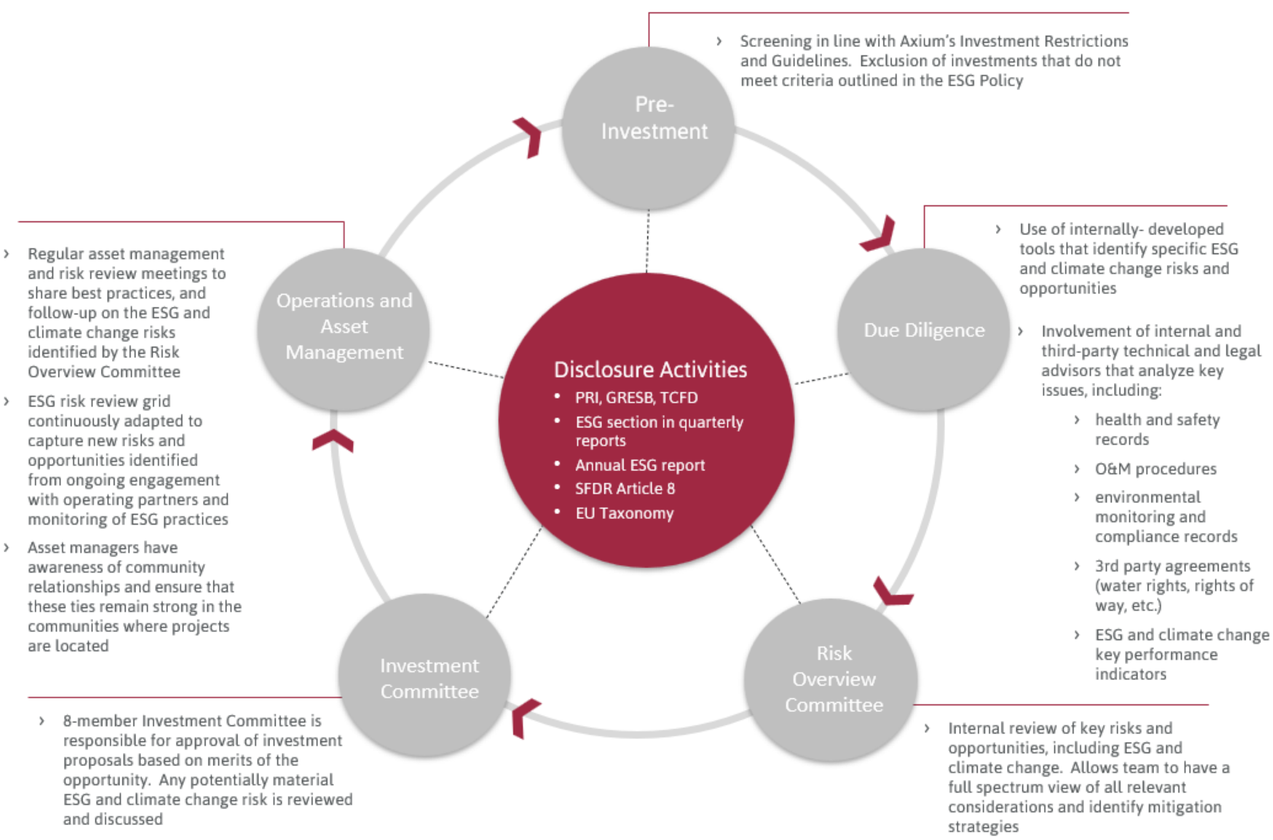


Figure 3 – ESG at Each Stage of the Investment Process

As part of the due diligence process, discussions on risk appetite help inform decision-making, specifically as it relates to topics concerning exposure to GHG emissions and climate change. As part of its Net Zero ambition and interim 2030 targets, Axium seeks to understand how new acquisitions will contribute to our objectives. As further detailed in *section 2.4 Metrics and Targets*, Axium has established portfolio-wide intensity-based targets that will require continued investments in climate solutions and carbon sober technologies. From a climate resilience perspective, following the assessments conducted in 2020 and 2023 (see *2.2 Strategy* for more details), Axium seeks to mitigate overall portfolio exposure to physical and transition risks related to climate change. During due diligence, Axium considers available information as part of its decision-making process to understand how a potential new acquisition will affect the overall portfolio resilience.

Tools have been developed to support the investment team and asset managers in the identification, measurement, and proper mitigation of risks, for example the Annual Risk Review and a Materiality Assessment (see *2.3 Risk Management* section). As a manager, these tools enable Axium to strive at making sound investment decisions, optimizing 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. Our active engagement starts with our hands-on asset management approach which is further detailed in section *4.0 Engagement*. In 2023, Axium representatives made 261 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 is placed on centralizing evidence to quantify a variety of ESG and climate-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.

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 Axium's teams to support the implementation, measurement, and surveillance of ESG initiatives. The Committee also helps outline strategies 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 Axium activities as illustrated below.

Figure 4 – ESG Committee members in Axium 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. The list below details the working groups established with different departments to ensure ESG and climate-related processes are embedded across the organization. Collaborative stewardship opportunities, such as these, will continue to be sought out as the ESG practice at Axium evolves in the years to come.

- Talent & Culture: The ESG team holds regular meetings with the Talent and Culture team. 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., intranet, newsletters), employee wellbeing and satisfaction concerns, as well as onboarding of new hires.
- Legal & Compliance: The ESG team holds regular meetings with the Chief Legal and Compliance Officer and the Vice President of Legal Affairs. This collaboration addresses initiatives applicable to both functions such as governance issues, regulatory requirements, and overall risk management. 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: Given that this function is a critical touchpoint in Axium's engagement strategy and hands-on approach to asset management, the ESG team meets with the Asset Management team on a regular basis. This provides an opportunity to keep close track of ESG data collection efforts across our portfolio and the identification of emerging risks and opportunities throughout the asset life.
- Finance & Accounting: With the recent issuance of the ISSB global sustainability standards, Axium's ESG team has begun conducting regular meetings with members of the accounting team to further our understanding of the framework requirements, the entities impacted and work towards aligning Axium's current reporting with the standards.
- Valuations: To further align with TCFD recommendations and, in turn, the ISSB disclosure standards, the ESG team has initiated regular meetings with members of the valuations group to develop methods and tools to systematically evaluate the impact of climate change considerations on asset valuations.
- Repowering: As site specific developments have generated repowering opportunities for the optimization of power generation, a working group was initiated in 2023 with a mandate to understand the current landscape associated with wind turbine recycling and reuse options.

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.

EMPLOYEE REMUNERATION STRUCTURE

In addition to a competitive base salary, compensation for management team members includes short-term and long-term incentive components, as well as company ownership through a stock option purchase plan. Half of the target bonus is based on Axium's corporate objectives, and the other half is based on the individual performance objectives of the employee. The Firm's corporate objectives are: earnings before income tax, capital deployment, fund raising, ESG integration and Funds' investment return. ESG objectives account for 20% of the Corporate Performance Objectives. Axium is happy to report that the ESG objectives were achieved for the calculation of Corporate Performance Objectives in 2023.

Long-term compensation over time provides for incentive arrangements that reward performance, align interest, and serve to promote employee retention. Axium's long-term compensation plan is composed of a Performance Share Unit (PSU) program, as well as a Stock Appreciation Right (SAR) program:

- The PSU plan offers participation in the carried interest. Through this program, 10% of the carried interest of the closed-end Fund and 15% of the carried interest of the Open-End Funds is shared with the PSU holders, vesting when the carried interest becomes payable.
- The SAR plan allows employees to benefit from the distributions and the increase in value of the Manager over three to five years.

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.

2023 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 2023, we 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 verification firm 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.

› Third-Party Verification of 2021 Portfolio GHG Emissions

For the first time, the 2021 greenhouse gas data reported in the 2022 Annual ESG Report was externally validated. As part of the mandate, the third-party reviewed a subset of asset-level energy consumption data points, verifying the validity of the inputs with evidence from invoices, meters, and other applicable sources. They also conducted a review of emission factors and resources used in the quantification of the reported emissions. This same exercise was conducted for the 2022 GHG emissions reported later in this report.

› Climate Resiliency Assessment

In 2023, Axium retained the services of a third-party expert to conduct Axium's second portfolio climate resiliency assessment. This assessment reviewed the physical and transition risks and opportunities of the portfolio using the following scenarios: IPCC'S RCP 2.6, RCP 4.5 and RCP 8.5, and IEA's Net Zero by 2050 (2022), Current Policy (2019) and Stated Policy (2022). Results and findings are further detailed in section *2.2 Strategy.*

INCREASED CLIMATE AND SUSTAINABILITY REPORTING

With increased demand for transparency within the ESG space, regulatory agencies are placing focus on building better guardrails around ESG reporting by developing stringent requirements and standards. Due to the diversity of Axium's investor base, we are subject to regulations in Canada, the United States, the EU, and the UK. 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, Axium continues to actively monitor the developments around reporting regulations applicable to our business operations.

Figure 6 – Reporting frameworks under which Axium is reporting

Sustainable Finance Disclosure Regulation (SFDR)

Made public on June 30, Axium published its first Principal Adverse Impact Statement in 2023. Axium funds align with Article 8 of the SFDR, which refers to financial products that promote environmental and social characteristics. Axium'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 gone through the first disclosure process, Axium will continue to look for ways to increase the coverage ratio associated with data provisions of our investee companies. Although certain aspects of the SFDR remain to be defined in more detail, Axium is actively monitoring the ongoing publications made by the European Commission to assess most up to date applicable guidance.

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. 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. Axium's underwent two Taxonomy assessments conducted by South Pole in 2021 and 2022 to determine alignment to the climate change mitigation objective. The results of these assessments are listed in the *2.4 Metrics & Target – Table 13 and Table 14* section of the report. In 2023, Axium conducted an internal assessment to include new acquisitions made during the year and the results illustrate a 54.41% alignment of the portfolio.

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, Axium 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.

2.2 Strategy

Section covers the actual and potential impacts of climate and sustainability related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Axium strongly believes that environmental, climate change and health issues constitute foundational elements to any sustainable investment strategy. Axium's investment strategy is focused on 3 sectors: **ENERGY**, **TRANSPORTATION**, and **SOCIAL INFRASTRUCTURE** assets underlying the Firm's 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**. Axium 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. Axium consistently includes a review of the potential contributions of each opportunity we analyze towards the SDGs during its due diligence process. 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.

As a Firm with a "buy-and-hold" investment strategy, Axium views responsible investment synonymously to sustainable investment. We truly believe that environmental, social, and governance (ESG) issues constitute foundational elements to any sustainable investment strategy and that good ESG practices will improve the risk profile of our portfolio while contributing to sustainable fund returns. This has been fundamental to our investment philosophy since the Firm's inception, and the reason why we have included the Principles for Responsible Investment as part of the investment restrictions and guidelines applicable to Funds that we manage.

2.2.1 Key climate-related risks and opportunities identified

In 2023, Axium underwent a second climate resilience assessment which evaluated the potential climate related risks and opportunities across our portfolio, using the recommendations of the TCFD. The assessment was completed by a third-party expert to analyze climate-related transition and physical risks and opportunities (R&Os), with an aim to identify the potential financial impacts across Axium's portfolio. The results demonstrated that, even under a high emission scenario where we experience more physical impacts of climate change, the potential negative financial impact to Axium is generally only moderate. The assessment methodology and results are further detailed below.

ASSESSMENT FRAMEWORK

In collaboration with key stakeholders at Axium, the external firm evaluated climate-related risks and opportunities (R&O's) through 5 key steps:

01	02	03	04	05
Analyze & segment portfolio	Select climate scenarios	Evaluate physical hazards	Evaluate transition R&O's	Results & next steps

The evaluation considered transition and physical R&O exposure with the specific asset type vulnerability to determine the potential financial impacts using the below calculation.

CLIMATE R&O EXPOSURE	X	ASSET TYPE VULNERABILITY	=	POTENTIAL FINANCIAL IMPACT
Exposure of the asset group (based on geographic location and asset type) to climate R&Os under two different scenarios and two-time horizons, 2030 and 2050		Establishes asset specific vulnerabilities and resiliency of mechanical and structural components and contractual agreements		By combining exposure, vulnerability, and opportunities, establishes the potential financial impacts of climate change across the portfolio

SCENARIO ANALYSIS

The third-party expert conducted a qualitative assessment of climate-related risks and opportunities using scenario analysis. The assessment was carried out between March to August 2023, on Axium's portfolio of 244 assets as of December 31, 2022. The scope of work consisted of reviewing the physical and transition risks across the portfolio, informed by quantified climate-related information for each location and asset type based on the analysis of two scenarios and two-time horizons: 2030 and 2050. The climate scenarios were selected in collaboration with the external firm and Axium's team members to select the most relevant narratives specific to our portfolio. The assessment included a broad range of internationally referenced data and the latest global climate scenario models used by the scientific community.

		CURRENT	SCENARIO 1		SCENARIO 2
Global average temperature increase	**C + 0 °C**	**+ 1.2 °**	**< + 1.5 °C - + 1.8 °C**	**+ 2.7 °C**	**+ 4.1 °C**
SCENARIO			"**Deep decarbonization**" (Low emissions scenario)		"**Climate crisis**" (High emissions scenario)
TIME HORIZON			Medium: 2030 Long term: 2050		Medium: 2030 Long term: 2050
SCENARIO DESCRIPTION			An ambitious pathway which sees emission peak early, then falls as emission reduction initiatives increase. Requires early participation from key emitters		Considered a high emissions scenario where there is no international effort to reduce emissions, representing a failure to curb global warming by 2100
IMPACTS			Businesses impacted more by transition risks		Businesses impacted more by physical risk

REFERENCE SCENARIO SOURCES USED	EIA, World Energy Outlook (WEO)	WEO 2022, Net Zero by 2050 Scenario (NZE)	WEO 2019, Current Policy Scenario (CPS)
	Institute de L'énergie Trottier (IET), 2021 CEO	Net Zero by 2050 Scenario (NZ50)	Reference Scenario (REF)
	US EIA, 2023 Annual Energy Outlook	High Uptake Inflation Reduction Act (IRA) Case	No IRA Case
	IPCC Sixth Assessment Report (AR6)	SSP1 (Representative Concentration Pathway (RCP) 2.6)	SSP5 (Representative Concentration Pathway (RCP) 8.5)

RATING METHODOLOGY

The assessment used a rating system that factors in location-specific exposure to physical and transition R&O's and the perceived vulnerability of these risks materializing to then determine the potential financial impacts.

CLIMATE R&O EXPOSURE X ASSET TYPE VULNERABILITY = POTENTIAL FINANCIAL IMPACT

The **exposure** to the different climate hazards at each asset location was the first step in evaluating the potential financial impacts. The rating table below provides an example used to summarize the level of physical risks in the geographies hosting Axium's asset groups. Ratings were determined by the third-party expert by analyzing scientific climate data consistent with the scenario narratives at the specified time horizon.

	Heat stress					Increased			
	Maximum daily temperature					Cooling degree days			
	Average rating					Average rating			
	Historical	RCP 2.6		RCP 8.5		RCP 2.6		RCP 8.5	
Regions	Base	2030	2050	2030	2050	2030	2050	2030	2050
Ontario	2	3	4	3	5	3	5	4	5
Alberta	2	3	3	3	5	5	5	5	5
British Colombia	2	2	2	2	4	5	5	5	5
Manitoba	2	3	4	4	5	4	5	5	5
Quebec	2	2	3	3	4	4	5	5	5
Eastern Canada	2	2	2	2	3	5	5	5	5
Eastern US	3	4	4	4	5	2	3	3	5
Texas	4	5	5	5	5	2	2	2	4
Western US	4	5	5	5	5	2	3	3	5
Puerto Rico	1	1	1	1	2	No data	1	No data	1

	Wildfire					Extreme cold events and lower				
	ffdimax					Minimum daily temperature (°C)				
	Average rating					Average rating				
	Historical	RCP 2.6		RCP 8.5		Historical	RCP 2.6		RCP 8.5	
Regions	Base	2030	2050	2030	2050	Base	2030	2050	2030	2050
Ontario	2	3	3	3	3	3	3	3	3	3
Alberta	2	3	3	3	3	4	3	3	3	3
British Colombia	2	2	2	3	3	3	3	2	3	2
Manitoba	2	3	3	3	4	4	3	3	3	2
Quebec	1	2	2	2	2	3	2	2	2	2
Eastern Canada	1	2	2	2	2	3	2	2	2	2
Eastern US	3	3	3	3	3	2	2	2	2	2
Texas	4	5	5	5	5	2	2	2	2	2
Western US	4	5	5	5	5	2	2	2	2	2
Puerto Rico	1	1	1	1	1	1	1	1	1	1

	Winter temperatures				Water stress				
	Heating degree days (°C)				Water stress (%)				
	Average rating				Average rating				
	RCP 2.6		RCP 8.5		Historical	RCP 2.6		RCP 8.5	
Regions	2030	2050	2030	2050	Base	2030	2050	2030	2050
Ontario	1	2	2	4	2	2	3	2	2
Alberta	1	2	1	3	4	4	4	4	4
British Colombia	2	3	2	4	2	2	2	2	2
Manitoba	1	2	1	3	3	3	3	3	3
Quebec	1	2	1	4	2	2	2	2	2
Eastern Canada	1	2	1	3	1	1	1	1	1
Eastern US	2	3	2	4	3	3	3	3	3
Texas	2	3	3	5	4	4	4	4	5
Western US	2	3	2	4	4	4	4	4	4
Puerto Rico	No data	No data	No data	No data	No data	No data	No data	No data	No data

	Flooding (Selected hazard)				
	Risk category score (100yr)				
	Average rating				
	Historical	RCP 2.6		RCP 8.5	
Regions	Base	2030	2050	2030	2050
Ontario	2	2	2	2	2
Alberta	2	2	2	2	2
British Colombia	3	3	3	3	3
Manitoba	3	3	3	3	3
Quebec	2	2	2	2	2
Eastern Canada	2	2	2	2	2
Eastern US	2	2	2	2	2
Texas	2	2	2	2	2
Western US	2	2	2	2	2
Puerto Rico	2	2	2	2	2

Given Axium's industry expertise and deep portfolio asset knowledge, the potential **vulnerability** of the above climate hazards materializing over the identified time horizon was assessed alongside the consultant's subject matter experts. The rating scale used for the potential asset vulnerability is outlined below. This generated an overall asset specific score that was then translated using the below **potential financial impact** rating scale.

Asset type vulnerability rating	1	Minimal vulnerability	The asset type is highly resilient and can withstand the identified climate-related risk with minimal impact on its operation or performance.
	2	Low vulnerability	The asset type is largely resilient, though minor disruptions may occur due to the climate-related risk. These disruptions can be managed with standard operational procedures.
	3	Moderate vulnerability	The asset type can be significantly affected by the climate-related risk, leading to occasional disruptions in operation or performance. These disruptions can be mitigated with additional measures and investments.
	4	High vulnerability	The asset type is highly susceptible to the climate-related risk, leading to frequent or severe disruptions in operation or performance. Significant measures and investments are required to mitigate these disruptions.
	5	Severe vulnerability	The asset type is extremely susceptible to the climate-related risk, with potential for catastrophic failure or loss of function. Substantial measures and investments, including potential asset relocation or replacement, are required to address these risks.

Potential financial impact levels	Under 5	Low	Negligible potential financial impacts.
	6 -10	Moderately Low	Minor potential financial impacts.
	11 - 15	Moderate	Moderate potential financial impacts.
	16 - 20	Moderately High	Significant potential financial impacts.
	Over 20	High	Severe potential financial impacts.

KEY TAKEAWAYS & FINDINGS (Climate-related R&Os)

	RISK/OPPORTUNITY DESCRIPTION	SCENARIO
01 (Opp)	Increased demand for clean energy is highlighted as Axium's greatest climate-related opportunity, as a large portion of Axium's portfolio stands to benefit from favorable conditions for renewable energy generation, battery storage and electricity transmission assets under both climate scenarios.	Opportunity under both scenarios, "Deep decarbonization" (RCP 2.6) and "Climate crisis" (RCP 8.5) related to the existing and future renewable energy investments. Although more accelerated and pronounced in the RCP 2.6 scenario.
02 (Risk)	Even under a high emission scenario where we experience more physical impacts of climate change, the potential negative financial impact to Axium is generally only moderate, with limited financial impacts.	Although Axium's portfolio exposure to the financial impacts associated with climate hazards was present, when factoring in the asset-specific resiliency factors (contractual arrangements and physical constructs), most assets only face at most Moderately Low potential financial impacts, regardless of the future scenario, "Deep decarbonization" (RCP 2.6) and "Climate crisis" (RCP 8.5)
03 (Risk)	While potential financial impact may only be moderate, some asset groups stand out as more susceptible to specific risks or opportunities. These hot spots and asset groups should be monitored closely.	Under both scenarios, "Deep decarbonization" (RCP 2.6) and "Climate crisis" (RCP 8.5), Axium's natural gas assets face the highest potential financial impacts (moderately high), as a result of increase fossil fuel pricing volatility and rising costs for GHG emissions. Axium's long-term care facilities in Manitoba and Alberta are exposed to temperature extremes, heatwaves and flooding. This is more pronounced in the "Climate crisis" (RCP 8.5) scenario and should be closely monitored.

KEY LIMITATIONS & ASSUMPTIONS

Physical Risk Framework: For spatial resolution, in situations involving small linear assets or two separate assets located in close proximity, the geographic information system (GIS) coordinates often fall within the same grid cell, resulting in identical exposure ratings. For the linear sampling approach, in specific instances, like with transmission lines, the lack of accurate maps required the use of approximate locations in the proximity of the linear asset.

Transition R&O Framework: Any differentiation in the potential financial impact of each transition R&O across asset groups is dependent on the availability of region-specific data during the exposure analysis. Some opportunities are the same across Axium's Eastern and Western US asset groups, as only data at the federal level was available. Analysis of each transition R&O was subject to data availability from the following primary sources: (World Energy Outlook) WEO 2022, WEO 2019, (Annual Energy Outlook) AEO 2023 and (Canadian Energy Outlook) CEO 2021. In some cases, data from alternative scenarios and/or publicly available sources was used to assess the regional exposure of certain R&Os when data was unavailable from primary sources.

General Limitations: Axium's analysis considers only the direct impacts of transition R&Os on Axium's asset groups and does not consider cascading impacts. For example, this report considers how the risk "increase in energy efficiency standards" might impact the capital cost of Axium's long-term care facilities in 2030 and 2050. However, there is no consideration given to far-reaching impacts such as issues regarding the supply and distribution of energy efficient technologies. While signposts in the scenarios are internally consistent (inter-dependent), the approach used does not attempt to assess the potential impact when exposed to concurrent risks or opportunities.

SUMMARY

Upon the completion of the second climate resiliency assessment which factored in the latest scientific climate data and most up to date scenario analysis practices, Axium held two working sessions with the executive committee, asset management and investment teams. Presented by the consultant, the sessions outlined assessment methodologies and the results of the climate related R&Os across the portfolio. Moving forward, the results of the 2023 assessment will be integrated into decision-making and risk management processes (see *2.3.2 Annual Risk Review)*. Axium aims to avoid increasing the vulnerability of our portfolio, vis-a-vis the risks associated with climate change when evaluating opportunities and introducing new assets into the portfolio. We will continue to monitor the potential impacts of these R&Os, while ensuring to factor in technological advancements and the latest methods employed to measure and evaluate climate related financial impacts.

The full list of the most material physical and transition risks and opportunities are outlined by sector in the *2.2.3 Scenario Opportunities* and *2.2.3. Portfolio Climate Resiliency* section. Beyond climate-related concerns, Axium actively evaluates, and monitors sustainability-related risks and opportunities that are present across the portfolio. These R&O's have been identified in the *2.3.2 Annual Risk Review* section, along with the relevant mitigation and monitoring actions implemented in 2023.

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

Axium'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. Axium will further increase its contribution to climate change mitigation and protection of the environment. Axium 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 Axium'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.

Having now undergone two climate resiliency assessments, the results continue to further validate the direction and development of key strategic priorities and focus areas at Axium. These include the acceleration of clean energy and innovative solutions through portfolio investments, alignment with Net Zero to mitigate future risks associated with continuing to rely on fossil fuel, maturing processes for reporting on climate-related financial metrics and focusing on engagement and collaboration to mobilize action towards achieving our goals. The 2023 results will be embedded in Axium's ongoing risk monitoring practices to understand whether the probability of scenario R&Os materializes across the portfolio in the years to come. This climate scenario analysis will complement the existing climate monitoring practices such as the weather events log (*2.3.2 Extreme Weather Events Monitoring*), climate change considered in investment memorandums, and the annual risk review processes.

CLEAN ENERGY & INNOVATION

(Related to the above climate-related R&O #1)

Axium continues to invest in renewable technologies to build greater capacity for clean energy solutions in regions where we operate. As outlined in the results of the scenario analysis, a high proportion of renewable generation and storage assets stand to benefit from electrification of the economy and a rise in demand for clean energy. These sectors significantly contribute to the resiliency of Axium's portfolio and will continue to be invested in over the years to come.

IMPACT: As of year-end 2023, Axium's funds are invested in solar, wind and hydro projects spanning across North America that have a cumulative energy capacity of **8,777 MW**. In addition, Axium's recent investments in battery storage projects further support the acceleration of renewable energy development. In total, Axium's portfolio has **4,236 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 Axium's investment approach and creates value for Limited Partners, all the while supporting the growth of the portfolio. This focus also contributes to Axium's objective to be Net Zero by 2050 and strengthens our portfolio climate resilience.

CLIMATE-RELATED FINANCIAL METRICS

(Related to the above climate-related R&O #2)

Axium is actively evaluating ways to further develop and embed climate-related financial metrics alongside traditional financial statements, valuation processes and disclosure requirements such as TCFD, SFDR, and ISSB.

IMPACT: Although the potential financial impacts identified in the 2023 climate resiliency assessment may be moderate to low, these scenarios only illustrate the probability of future impacts. In the face of these uncertainties, Axium continues to work internally to mature the process of valuing existing ESG- and climate-related impacts in financial terms. In the later part of 2023, a working group made up of internal subject matter experts convened with the mandate to evaluate possible approaches to this. It is important to note that due to the nature of Axium's portfolio assets, ESG concerns have historically been included in applicable asset-level cashflows such as environmental mitigation requirements, energy curtailment for species protection, historical climate patterns for energy production forecasting, carbon taxes and carbon credit revenues, community compensation, health & safety funding, etc. However, with the additional guidance set forth by the ISSB standards, Axium has begun evaluating ways to further standardize these processes across the portfolio, in a way that provides value to future decision-making.

NET ZERO ALIGNMENT

(Related to the above climate-related R&O # 3)

Axium's Net Zero objective and interim targets have been set to accelerate emission reductions needed across the portfolio. In 2023, a third-party provider was selected to begin the process of integrating Scope 3 to Axium's emission inventory.

IMPACT: Axium received approval from the Net Zero Asset Managers initiative this year on the emission reduction interim targets set for the portfolio, which have been made publicly available here and progress towards these objectives is listed in the *2.4.2 Portfolio Alignment With Net Zero Ambition* section.

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, PCAF and CanREA that allow us to stay abreast of best practices, evolving developments, and new opportunities.

ENGAGEMENT & COLLABORATION

(Related to the above climate-related R&O #1,2 & 3)

Axium continues to prioritize internal and external engagement to increase collaboration internally and externally towards achieving Axium's ESG- and climate-related goals.

IMPACT: Axium's natural gas assets face the highest potential financial impacts under both scenarios. High emitting assets will continue to be engaged to determine emission reduction opportunities, as set in the 2023 corporate ESG objectives (*see section 2.1.2 Employee Remuneration Structure* for more detail). In 2023, a third-party assessment was completed to evaluate the feasibility of carbon capture and storage (CCS) technology. The assessment focused on the economic viability of introducing this technology to natural gas facilities by determining the total capital investment needed and governmental incentives required to realize the feasibility of this technology. Additional emission reduction projects undertaken by Axium's operating partners are listed in the *3.2 Protection of the environment* section.

For Axium, successful engagement is centred 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. The different engagement activities undertaken in 2023 are detailed in the *4.0 Engagement* section.

2.2.3 Axium strategy resilience under different climate-related scenarios

The diversity of Axium Infrastructure's portfolio investments continues to demonstrate resiliency across the managed funds. Having undergone two third-party climate resiliency assessments, in 2020 and 2023, the results illustrate that a majority of assets are sheltered or have decoupled potential financial impacts through contractual agreements. Furthermore, opportunities under both scenarios will continue to be factored into investment decision-making.

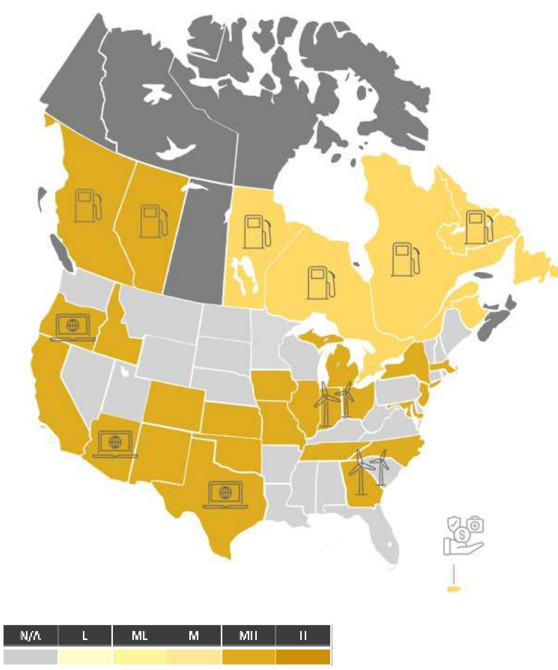
Beyond the climate risks and the mitigation practices described in section *2.2.1*, the 2023 climate assessment also evaluated transition opportunities across the different regions in which Axium's portfolio assets are located. Following a similar methodology, the calculation used for identifying financial impacts of transition opportunities is outlined below.

REGIONAL PRESENCE X ASSET TYPE VULNERABILITY = POTENTIAL FINANCIAL IMPACT

The regional presence evaluated the transition opportunities of the various geographies where Axium's asset groups are located. Ratings were determined by the third-party expert by analyzing the signposts in the scenarios that speak to the likelihood or extent of the opportunity coming to light in the scenario and at the specific time horizon. Signposts came from scenario documentation and additional research on policies in different jurisdictions.

SCENARIO OPPORTUNITIES

By 2050, regardless of the scenario, almost all of Axium's assets stand to benefit from at least one high-rated transition opportunity. Although these opportunities are more pronounced under the "Deep Decarbonization" (RCP 2.6) scenario. This favourable context is mostly driven by the rise of fossil fuel prices, which will raise the attractiveness of renewable energy under a Climate Crisis scenario or lead to a rapid electrification of the economy and the subsequent need for clean energy under a Deep Decarbonization scenario. The below map represents the average level of exposure to a transition opportunity across the two scenarios and timeframes included in the assessment. These opportunities are mapped against the regions where Axium's existing assets reside.



	OPPORTUNITIES	2023 ACTIONS
	Increased attractiveness of renewables as the cost of fossil fuel rises	Axium continues to invest in renewable energy, with this sector representing 55 % of portfolio NAV in 2023.
	Increased demand for renewable energy	
	Innovation and technology advancements optimize operation of renewable energy	In 2023, Axium continues to look at optimization opportunities such as agrivoltaic systems, wind re-powering, hydro Instream Flow Release (IFR) reduction, and more.
	Low carbon technology	Axium continues to invest in battery storage technology and the first agrivoltaic project

Figure 7 – 2023 Climate Resiliency Assessment Opportunities

2.3 Risk Management

Section covers how the organization identifies, assesses, and manages climate and sustainability related risks.

Axium's processes and related policies are used to identify, assess, prioritize, and monitor sustainability related R&Os. These have been summarized in the table below with additional contextual information provided in the subsequent sections.

Activity	Identify	Assess	Prioritize	Monitor
Board Meetings of Investee Companies	Place material R&Os on agenda	Assess options to address R&Os	Prioritize actions for upcoming year	Report on progress using below processes & tools
ESG Evaluation Grid	Identify material categories	Outline gaps that need to be addressed once asset is onboarded	Prioritize focused areas relevant to ESG objectives each year	Monitor identified R&Os during annual risk review
Climate Resiliency Assessment	Identify portfolio composition	Assess under various time horizons and emission scenarios	Prioritize high impact R&Os and identify actions	Monitor during risk reviews & document in weather events tracker
Annual Risk Review	Identify material risks	Use a rating system for classifying R&Os	Prioritize common portfolio R&Os	Monitor and report each year on changes
Materiality Assessment	Baseline portfolio	Assess relevance to each sector	Prioritize high relevance categories	Ensure new assets undergo a materiality assessment once onboarded
Policies	Collect relevant policies at the asset level	Assess gaps and propose solutions to align assets	Build on repository to ensure portfolio aligned with new areas of focus	Monitor changes and include policy information on new acquisitions
ESG key performance indicators	Collect ESG related data on a quarterly basis	Validate information and address gaps	Engage with assets that require further support	Report on metrics and identify improvement areas
Extreme Weather Events Monitoring	Document all asset level weather events	Identify financial impacts	Determine mitigation strategies	Report on these events and monitor mitigation actions

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

Axium's systematic due diligence checks form a central component of the Firm's overall responsible investment strategy. ESG and climate-related considerations have been integrated in the due diligence process, taking into account their materiality on core infrastructure.

Figure 3 - ESG at Every Stage of the Investment Process provides a holistic view of how ESG risk 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 work. 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 a tailored ESG evaluation grid. The grid is structured around specific themes considered to be material to the energy, social and transportation sectors 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 ESG Committee members to analyze the key issues included in the ESG grid.

The management team understands the potential physical and transition risks that are material to Axium's investment sectors, particularly those arising from the ongoing transition towards a low-carbon economy. Axium's process to identify transition and physical risks include periodic climate resiliency assessment conducted by third-party consultants and discussing climate-related concerns, among other ESG risk and opportunities (R&Os), during the internal annual risk assessment reviews. 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, insurance coverage is adjusted to cover damages and loss of revenues, and 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 how climate risks can impact the selection of materials during construction and/or Axium's decision to pursue an opportunity. Given that glaciers are receding due to climate change, this risk is considered for all hydroelectric projects during the initial assessment to understand historical and future flow patterns. We believe that our comprehensive due diligence process is reasonably designed to identify and assess climate change-related risks and opportunities that have the potential to significantly affect our investments over the short-, medium-, and long-term.

2.3.2 Axium's processes for managing sustainability & 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-related matters. This asset management strategy 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 alignment on ESG values and objectives. 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 nurture community relationships and ensure that these ties remain strong in the communities.

With the constantly evolving landscape in ESG and climate change reporting, Axium is working together with project operators to collect a set of ESG key performance 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.

As outlined in section 2.1, Axium's Board of Directors has the ultimate responsibility for overseeing risks and opportunities relating to ESG, including climate change. In 2023, the Board met 4 times to discuss subjects essential to Axium's business operations and ESG matters were actively put forward on the agenda by all participating members, as they relate to their respective roles and responsibilities. Major themes for the year included but were not limited to, governance and compliance, Diversity, Equity & Inclusion, board composition of investee companies, SFDR disclosure, Net Zero strategy and employee satisfaction. In addition, the Board actively assessed the progress made towards achieving the 2023 ESG corporate objectives (*see 2.1.2 Employee Remuneration Structure*), while evaluating priorities to be set for 2024.

ANNUAL RISK REVIEW

Axium's annual risk assessment process serves as a checkpoint to communicate, evaluate, and address asset-level risks and opportunities, including climate-related concerns. This process provides greater visibility to inform fund-level strategies, due diligence processes, performance metrics, and company-level objectives. 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. Since the initial assessment, a subset of assets is chosen each year to undergo a team review, and these are selected based on the most recent portfolio developments. In 2023, 55% of Axium's portfolio underwent a risk review meeting compared to 45% in 2022. The rotation process ensures that all portfolio assets benefit from at least one review every three years, with all assets having to complete a risk review form annually, regardless of whether they participated in the wider team evaluation. This approach was selected to ensure material risks continue to be monitored, while maintaining efficiency as the portfolio continues to grow.

In 2023, the majority of risks and opportunities identified across the portfolio did not significantly change since the previous year and are being managed effectively. Recent acquisitions did not introduce any new or unmanaged risks and the common portfolio R&Os have been detailed below.

R&O	Description	Mitigation/Monitoring Measures	Relevant Sectors
Greenhouse Gas	The evolution of greenhouse gas regulations and emission reduction objectives presents the most material risk to Axium's portfolio	Related to Net Zero Alignment efforts outlined in *section 2.4*.	
Waste	End-of-life management of spent solar panels, batteries, and wind turbines is an area to monitor closely over the coming years	Waste management continues to be monitored for the latest developments associated with the recycling industry. In 2023, Axium set up a working group mandated to evaluate the current landscape, regional policies and opportunities associated with recycling and reusing spent material. The working group met with a wind turbine recycling provider to further understand in detail the techniques used. This effort will continue in 2024.	
Climate Resiliency	Enhancing climate resiliency and preparedness in the built environment for natural disasters at the asset level	Related to the 2023 climate resiliency assessment presented in section 2.2.1 and weather events outlined in *section 3.2.*	
Health & Safety and Employee Engagement	Opportunities to improve occupational health and safety management systems through policy development, risk control, training, incident investigation, and employee involvement and satisfaction	Health & safety (H&S) has been a priority focus area since Axium's inception. Considering technicians are exposed to high risk working conditions in the energy sector, this topic continues to be discussed in relation to ensuring ongoing training and H&S improvements are implemented.	
Biodiversity & Habitat	Biodiversity and habitat concerns relating to ongoing monitoring requirements for endangered species continue to be monitored	Topic of environmental compliance discussed for assets reaching COD that require the development of environmental monitoring plans, monitoring studies of the surrounding areas and the development of mitigation strategies to reduce impacts on species at risk present in the region of operation. In addition, mitigation measures implemented at a solar site, resulted in positive impacts to the Bobolink population of birds, further confirming the success of the mitigation actions. To reduce impacts on bird and snake nesting, vegetation management options were discussed.	
Cybersecurity	The protection of internet-connected systems, including hardware, software and data, from any unauthorised use or access.	With a global increase in cybersecurity risks, Axium's operating partners are actively evaluating prevention measures such as education, updating cybersecurity policy and control systems, conducting cyber risk assessments, improving monitoring activities and reviewing insurance policies to ensure adequate coverage.	

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 includes a comprehensive list of ESG topics. To this, Axium added its own set of issues that are deemed relevant from a risk perspective. The analysis is completed with the help of the relevant asset manager and members of the ESG Committee. The results are then reviewed to ensure they accurately reflect the specific materiality concerns of each portfolio company. In 2023, this process was completed for all 2022 acquisitions, which did not result in any new concerns for the sectors we invest in.

TRAINING, EDUCATION & ENGAGEMENT

When necessary, Axium ensures that all employees are aware of critical R&Os relevant to our business operations. This occurs through ongoing communications shared across departments and training sessions that look to educate on how to identify and mitigate possible risks affecting the organization. In 2023, the accounting team hosted an education session for the investment and asset management teams and any other interested parties, focused on the audit process for financial statements. Transparent, timely and complete information sharing were identified as essential to mitigating the risk of fraudulent disclosure. In particular, the training reiterated that employees who frequently engage with asset-level operating teams are required to communicate all information associated with events that could have an impact on financial statements no matter how small. This level of awareness of ongoing asset activities needs to be disseminated to all stakeholders including the accounting and senior management teams. All parties are accountable to provide information that is subsequently disclosed to auditors that certify Axium's financial statements in a timely and complete manner. The training covered examples of fraudulent behavior, non-compliance practices, disclosure information, and more. The training was completed with the objective to provide a refresher and continue to raise awareness of these financial auditing practices and compliance mechanisms that must be followed.

SUSTAINABILITY RISK POLICIES - CORPORATE LEVEL

The Investment Restriction and Guidelines in the Funds' Limited Partnership Agreements embed the UN Principles for Responsible Investment and also exclude non-environmentally friendly projects and investments where management does not demonstrate strong and healthy labour relations. ESG is considered at every phase of the investment process, while policies, procedures and guidelines are in place to help integrate and mitigate sustainability R&Os. These policies are managed and reviewed, when necessary, to ensure policy objectives continue to be upheld across the organization.

2020	ESG Policy/ ESG Charter	ESG
2023	Net Zero Strategy	ESG
2018	Responsible Contractor Policy	ESG
2021	Diversity & Inclusion Policy	Talent & Culture
2022	Human Rights Statement	ESG
2023	Code of Conduct/ Code of Ethics (the "Code")	Legal & Compliance
2023	Anti-Corruption Compliance Policy	Legal & Compliance
2023	Information Systems and Cyber Security Policy	IT & Cybersecurity
2023	ESG Technology Refresh and Reuse Policy	IT & Cybersecurity

The Chief Compliance Officer (CCO) is responsible to review and update as required the compliance policies. Senior leadership members, who have the oversight over one or more compliance policies, including Pierre Anctil and Stéphane Mailhot, respectively CEO and COO, Thierry Vandal, president of Axium Infrastructure US, Anick Sivret, Chief Financial Officer, Suzanne Leblanc, SVP Responsible Investment, Anne-Sophie Roy, SVP Investor Relations, and Jean-Éric Laferrière, Chief Legal and Compliance Officer, are all actively involved in reviewing the policies and communicating to all team members the importance of such policies. The last update to the ESG Policy was made in March 2020 to align investment restrictions with fund documentation. Axium plans to continue to introduce new ESG-related policies, processes and procedures on an as-needed basis to reflect the ever-evolving ESG landscape and the continuous improvement of our practices.

SUSTAINABILITY RISK POLICIES – ASSET LEVEL

Beyond communicating Axium's ESG values and when applicable, sharing relevant policies and procedures with our partners, we continue to assess asset-level commitments aimed at furthering collective ESG objectives. Due diligence serves as the initial vehicle for understanding the investee company policies during an acquisition, while these continue to be monitored and refreshed throughout the lifecycle of the asset. Where gaps are identified, Axium engages with the investee company to identify ways to implement and adopt the necessary policies and procedures. From an ESG perspective, the below policies continued to be monitored in 2023 and additional efforts are underway in 2024 to further understand diversity and inclusion commitments made across the portfolio.

RESPONSIBLE CONTRACTOR POLICY

As contractors and sub-contractors represent a large portion of the labour operating Axium's 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 in 2022 and new asset acquisitions in 2023. All of Axium's assets which were present in the portfolio as of December 31, 2022, 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.

ESG POLICY

Building on the above-mentioned governance review, in 2023, a focus was placed on understanding whether Axium's O&M partners have an ESG policy in place or equivalent procedures to manage ESG concerns. Based on the preliminary review, 83% of assets present in the portfolio as of December 31, 2022, have policies and procedures in place to govern related ESG issues. Axium continues to focus on partnering with operators that place importance on sustainability concerns to further mobilize positive ESG impacts achieved through investment decisions.

EXTREME WEATHER EVENTS MONITORING

In 2021, Axium instated a formalized process to document weather-related events at the asset level. Monitoring these developments supports the ongoing evaluation of Axium's portfolio resiliency to climate change by documenting impacts, mitigation strategies and future improvement considerations. This register provides a formal way to gather information on weather events and allows Axium to look at the events on a higher level, eventually enabling us to have a better view on geography and sector-related risks.

As defined by the TCFD, the specific events that are monitored within this process relate to acute and abnormal events (i.e. floods, wildfire, storms, etc.). Weather pattern changes that are chronic in nature, related to longer-term shifts and variability in precipitation, temperature and snowfall are monitored separately and reported in the quarterly operational highlights. A location-based outline is listed below, to illustrate weather events documented in 2023. For additional details on material events that occurred in 2023, refer to section 3.*2 Protection of the environment - 2023 Weather Events*.

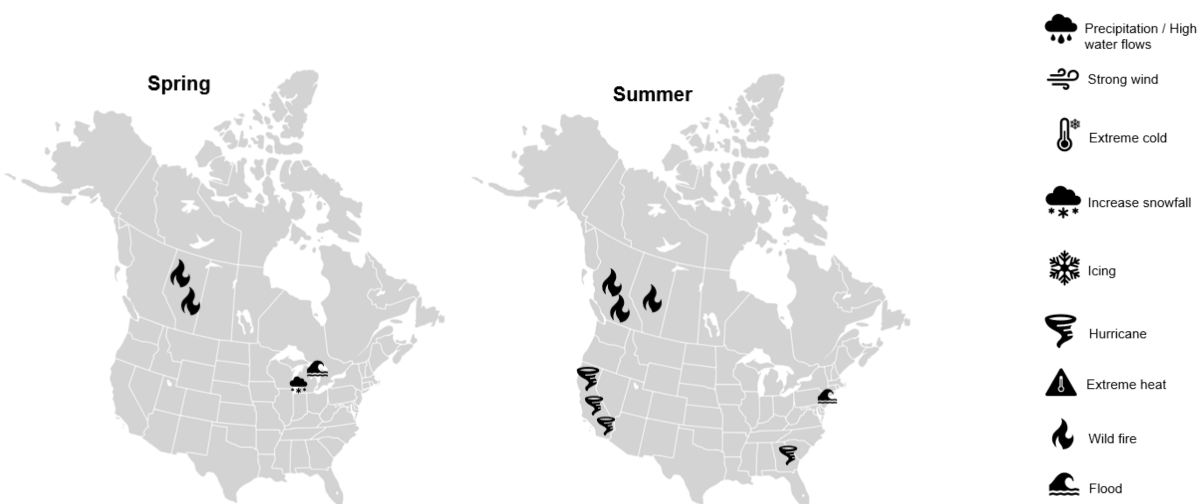


Figure 8– Extreme Weather Events log 2023

2.4 Metrics & Targets

Section covers the metrics and targets used to assess and manage relevant climate and sustainability related risks and opportunities where such information is material.

The TCFD framework outlines the below disclosure recommendations for reporting on metrics and targets. Considering the practices used to assess, disclose, manage, and monitor performance are highly interrelated, the following section depicts these elements across a variety of initiatives, reporting requirements, and data disclosures. To clearly outline how each TCFD recommendation is addressed in the subsequent sections, the alignment has been summarized below.

2.4.1 Data Governance	***Alignment***		***TCFD Recommendation***
Data governance practices are essential to assessing organizational R&Os, as they provide a framework for collecting, managing, and analyzing data related to environmental, social, and governance (ESG) factors. Effective data governance reduces the risk of data errors, facilitates decision making in identifying impacts of highest value, and enables the collection of large volumes of information. Considering you cannot manage what you cannot measure, a well-designed data governance system can help effectively track impacts on greenhouse gas emissions, energy consumption, waste generation, etc. In addition, data governance practices help organizations comply with regulatory requirements and industry standards. *The data governance section covers the actions taken to increase data reliability and quality, while building capabilities to scale reporting efforts alongside the growth of Axium's portfolio. Effective data governance practices, both technical and process related, facilitate the activities undertaken to assess climate and sustainability related R&Os, while helping to manage and monitor performance against targets.*	*Enhancements to data management processes to collect information and subsequently assess R&Os.*	〉〉〉	*Disclose the metrics used by the organization to assess climate - related risks and opportunities in line with its strategy and risk management process*
2.4.2 Portfolio Alignment with Net Zero Ambition	***Alignment***		***TCFD Recommendation***
To understand Axium's portfolio GHG impacts, emission data is analyzed by applying multiple frameworks. These include the GHG protocol, PCAF methodology, NZAM initiative, SFDR indicator requirements, and other approaches that are relevant to Axium's business operations. Incorporating multiple ways of analyzing this dataset helps to uncover errors, identify metrics that are most representative, and meet the needs of regulatory requirements. *The portfolio alignment with Net Zero Ambition section covers a wide variety of greenhouse gas data including Axium's portfolio makeup, emission reduction targets, asset level emission progress, financed emissions, managers footprint, emissions from energy generation and impacts of our renewable energy portfolio.*	*Objective to manage performance against target and metrics to assess emission impacts.*	〉〉〉	*Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.*
2.4.3 Portfolio Adherence with SFDR/2.4.4 Portfolio Alignment with EU Taxonomy/2.4.5 Social ESG Metrics	***Alignment***		***TCFD Recommendation***
Beyond emission reductions, other areas of focus are embedded and communicated through Axium's SFDR disclosure, EU Taxonomy alignment and social metrics. *These sections cover targets set to increase the coverage ratio for the Principal Adverse Indicators and ongoing portfolio alignment monitoring with the EU Taxonomy.*	*Regulatory requirements used to measure performance of Axium's funds.*	〉〉〉	*Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets*

2.4.1 Data Governance

Enhancements to data management processes to collect information and subsequently assess R&Os.

The collection of asset-level data continued to be an essential focus area throughout the year. This included engagement with operating partners on data requirements, assessing existing data management practices for increased efficiency, implementing quality assurance processes, and looking at software solutions to build greater capacity for reporting. In 2023, the efforts deployed to mature Axium's ESG Metrics & Targets were based on three key areas of development aimed at maintaining high quality ESG data, which in the years to come, will be reported alongside financials.

01	02	03	04
Data Sourcing	**Data Management**	**Technology Infrastructure**	**Integrated Reporting**
Collaboration with external and internal data providers	Data inventory and ongoing data cleansing	Leveraging technology for data gathering, quality assurance, and automation	Host ESG data alongside financial statements
Leveraging the latest climate models for scenario analysis	Applying governance controls for maintaining data quality and validity	Creating greater reporting capacity to address increased volume of ESG data	
Ongoing assessment of existing & new KPIs	Documenting process changes and data transformation steps	Leveraging technology advancements to maintain agility and benefit from advancements such as AI	

DATA SOURCING

From a data sourcing perspective, much time was spent on facilitating continued engagement with data providers to clarify ways to report on requested metrics, while communicating gaps identified and areas for improvement each quarter. Internally, we continued to look at ways to standardize processes for the collection of asset-level data governed by departments at Axium. Effort was also spent on evaluating existing KPIs to ensure they continue to be material to Axium's operations, while identifying new metrics mandated by regulation (SFDR), upcoming sustainability disclosures (ISSB) and data needed to facilitate Axium's ESG objectives (ESG Targets). In addition, during the year, the ESG team evaluated guiding methodologies used to assess and estimate Scope 3 emissions to expand Axium's existing GHG inventory. In terms of climate-related metrics, scenario analysis leveraged leading climate models and relevant asset-level data for the development of two Excel-based tools that outlined exposure to physical and transition risks and opportunities over two time-horizons. Effective data sourcing practices will continue to be applied with the objective of disclosing real asset-level data that is of high quality.

DATA MANAGEMENT

Effective data management and governance involves not only technical aspects but also various process-related features to ensure that data is managed in a way that meets organizational objectives and regulatory requirements. For this reason, at the beginning of 2023, an ESG data inventory was completed to centralize all datapoints, outline data owners, storage location, transformation methods and framework alignment. Subsequently, data cleanup efforts looked to further identify errors, duplications, inconsistencies and implement greater standardization between KPIs to streamline aggregation efforts. This further introduced measures for consistency and comparability of information. Additional controls were set to assess data quality, such as third-party verification of GHG data, introduction of a data visualization software, Tableau, to identify outliers using visual aids, identification of approvers and leveraging of AxiumData. AxiumData has optimized the process for sourcing financial information that is needed to transform the aggregated ESG data to align with the methodology outlined by PCAF and SFDR. Finally, additional levels of documentation were introduced to ensure methods for transforming data are well understood and any change made available during review processes. This additional documentation served a dual purpose as the team prepares to deploy a software solution in 2024. By having data aggregation and transformation steps well documented, the software deployment team was able to begin the implementation process swiftly.

TECHNOLOGY INFRASTRUCTURE

In 2023, to maintain scalability to accommodate increasing data volumes and evolving reporting requirements, Axium completed a detailed assessment of ESG software solutions available on the market. This assessment looked at a total of five software providers that aim to enhance the collection and reporting on ESG data, including a tool that has already been deployed by Axium's accounting team. Beyond the governance processes needed for the management of data, advanced technology solutions enable companies to maintain capacity to report on data as it increases in breadth and volume. To ensure the selected tool met all of Axium's needs, key features deemed necessary were identified and software capabilities analyzed based on the below objectives.

› Data collection & centralization: Streamline data gathering by moving away from email-based exchanges of data forms. Centralization of all current and historical data in one tool alongside supporting evidence. Optimization of data collection via automatic reminders, progress reporting and notifications of missing and/or inaccurate information.

› Audit trail & quality assurance: History of data changes, error controls and verification features to increase data accuracy, and avoid risks that are normally introduced with manual data entry.

› Standardization and automation: Standardization of established processes and regulatory disclosures to avoid manual intervention and time spent on producing reports that have set structures.

› Scalability & evolution: Flexibility to introduce new requirements, KPIs, and assets into the reporting platform. Agility in communicating with new or existing tools across Axium, while ensuring that the software development roadmap continues to prioritize the latest technology developments such as Artificial Intelligence.

As a result of this assessment, a third-party software was selected as the optimal solution for Axium's ESG needs and will be implemented in 2024.

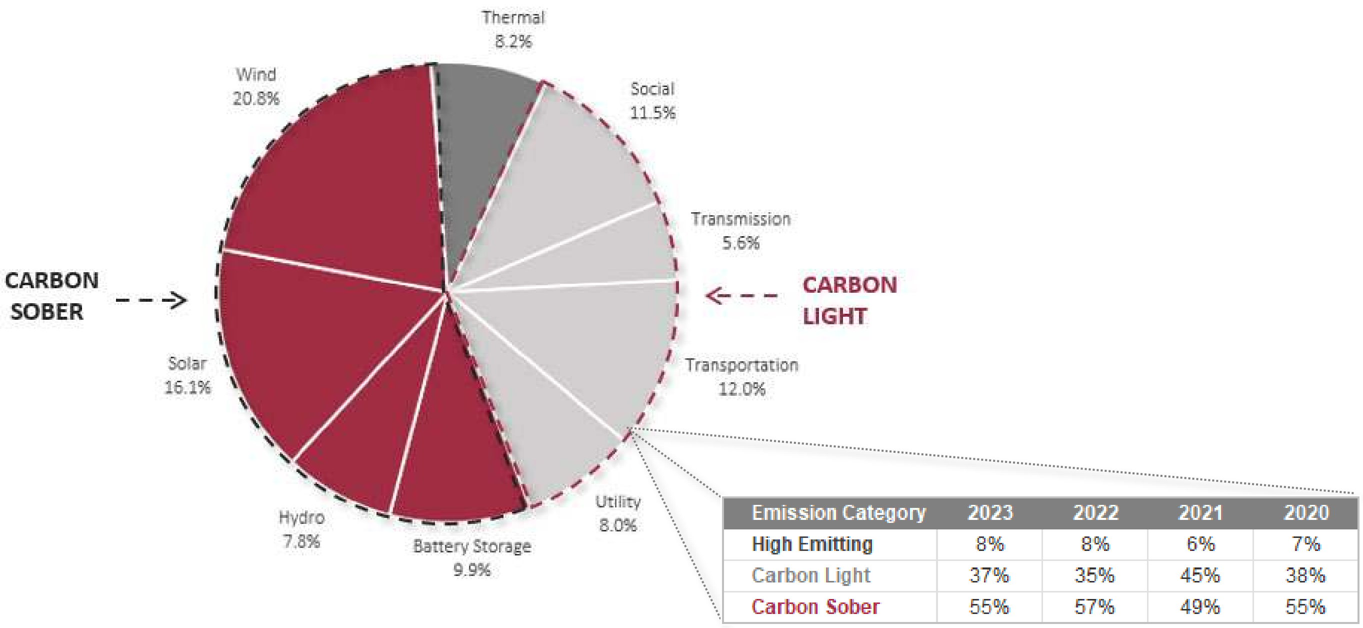
ESG & FINANCIAL REPORTING

All of the enhancements described above were deployed in 2023 to address regulatory obligations, enhance data governance practices, identify additional improvements needed, shape practices that facilitate ongoing scalability and, ultimately, build processes to host ESG data alongside financial statements. Strong internal controls, both technical- and process-related, will allow for the development of integrated investor-grade ESG reporting in the years to come.

2.4.2 Portfolio Alignment with Net Zero Ambition

Objective to manage performance against target and metrics to assess emission impacts.

Axium'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 Axium's entire portfolio (based on NAV as of December 31, 2023). 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 **55%** of Axium'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. Although limits have been set for the natural gas-fired power generation facilities to represent no more than 20% of the portfolio now, down to 15% by 2025 and 10% by 2030, these assets are critical to energy transition activities. Axium 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 well aligned with our original target.



Emission Category	2023	2022	2021	2020
High Emitting	8%	8%	6%	7%
Carbon Light	37%	35%	45%	38%
Carbon Sober	55%	57%	49%	55%

Figure 9 - Portfolio Alignment with Net Zero Objective

Note: Graph represents all assets which were in the portfolio as of December 31, 2023. These include both operational and assets currently in construction.

As outlined in the *2.2 Strategy* section of this report, in 2023, Axium received approval from NZAM on our Net Zero objective and interim 2030 targets. The table below summarizes Axium's targets and progress made towards set emission reductions, sector limitations, climate solutions and engagement objectives.

Category	Target Description	2023	2022	2021	2020
GHG Emissions	By 2030, 50% reduction in absolute tCO_2e/C$MM total portfolio NAV	N/A	671 (29.2)%	736 (22.4)%	948 baseline
	By 2030, 30% reduction in absolute tCO_2e/MWh for Axium Infrastructure energy portfolio	N/A	0.147 (0.4)%	0.143 (3.4)%	0.148 baseline
Asset Sector Limitation	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.	8%	8%	7%	7%
Climate Solutions	Axium managed funds are already comprised of climate solutions (solar, wind, hydro and battery storage) and Axium intends to continue to increase its investments over AUM in these sectors as it works to reduce the overall GHG emissions of its portfolio.	55%	57%	50%	55%
Engagement	Axium already has a number of ongoing engagements focused on emission reduction activities with portfolio companies. Axium intends to continue to increase the number of these types of bilateral engagements with our partners as it works to reduce the overall GHG emissions of its portfolio.	Multiple progress updates outlined in section *4.0 Engagement*			

Axium is proud to commit 100% of its asset under management ("AUM") to be aligned with Net Zero and we believe our 50% reduction intensity target aligns with the fair share of global reduction in CO_2 emissions. The targets mentioned above go beyond Axium's own financed emissions, as they cover all absolute Scope 1 and Scope 2 emissions of our operational assets (i.e. we consider 100% of emissions for all assets, decoupling the calculations from our % of ownership). While we look to include Scope 3 emissions to Axium's GHG inventory, identified targets will not include Scope 3 at this time. Progress towards these goals will be monitored closely and adapted as data and innovation enable Axium to do so. In five years, Axium will submit an updated decarbonization target. As an open-end fund, we believe our intensity-based targets allow Axium to directly measure the Funds' contribution towards decarbonization all the while considering the continued growth of the portfolio each year.

These targets 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, Axium included a 2023 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. To this effect, asset-level emission targets, emission reductions achieved, and ongoing assessments undertaken to identify emission reduction opportunities are detailed in *section 3.2*. This information is further aggregated below to illustrate progress made across asset sectors that are classified as carbon light and high emitting. Carbon sober assets such as wind, solar, hydro and battery storage are not included in the below metrics.

TABLE 1: PORTFOLIO ASSETS WITH ACTIVE EMISSION REDUCTION CONSIDERATIONS

	2023
% of Portfolio with Emission Activities Underway *	70%
% of Portfolio with Emission Targets *	31%
% of Portfolio with Emission Reductions *	12%
% of Portfolio with Emission Assessments *	27%

** Carbon light and high emitting assets in portfolio as of December 31, 2023*

GREENHOUSE GAS INVENTORY

Axium calculated the Scope 1 and Scope 2 greenhouse gas emissions of the Funds' portfolio of underlying assets for the year ended December 31, 2022, by collecting real data from the operators of these projects on a quarterly basis. Axium has excluded 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. Further, Scope 3 emissions (all other indirect emissions that occur in the value chain of the reporting company) have not been considered at this time, but Axium has engaged a third party to develop a methodology to estimate Scope 3 emissions in 2024.

Given difficulties in collecting real data for some emission sources, the following 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.

› Hydrofluorocarbons (HFC) data was estimated for some social sector assets based on the average HFC data of similar reporting facilities.

› GHG emissions related to Sulphur hexafluoride (SF6) were estimated on some solar and wind sites based on the SF6 emissions of similar reporting facilities (in terms of sector and in proportion of generation capacity).

Axium 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. In contrast, portfolio financed emissions is used to attribute emissions to the Axium 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 Axium 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 Axium's Net Zero Strategy and interim 2030 targets submitted to NZAM for review given that reflecting 100% of portfolio emissions in our strategy allows Axium 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 Axium's managed Funds in 2022. As shown in Table 5, gas-fired generation assets account for 87.49% of the 2022 emissions from all operating assets within the managed Funds, up from 84.99% in 2020. Together with the Utility sector, this represents 96.29% of Axium's total GHG emissions. These high emitting assets will continue to be a focus area for Axium as we embark on our decarbonization journey.

TABLE 4: PORTFOLIO FINANCED EMISSIONS, BY FUND

Fund (financed tCO_2e)	**Scope 1**	**Scope 2**	**Total 2022**	**Total 2021**	(Baseline) **Total 2020**
AIC	846	953	1,798	1,753	1,711
AIC II	14,317	3,877	18,194	17,018	14,354
US Country Funds	598,925	14,013	612,937	534,129	434,973
AI Europe	N/A	N/A	N/A	N/A	N/A
Total (financed tCO_2e)	**614,087**	**18,844**	**632,929**	**552,900**	**451,038**

*Slight changes to the 2020 data due to under and over reporting on energy source values. In addition, calculation data errors occurred with assets being present in multiple funds which has now been corrected.

TABLE 5: PORTFOLIO FINANCED GHG EMISSION COMPOSITION

Asset Sector	**2022**	**2021**	**2020**
Hydro	0.27%	0.31%	0.33%
Social	1.70%	2.07%	1.86%
Solar	0.06%	0.08%	0.06%
Thermal	**87.49%**	**87.00%**	**84.99%**
Transmission	0.05%	0.08%	N/A
Transportation	0.49%	0.52%	0.62%
Utility	8.80%	7.42%	9.33%
Wind	1.14%	2.52%	2.81%

TABLE 6: AXIUM'S PORTFOLIO CARBON FOOTPRINT

Fund (financed tCO_2e/ C$M outstanding amount)	**2022**	**2021**	**2020**
AIC	2.55	2.51	2.55
AIC II	4.65	4.67	4.48
AxInfra US	184.93	222.57	237.97
AI Europe	N/A	N/A	N/A
Portfolio (financed tCO_2e/ C$M outstanding amount)	**79.76**	**82.02**	**79.04**

** Similar to the financed emission, changes to the carbon footprint can be observed, due to the calculation adjustments made for assets present in multiple funds.*

MANAGER FOOTPRINT

The above fund-level Scope 1 and Scope 2 financed emissions are represented below as the Manager's Scope 3 emissions, as prescribed by PCAF. Axium 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 Axium 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 and the below table view aligns with the GHG protocol. 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 2022 financed emissions in the table below.

TABLE 7: AXIUM INFRASTRUCTURE INC. GREENHOUSE GAS EMISSIONS, YEAR-OVER-YEAR COMPARISON

	2023	2022	2021	2020 (Baseline)	2019	2018	2017
Natural Gas (Scope 1)	7.31	10.26	8.26	6.92	8.22	12.14	10.13
Purchased Electricity (Scope 2)	7.14	17.24	12.70	0.03	0.03	0.03	0.03
Commute (Scope 3)	52.74	74.83	20.79	21.60	51.36	51.27	46.57
Business Travel (Scope 3)	151.64	144.63	14.35	60.34	222.75	99.93	121.43
Subtotal (tCO_2e)	**218.83**	**246.96**	**56.10**	**88.89**	**282.37**	**163.36**	**178.16**
Financed Emissions (Scope 3)	N/A	**632,929**	**552,900**	**451,038**	N/A	N/A	N/A
Total GHG Emissions (tCO_2e)	**218.83**	**633,176**	**552,956**	**451,127**	**282.37**	**163.36**	**178.16**

The subsequent table illustrates the total manager emissions, financed emissions attributed to Axium Infrastructure Inc. and carbon credit purchases. For the purpose of illustrating emissions, alongside equivalent carbon offset credits retired for the year, financed emissions are listed in the year they were offset, even though these values relate to the previous year. Of the 632,929 tCO_2e financed emissions in 2022, 2,931 of these were attributed to Axium Infrastructure Inc, based on its ownership of the funds. This year, the Manager proceeded to offset 3,150 tons of CO_2e. Refer to section 3.2 for further details on the offset projects.

TABLE 8: AXIUM INFRASTRUCTURE INC. GREENHOUSE GAS EMISSIONS AND CARBON OFFSET COMPARISON

	2023	2022	2021	2020	2019	2018	2017
Manager Emissions (Scope 1, 2 & 3)	218.83	246.96	56.10	88.89	282.36	163.37	178.16
Financed Emissions Attributed to Axium Inc. (Scope 3) *	2,931	2,791	2,327	-	-	-	-
Subtotal (tCO2e)	**3,150**	**3,038**	**2,383**	**89**	**282**	**163**	**178**
Carbon Offsets Credits Purchased	5,000	6,000	2,500	450	282	342	-
Carbon Offsets Credits Used	3,150	3,038	2,383	89	282	342	-
Carbon Offsets Credits Remaining	5,290	3,440	478	361	(0)	(0)	-

GHG INTENSITY

As required by the TCFD, Axium has calculated its Weighted Average Carbon Intensity ("WACI") of investee companies for the year 2022 using the following formula:

$$\sum_{n}^{i} = \frac{current\ vale\ of\ investment_{\ i}}{current\ portfolio\ value} * \frac{issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_{\ i}}{issuer's\ \$M\ revenue_{\ i}}$$

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 Axium could be the most impacted by future policies, regulatory requirements, market, and technology responses to limit climate change. The results in tons of CO_2 emissions per dollar of revenue for 2022 per sector are the following:

TABLE 9: WEIGHTED AVERAGE CARBON INTENSITY (“WACI”) BY SECTOR

Asset Sector (absolute tCO_2e/ C$M revenue)	**2022**	**2021**	**2020**
Hydro	17.2	18.4	15.9
Social	68.9	69.6	66.1
Solar	4.6	5.4	2.5
Thermal	4,861.3	5,916.9	9,002.0
Transmission	7.1	11.4	-
Transportation	19.3	22.4	27.0
Utility	718.9	1,460.4	1,708.6
Wind	23.0	47.4	51.5
Portfolio (absolute tCO_2e/ C$M revenue)	**494.5**	**584.7**	**869.4**

* Similar to the financed emission table, changes to the WACI can be observed, due to the calculation adjustments made for assets present in multiple funds. Methodology updated to factor in sector specific weighting, instead of applying portfolio weighting to each sector. The latter is only applied to the portfolio totals.

EMISSIONS 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 Axium’s emission reduction targets. The reason for using absolute emission metrics, as opposed to the 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. The below table lists weighted average emission intensities for all energy sectors Axium invests in. Axium 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 emission intensity from energy generation by 30% by 2030.

TABLE 10: EMISSION INTENSITY FROM ENERGY GENERATION

Asset Sector (tCO2e/MWh)	**2022**	**2021**	**2020**
Hydro	0.003	0.003	0.004
Solar	0.002	0.002	0.001
Thermal	0.345	0.337	0.333
Utility	0.185	0.196	0.210
Wind	0.003	0.005	0.005
Portfolio (tCO2e/MWh)	**0.147**	**0.143**	**0.148**

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, Axium 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 2023, our renewable energy portfolio of wind, solar and hydro facilities in operation reached a total capacity of **8,777 MW**.

TABLE 11: RENEWABLE ENERGY CAPACITY, BY FUND IN MEGAWATTS 2023

Sector (MW)	AIC	AICII	AxInfra US	**2023 Total***	**2022 Total***	**2021 Total***
Wind	904	1,649	4,647	6,397	6,355	3,921
Solar	60	867	875	1,782	1,026	517
Hydro	233	598	-	598	598	598
Total (MW)	**1,197**	**3,114**	**5,522**	**8,777**	**7,979**	**5,036**

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

Table 12 illustrates the avoided emissions realized in 2023. Of the 7,253 kT of CO_2 avoided throughout the year from our portfolio of renewable assets, 6,470 kT (89%) 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_2 is significantly greater in the US, when compared to the avoided CO_2 in Canada.

TABLE 12: AVOIDED CO_2 (KT) FROM RENEWABLE ENERGY PORTFOLIO IN 2023

Fund (GWh)	**2023**	**2022**	**Variance**
Solar	2,778	1,123	147%
Wind	17,982	15,554	15%
Hydro	2,046	2,004	2%
Total Clean Energy Produced (GWh)	22,806	18,681	22%
CO2 Avoided (kT)	**7,253**	**4,992**	46%

** Slight changes made between the first and third quarters to account for delayed metrics in 2023.*

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.

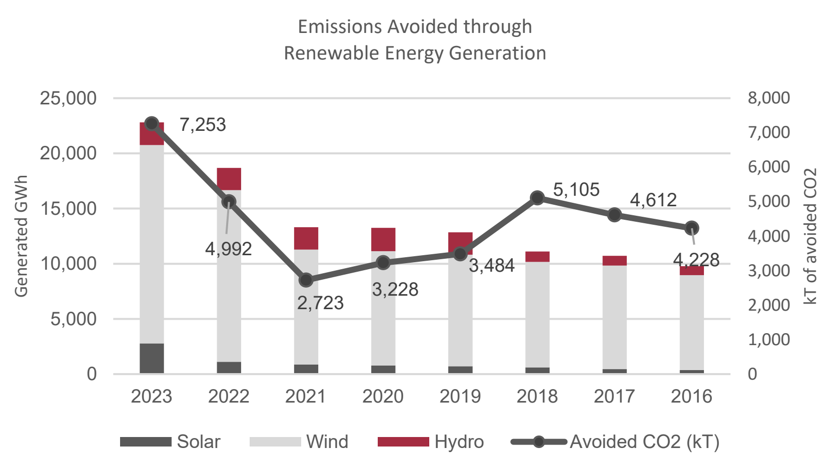


Figure 11 - Historical Evolution

2.4.3 Portfolio Adherence with Sustainable Finance Disclosure Regulation (SFDR)

Regulatory requirements used to measure performance of Axium's funds.

Axium's funds adhere to Article 8 of the SFDR, meaning they promote environmental and social (E&S) characteristics. Within the Website Disclosure, detailed information has been made available on the applicable E&S characteristics and the proportion they comprise for each fund marketed in Europe. The regulation further mandates the annual disclosure on the Principal Adverse Impacts across 18 mandatory indicators, disclosed for the first time by Axium on June 30, 2023.

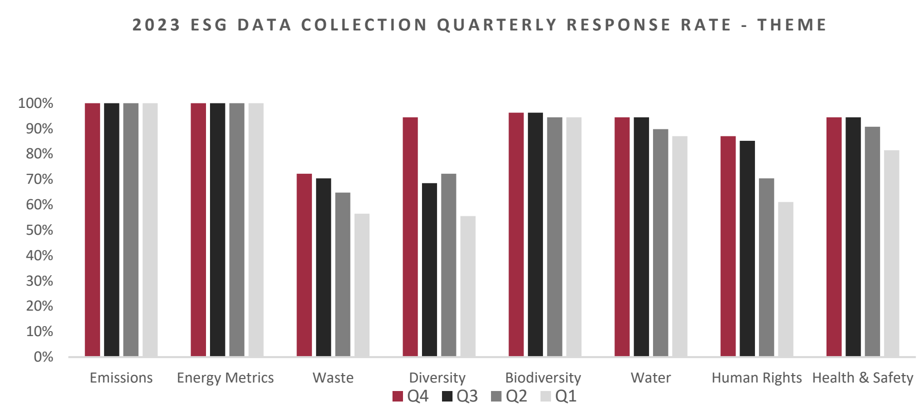
Reporting on these metrics and improving the coverage ratio for the proportion of assets supplying information for this disclosure remains a central objective. Improvements to the collection of SFDR data was factored into the 2023 corporate bonus by setting a target to achieve a 90% coverage ratio by Q4 2023, which is calculated based on the average of all indicator responses during the 2023 data collection campaign for assets in our Portfolio as of December 31st, 2022. This target was successfully achieved, and additional improvement efforts will continue to be undertaken in 2024. Reporting of this data resides alongside other metrics beyond the 18 mandatory indicators prescribed by the SFDR. These additional metrics were selected based on the relevance and materiality to Axium's operations. Progress towards the SFDR metrics is listed in *2.4 ESG Data Collection* section below.

Although much of the disclosure is being developed as prescribed by the EU regulation, considering that Axium'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. Axium 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.

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 now 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. While 100% of assets are currently reporting GHG data, 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 reiterated messaging around improving the quality and breadth of data provided each quarter.

In 2023, the data collection process included the addition of 9 new assets that were required to report for the first time this year. The total NAV for assets reporting on ESG data in 2023 equated to C$ 9.1 MM which increased from C$ 6.2 MM in 2022. As the volume of metrics and the coverage of assets providing ESG information continues to expand, efficiency in analyzing this data will be essential. The below graphs and metrics illustrate the progress made in the response rates from Axium's operating partners throughout the year. This graph specifically summarizes the SFDR metrics and does not include other datapoints gathered. Considering the increase in asset covered and the ongoing engagement efforts, we see an improvement to the volume of data that is being reported on since 2022.



2023 PORTFOLIO AVERAGE

	2023	2022
Q1	80%	55%
Q2	85%	80%
Q3	89%	88%
Q4	93%	91%

Figure 10 – ESG Data 2023 Response Summary

The 2023 ESG corporate bonus included an objective aimed at closing the gap on assets disclosing SFDR-related metrics. During the year, focus was placed on two data categories where the coverage ratio was relatively lower, including disclosing waste data and information related to alignment with the United Nations Global Compact Principals (UN GP) and the OECD Guidelines for Multinational Organizations (OECD Guidelines). Factoring in the new assets disclosing for the first time, waste data improved by 7% and alignment with UN GP & OECD Guidelines increased by 16%. Although we are pleased with the progress made by our operating partners, we will continue to set improvement objectives in the following years. As the volume of ESG data grows, Axium's selection of a new ESG reporting platform will aim to ensure that effective data management and sound quality assurance practices are applied, in order to increase quality and to scale data reporting efforts.

	Q4 2023	Q4 2022
Hazardous and Non-Hazardous Waste Response Rate	74%	67%
Violations & Mechanisms to monitor compliance with UN GP & OECD Guidelines Response Rate	87%	71%

2.4.4 Portfolio Alignment with EU Taxonomy

Regulatory requirements used to measure performance of Axium's funds.

Our alignment with the EU Taxonomy remains essential in demonstrating the positive impacts of Axium's investment decisions and existing portfolio of assets. Each year, projects in construction and in operation, as well as assets acquired throughout the year are included in the assessment. While the 2021 and 2022 EUT alignment assessments were completed by a third party, 2023 results were updated by Axium's ESG team. The EUT alignment classifications remained unchanged for assets evaluated by the third party in 2022 and only new assets were assessed internally. A significant portion of acquisitions made in 2023 consisted of long-term care assets, which are difficult to align due to the stringent real estate emission objectives outlined by the EU. Long-term care homes are not traditional real estate investments, but rather healthcare assets aimed at supporting the health and wellbeing of the residents, making their assessment more challenging. The 2023 acquisition of Grand Valley wind farm did secure alignment under the "electricity generation from wind power" criteria. Although a slight decrease can be seen between the 2022 and 2023 portfolio results, Axium will continue to look for ways to increase the portfolio alignment in future years.

TABLE 13: EU TAXONOMY RESULTS, BY FUND

	2023		2022		2021	
Fund	**Aligned**	Not Aligned	**Aligned**	Not Aligned	**Aligned**	Not Aligned
AIC	45.56%	54.44%	43.65%	56.35%	46.57%	53.43%
AIC II	59.32%	40.68%	64.29%	35.71%	67.52%	32.48%
AxInfra US	52.56%	47.44%	54.77%	45.23%	29.12%	70.88%
AI Europe	0.00%	100.00%	N/A	N/A	N/A	N/A

TABLE 14: EU TAXONOMY RESULTS, BY SECTOR

	2023		2022		2021	
Sector	**Aligned**	Not Aligned	**Aligned**	Not Aligned	**Aligned**	Not Aligned
Gas-Fired Generation	0.00%	8.20%	0.00%	8.17%	0.00%	6.71%
Social	0.00%	11.53%	0.00%	7.92%	0.00%	7.76%
Transmission	0.54%	5.07%	0.63%	4.42%	0.00%	6.61%
Transportation	0.00%	12.00%	0.00%	12.87%	0.00%	17.39%
Utility	3.92%	4.10%	4.04%	4.71%	0.00%	12.87%
Battery Storage	8.78%	1.15%	8.83%	1.07%	2.90%	0.00%
Hydro	7.76%	0.00%	8.61%	0.00%	10.30%	0.00%

Sector	2023 Aligned	2023 Not Aligned	2022 Aligned	2022 Not Aligned	2021 Aligned	2021 Not Aligned
Solar	12.60%	3.55%	11.73%	3.33%	9.90%	0.00%
Wind	20.81%	0.00%	23.67%	0.00%	25.30%	0.26%
TOTAL	**54.41%**	**45.59%**	**57.51%**	**42.49%**	**48.50%**	**51.60%**

2.4.5 Social ESG Metrics

COMMUNITY IMPACT

Beyond the 103 team members at Axium, the workforce involved in the operation and maintenance of our portfolio investments is quite impressive. These assets directly provide jobs to approximately 9,995 people through our partners (O&M providers), where over 9,101 of the jobs are based in Canada, while 893 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, 83% 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 or in construction. As such, the metrics are based on assets present within the portfolio at the end of December 31, 2023.

TABLE 16: APPROXIMATE NUMBER OF JOBS SUPPORTED THROUGH PORTFOLIO INVESTMENTS

Asset Sector	2023	2022	2021
Battery Storage	61	N/A	N/A
Hydro	60	60	53
Social*	8,249	6,363	8,654
Solar	99	53	47
Thermal	73	79	77
Transmission	68	52	44
Transportation	767	709	622
Utility	356	341	159
Wind	262	282	217
Total	**9,995**	**7,939**	**9,872**

** The methodology used to track LTC asset employees changed in 2022 by removing contractors and only including full time equivalent staff. This is the reason for the 2022 decrease in the social sector and the 2023 increase is the result of new acquisitions.*

The projects Axium invests in deliver services that are essential in nature to local communities. As we look beyond Axium employees and the jobs supported through the Funds' investments, we find that over **3.2 million** (2022- 2.5 million) households benefit from the renewable and transition energy portfolio (63% 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 2023 from our projects and compared these with the average household electricity consumption in Canada (12,555 kWh/ year; Statistics Canada 2019) and the United State (10,791 kWh/ year; US EIA 2022). 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.

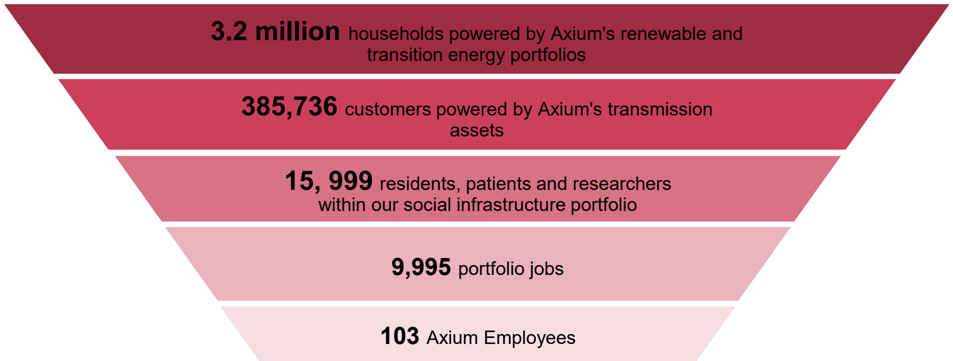


Figure 12 – Employee and Customers Impacted by Portfolio

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 Indigenous communities and territories across North America. Axium's operating partners continue support Indigenous communities through scholarships, training, and education programs which are further detailed in section *3.3 Respect for the communities in which we operate*. Through ongoing collaboration, Indigenous groups continue to be involved in environmental management process, such as the maintenance and protection of surrounding wildlife and biodiversity, as well as archeological risk reviews and the preservation of Indigenous objects, further detailed in section *3.3 Respect for the communities in which we operate*.

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.

3.1 Human capital	3.2 Protection of the environment	3.3 Respect for the communities in which we operate	3.4 Innovation and energy efficiency
Section covers the organization's policies, practices, and performance related to its employees and workforce.	Section covers the organization's environmental impacts, sustainability efforts, and initiatives to reduce emissions.	Section covers the organization's efforts to support local and indigenous communities.	Section covers the organization's efforts to support innovative solutions energy efficiency.

In our continued effort to achieve alignment to the United Nations Sustainable Development Goals (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 Axium invests also have the potential to contribute to these same core goals:

Axium's Four Pillars for Responsible Investment	
Human capital	8 DECENT WORK AND ECONOMIC GROWTH
Protection of the environment	13 CLIMATE ACTION; 7 AFFORDABLE AND CLEAN ENERGY
Respect for the communities in which we operate	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION
Innovation and energy efficiency	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

3.1 Human capital

Section covers the organization's policies, practices, and performance related to its employees and workforce.

CORPORATE INITIATIVES

From the very beginning, Axium 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 Axium'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. Diversity and inclusion are welcomed and bring a wealth of perspectives to day-to-day operational matters while offering equal opportunities to all.

At Axium, Diversity, Inclusion & Equity is governed through policies, regional laws and practices that influence hiring, training, and retention objectives across all office locations. Our principles have always been and will continue to promote equal opportunity practices. Axium employs qualified individuals without regard to their race, color, religion, sex, national origin, age, disability, genetic information, uniformed service, protected activity (i.e., opposition to prohibited discrimination or participation in proceedings covered by the anti-discrimination statutes) or any other characteristic protected by applicable law. The below actions further enhance our commitment to upholding these principles across the organization.

Diversity & Inclusion Policy	**Policy Against Workplace Discrimination, Bullying, Harassment, and Violence**	**Equal Pay Practices**
The policy sets out Axium's objectives for maintaining our commitment and enhancing workplace diversity and inclusiveness. Diversity and inclusion principles are set to maintain an inclusive working environment where its workforce is encouraged to develop and reach their full potential and where individual differences are valued and respected.	The policy aims to provide and maintain a workplace that ensures all employees are treated with dignity and respect. It presents mechanisms and recourses designed to maintain a workplace that is safe and free from all forms of discrimination, bullying, harassment, including sexual, physical, and psychological harassment, and violence. The policy seeks to prevent and stop all forms of discrimination, bullying, harassment, and violence in the workplace.	As per the firm's compensation policy, Axium conducts an individual salary review process to ensure pay equity for employees of the same position and category. The firm uses at least 4 salary forecast reports to process our salary increase analysis. In addition to the salary benchmarking exercise for all employees, in line with Quebec legislation, every 5 years Axium conducts an analysis of pay equity between men and women across the organization for employees based in the Montreal headquarters. No disparity has been identified.

Workforce Diversity: To further the objectives set out by the Diversity & Inclusion policy, Axium tracks and reports on key performance metrics that measure year-over-year progress. In 2023, the Axium team continued to grow, hiring 16 new employees. As of December 31, 2023, the team is composed of 103 people reflecting a diverse range of backgrounds, experiences, and perspectives.

	2023		2022	
	Women	Men	Women	Men
Employee Gender Diversity (Axium Total)	50%	50%	53%	47%
Montreal	60%	40%	61%	39%
Toronto	25%	75%	25%	75%
Vancouver	0%	100%	N/A	N/A
New York	33%	67%	36%	64%
London	0%	100%	0%	100%
Axium Board of Directors Diversity	29%	71%	29%	71%

	2023	2022
Average Age	42	41
Montreal	43	42
Toronto	35	31
Vancouver	53	N/A
New York	37	38
London	43	53

Recruitment Process: Hiring and promotion practices that ensure a diverse talent pool are necessary to furthering Axium's Diversity & Inclusion objectives. Axium employs qualified individuals without regard to their race, color, religion, sex, national origin, age, disability, genetic information, uniformed service, protected activity (i.e., opposition to prohibited discrimination or participation in proceedings covered by the anti-discrimination statutes) or any other characteristic protected by applicable law. Sourcing diversity in terms of recruitment channels fall within five main categories: Axium's website, LinkedIn, recruitment and head-hunter agencies, employee referrals, and various North American universities. Axium actively recruits graduate and undergraduate students through our internship program which brings in new perspectives and innovative ideas to the organization.

To further the company's growth and overall success, promotions that focus on recognition of achievements, succession planning, and upward mobility continued to be a focus area in 2023. Skill and career development was further advanced by the improvements made to the performance and compensation review process, which aims to eliminate subjectivity. Instating further standardization to the annual review process will enable company-wide alignment on set objectives while mitigating biases, creating inclusive leadership, and fostering engagement and belonging. Fair and transparent promotion practices, coupled with a commitment to diversity at all levels, contribute to a culture where employees from all backgrounds feel valued and have equal opportunities for career advancement.

	2023	2022
Total number of new employees	16	23
Turnover Ratio	6.1%	11.6%
Total number of student internships	6	3
Total number of promotions	15	16
Total number of recruiting channels *(sourcing diversity)*	5	5
Total number of languages spoken	27	25

Employee Training: Axium considers the skills and performance of its employees as key factors in determining their need for training, progression within the company and their overall compensation. Axium is committed to offer an inclusive working environment where its workforce is encouraged to develop and reach their full potential. In 2023, Axium continued to encourage employee training by facilitating opportunities for further education on a wide variety of topics. This was further supported by the 2023 corporate bonus objective (*see 2.1.2 Employee Remuneration Structure*) that mandated the completion of 500 ESG training hours by all employees.

	2023	2022
Total hours of Unconscious Bias Training	27	93
Total hours of Harassment Prevention Training	102	N/A
Total hours of ESG Training	1,049	419
Total hours of Performance Assessment Training (management team)	25	N/A

Employee Retention: Axium's success is largely based on our most important asset, our people. For this reason, employee retention and satisfaction are a central priority to the management team. Each year, Axium conducts an employee satisfaction survey to obtain insights into the level of employee satisfaction on a wide range of subjects. Questions are asked 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. 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.

Axium offers various programs and financial incentives aimed at facilitating employee retention, aligning with set objectives and commitment to contributing to Axium's overall success. These include salary adjustments, annual bonuses, Stock Appreciation Rights (SAR) and Performance Share Units (PSU). Furthermore, in 2023 Axium assessed employee health-related benefits and selected a modular plan in Canada to offer options that fit the different needs of our employees. Additional health benefits are offered via a virtual service accessible anywhere in Canada providing consultations with healthcare professionals, mental health specialists, legal, tax and financial specialists, and more. Virtual health services address barriers by increasing accessibility through eliminating geographical barriers, providing flexible scheduling, and accommodating diverse health needs. Equivalent offerings are available for the New York and London offices using regional service providers. Axium also provides enhanced parental leave options that support diverse family structures which contributes to the development of an inclusive workplace culture. Regardless of how an individual becomes a parent, Axium offers additional benefits to reduce the financial impact on its employees.

These competitive compensation and benefit programs are essential to maintaining a motivated and engaged workforce, one that continues to retain top talent by creating an inclusive workplace culture were employee satisfaction is nurtured via a diverse range of practices.

	2023	**2022**
Employee Satisfaction Survey Participation Rate	96%	95%
Employee Satisfaction Survey Score	92%	92%
Employee Shareholders		
% of Women Employee Shareholders	44%	39%
% of Male Employee Shareholders	56%	61%
Average employee tenure		
Less than 3 years	43%	42%
More than 3 years and less than 6 years	24%	24%
More than 6 years and less than 10 years	17%	20%
10+ years	16%	14%

3.2 Protection of the environment

This section covers the organization's environmental impacts, sustainability efforts, and initiatives to reduce emissions.

CORPORATE INITIATIVES

ESG TECHNOLOGY REFRESH AND REUSE POLICY

With the ongoing growth of the company, it is important that all employees are enabled by technology. Hardware and software products are vital to employee productivity by driving efficiency in performance, speed and flexibility that is required in today's work environment. IT solutions allow employees to work seamlessly from different locations, collaborate and communicate effectively with other team members, benefit from the most advanced tools and features to optimize workflow, and more. In addition, up to date equipment is critical for security measures to protect sensitive data and reduce risk of breaches. Although, investing in efficient and up-to-date employee technology equipment positively impacts productivity, security, collaboration, and overall business competitiveness, this also contributes to the generation of electronic waste. For this reason, in 2023, Axium implemented a new policy designed to mitigate these negative impacts. The ESG Technology Refresh and Reuse Policy aims to minimize environmental impacts, while maintaining a high level of security and efficiency. Axium's computer equipment refresh program applies principles of circular economy to reduce waste by reusing our devices. At the end of their lifecycle, devices are offered to employees who originally used the device for a nominal fee of $100. If the employees do not want this device, it is then donated to a suitable charity organization. By extending the life of our devices through reuse, we minimize the amount of electronic waste generated, while also providing low-cost options for our employees. Axium donates the money collected from employees who purchased a device through this program to charities. In 2023, $900 was raised through the program and donated to an ALS fundraiser organized by McGill University.

CARBON CREDITS

Since 2017, Axium has purchased carbon credits to offset the Manager's footprint, and since 2021 also offsetting 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, in 2023 Axium decided to secure VERRA (Verified Carbon Standard) credits to cover Axium's corporate and financed emissions. The BigCoast Forest Climate Initiative conserves 40,000 hectares (100,000 acres) of unique forest ecosystems on the West Coast of Canada. This region has rich cultural significance for coastal First Nations and, due to its location on the coast of British Columbia, is favourably sheltered from issues related to forest fires. Carbon credits supported since 2017 to date are summarized in the table below:

TABLE 17: HISTORICAL CARBON CREDIT PURCHASES

Year	Location	Registry	Brief Description	Credits Purchased
2023	British Columbia	VERRA	The BigCoast Forest Climate Initiative conserves 40,000 hectares (100,000 acres) of unique forest ecosystems on the West Coast of Canada.	**5,000**
2022	British Columbia & Uruguay	BC Carbon Registry and VERRA	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).	6,000
2021	Taiwan	Gold Standard	Wind farm projects in Taiwan consisting of 62 wind turbines contributing to emission reductions. The project has also supported the reforestation of 2,400 m^2 of land, encouraging local biodiversity.	2,500
2020	British Columbia	Gold Standard	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.	450
2019	Australia	Gold Standard	Reforestation program in the Australian and contributing to local biodiversity of flora and fauna	282
2017-2018	Montreal	Gold Standard	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.	341.5

2023 ASSET LEVEL DEVELOPMENTS AND HIGHLIGHTS

2023 WEATHER EVENTS

As outlined in section *2.3 Risk Management*, Axium continues to monitor weather events impacting our portfolio assets throughout the year. The information is collected and where possible, impacts tracked in financial terms. The specific events that are monitored within this process relate to acute and abnormal events (i.e. floods, wildfire, storms, etc.). Weather pattern changes that are chronic in nature, related to longer-term shifts and variability in precipitation, temperature and snowfall are monitored separately and reported in the quarterly operational highlights. Climate considerations continue to be a priority focus for Axium, and we are encouraged to see our partners sharing these objectives.

BIODIVERSITY AND 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, Axium continues to be committed to monitoring the impacts of our activities on wildlife.

3.3 Respect for the communities in which we operate

Section covers the organization's efforts to support local and indigenous communities.

CORPORATE INITIATIVES

As a proud member of the communities in which we are involved, Axium Infrastructure continues to support various organizations and foundations. In 2023, as part of the ESG corporate bonus objectives, Axium had a goal to accomplish 400 hours of volunteering. To support this, Axium 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 546 hours completed across Axium's Montreal, Toronto, New York, and London offices and some of the activities organized have been detailed below. Axium 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.

› Throughout the year, members of the Montreal office spent time volunteering with various local organizations including Moisson Montreal (a local food bank), Robin-des-Bois (a social organization supporting the community through donations of food, money and more), and Maison Ronald McDonald (offering families with sick kids a place to stay while their child is receiving care at the nearby CHU Ste-Justine children's hospital).

› The Toronto office spent an afternoon with Fort York Food Bank, providing low-income individuals and families with grocery supplies. The team was involved helping restock the shelves and servicing community members coming in to access grocery supplies.

› In October, the New York team spent the day with Riverdale Y, a community organization dedicated to enriching lives through cultural, educational, wellness and service programs. The team helped support the organization's monthly food pantry which services Bronx community members experiencing food vulnerability.

2023 ASSET LEVEL DEVELOPMENTS AND HIGHLIGHTS

In line with Axium's pillar to respect communities in which we operate in, throughout 2023, 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. Below is an example of a publicly disclosed community initiative. **Below B**In 2023, Northwestern Hydro (**AIC II**) collaborated with the Tahltan Central Government to reinstate a Bursary program for Tahltan students. The revision to the program focused on creating a "trades-focused" bursary, where 2 Tahltan students will be sponsored for the full length of their trade apprenticeships, with the possibility of securing future employment with Coast Mountain Hydro (CMH). Scholarships of this nature contribute to promoting access to education, empowering Indigenous communities, cultural preservation and addressing historical and systematic inequalities. Axium's operating team at Northwestern Hydro continue to exemplify transformative leadership in collaboration with the Tahltan community. We are proud to communicate the work that is being achieved through this partnership with Tahltans and ongoing engagement efforts. For more information on this program, see here.

3.4 Innovation and energy efficiency

Section covers the organization's efforts to support innovative solutions energy efficiency.

2023 ASSET LEVEL DEVELOPMENTS AND HIGHLIGHTS

Asset performance through innovation and energy efficiency is a central element to investment decisions which aims at creating 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 examples illustrate some publicly disclosed projects that focused on energy efficiency and innovation in 2023. For more information on innovation and energy efficiency developments relating to greenhouse gas reductions, see section 3.2.

In December of 2023, Ohio State University opened the doors to the Energy Advancement and Innovation Center, designed to be a hub for research on renewable energy, smart energy systems and green mobility. Axium, in partnership with Engie, the O&M provider who operates OSU's heating, cooling, and power system (Axium Buckeye, **AxInfra US**), contributed to the construction of this building. The building was designed to facilitate interdisciplinary research collaboration by creating a physical space that allows for increased engagement that facilitates innovation.

MGT (**AIC II**), located at the Port of Montreal, is currently implementing artificial intelligence (AI) technology to increase the terminal's storage capacity. AI will be used to optimize the movement of cargo containers, an operation currently carried out manually. All of this will improve the traceability of goods and reduce greenhouse gas emissions by 9,200 tonnes annually. The development of this artificial intelligence solution was designed in the spring of 2020 as part of a partnership with the Port of Montreal, CargoM, Scale AI and Ivado Labs, a specialist in the development of artificial intelligence solutions. For more information on this technology, visit the Port of Montreal website.

4.0 Engagement

Axium's business operations, from pre-investment due diligence and acquisition all the way to asset management, require cross-functional support from Axium team members, our partners, and Limited Partners. With a hands-on asset management approach, engagement with all stakeholders is prioritized at every phase of the investment process to ensure strategic alignment and implementation of portfolio-wide initiatives. 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 Axium, engagement is a part of our culture and is an ongoing and iterative process. Our engagement efforts look to further ESG objectives collaboratively, by broadening knowledge and understanding of material ESG topics relevant to our operations.

Active engagement with internal and external stakeholders occurs at all levels of the organization to address material ESG concerns. The key themes that mobilized engagement efforts in 2023 have been summarized below. Considering the complexity of the ESG topics, the applied engagement mechanisms varied between objectives and relevant stakeholders. These approaches consist of clear and frequent messaging via all channels of communication, education and training aimed at building greater knowledge and awareness of ESG concerns, ongoing monitoring of asset-level developments and regulatory compliance needs, incentive programs, escalation strategies and more.

THEME	DESCRIPTION	ENGAGEMENT LEVEL
ISSB Standards	Collaboration between accounting and ESG teams on understanding the upcoming ISSB requirements	Internal Functions
Net Zero & Interim Targets	Ongoing communication on Axium's Net Zero ambition, development of interim targets, and asset-level emission reduction activities	Internal Functions, Investee Companies, Service Providers, ESG Industry Organizations
Climate Resiliency and R&Os	Workshops and presentations held to communicate the results of the updated climate scenario analysis completed by EY	Internal Functions, ESG Industry Organizations
Climate-related Financial Impacts	Ongoing discussions to evaluate approaches for understanding ESG- and climate-related impacts in financial terms and within the valuation process	Internal Functions, ESG Industry Organizations
ESG Data Controls & Process	Engagement between the ESG, IT, legal & compliance, and accounting teams in the selection of the ESG software provider. Additional synergies achieved between ESG, valuation and Axium Data teams to streamline data reporting via internal platform	Internal Functions, Investee Companies, Service Providers, ESG Industry Organizations
ESG Data Collection & Reporting	Ongoing engagement with assets in the collection of GHG data, SFDR PAI's and other ESG key performance indicators	Internal Functions, Investee Companies, Service Providers
Wind Repowering Equipment End of Life Management	Assessment of the current recycling and reuse landscape for wind turbine equipment. Engagement with recyclers and policy makers to identify opportunities	Internal Functions, ESG Industry Organizations
Fraud & Cybersecurity	Ongoing evaluation of cybersecurity risks and fraud protection mechanisms applicable both at the corporate- and asset-level	Internal Functions

CORPORATE-LEVEL ENGAGEMENT

This year, engagement and collaboration continued to be essential in advancing Axium's ESG objectives and will be further accelerated in 2024. Through various engagement strategies, we have been able to achieve greater alignment with our operating partners on data provisions, asset-level emission reductions, the identification and monitoring of R&Os and regulatory compliance. The latter was a significant driver for Axium in 2023 that facilitated the expansion of cross-departmental collaboration by establishing working groups dedicated to addressing specific mandates.

ESG COMMITTEE

The developments made on Axium's ESG priorities 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, investing, asset management and investor relations. Having diverse domain expertise equips the team with a broad range of skillsets that foster the innovation and creative problem solving needed to address ESG concerns that frequently require coordinated efforts across departments. Beginning with the ESG team, cross-departmental engagement and collaboration continues to strengthen.

ISSB WORKING GROUP

Formalized in 2023, members from the ESG and accounting teams began evaluating ISSB disclosure requirements to identify gaps in existing reporting practices. In preparation for aligning with the ISSB framework, improvement areas were assessed and scheduled to be introduced in existing disclosures over the next few years. The working group, led by the accounting team, identified engagement efforts needed to introduce ESG-related metrics alongside financial statements. Through this collaborative interaction, the accounting team was able to build greater knowledge of ESG reporting needs, which directly impact their operations, while in parallel acquitting the ESG team with accounting practices and requirements.

CLIMATE & VALUATION WORKING GROUP

Translating ESG- and climate-related R&Os into financial terms is a complex endeavour, one which Axium is actively looking to mature. The complexity is driven by the multidimensional nature of ESG that encompasses a broad range of concerns, global variability, metric subjectivity, and data availability. Integrating ESG factors into traditional financial models requires specialized expertise to evaluate these nuances. Despite these challenges, Axium has formalized a working group comprised of experts in valuation, investment, asset management and ESG to assess different approaches, methodologies, and reporting practices in the context of Axium's unique portfolio. The group's collaboration and engagement created a new channel of communication that not only furthered ESG knowledge but also facilitated agile cross-training between domains.

An agile methodology emphasizes individuals and interactions. Agile teams are able to adapt to change effectively, reduce dependencies, accelerate objectives, and most importantly foster collaboration and engagement. Recognizing Axium's continued growth, knowledge sharing, and cross-training will be vital to our continued success. In line with this understanding, throughout 2023, engagement was strengthened by continued collaboration and establishing new synergies between groups.

	2023	2022
Number of ESG Committee Meetings	29	10
Number of ESG + Talent & Culture Meetings	9	7
Number of ESG + Legal Meetings	9	10
Number of ISSB Working Group Meetings	4	N/A
Number of Climate & Valuation Working Group Meetings	9	N/A

This cross-functional engagement can be further illustrated through Axium's annual bonus structure. Each year, ESG corporate objectives are set to advance our ESG priorities, and these are developed to ensure everyone at Axium is able to contribute.

ASSET-LEVEL ENGAGEMENT

Considering that many of Axium's objectives can only be achieved in partnership with our operators, engagement at the asset level has always been prioritized. With the first SFDR disclosure behind us and aiming towards realizing emission reductions aligned with interim targets, Axium continued to enhance asset-level engagement throughout the year. Similar to last year, engagement efforts focused on two main ESG priorities which include greenhouse gas emissions and wider ESG data collection requirements. As a result of this effort, data improvements were observed and noted in the *2.4 ESG Data Collection* section of the report. Other engagement approaches were also utilized based on the asset's responsiveness, quality and quantity of information provided, and specific to GHG emissions, impact on the overall footprint. These engagement approaches took multiple forms and have been listed below.

Board Meetings	Placing data-gathering objectives on the agenda during asset-level board meetings
Tailored Meetings	Scheduling individual asset meetings to discuss questions, challenges, and identifying solutions
Additional Resources	Providing additional resource material for greater data guidance
Data Audits	Reviewing and validating data with supporting evidence to confirm validity, relevance, and accuracy
Investigation	Building cross-departmental relationships to determine data source owners when one is not readily identified
Early Communication	Proactively engaging with newly acquired assets to communicate ESG reporting needs from the onset
Contracts	Where possible, including ESG requirements in contractual documentation

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 over time. Relating to our Net Zero ambition, dialogue with Axium's top GHG emitting assets continues to be prioritized, see section *4.0 Engagement* for more detail. Furthermore, using risk reviews and materiality assessments, ongoing dialogue on the latest asset developments is sustained, while ESG R&Os systematically monitored.

	2023	2022
% of assets actively reporting on ESG data collection form*	85%	82%
% assets actively reporting on GHG emission data*	100%	100%
Number of asset-level board meetings attended by Axium team members	104	N/A
% of the assets with ESG on the agenda during board meetings *(only assets that held board meetings in 2023)*	100%	N/A
Number of sites visits by Axium team	261	278

** Assets present in the portfolio at the end of December 2022*

LIMITED PARTNER ENGAGEMENT

Engagement with existing and potential Limited Partners occurs via scheduled meetings, disclosure reports and ESG questionnaires. ESG questionnaires are sent to Axium from Limited Partners who are looking to understand our objectives, processes, and recent developments. In 2023, Axium replied to 13 Limited Partners 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 Axium.

	2023	2022
Number of ESG questionnaires completed for Limited Partners and consultants	13	13

INDUSTRY ENGAGEMENT

In March 2022, Axium became a member of the Net Zero Asset Managers (NZAM) initiative. As a result of becoming a signatory, Axium 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 instrumental towards achieving Axium's Net Zero ambition by learning from industry best practices, while staying informed and assessing the latest developments within the space. In 2022, Axium also became a member of the Canadian Renewable Energy Association (CanREA). Beyond continued engagement with the above coalitions, Axium 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;

- Canada's New Modern Slavery Law: An Afternoon with John McKay hosted by Borden Ladner Gervais LLP
- Embedding AI into your ESG reporting strategy hosted by Briink
- Spotlight on evolving ESG trends hosted by KPMG
- Stepping up on biodiversity: how are investors taking action since COP15 hosted by UN PRI
- Introducing the first ISSB Standards: Understanding what they mean for companies around the globe hosted by KPMG

In addition, team members across the organization dedicated their time as guest speakers in conferences held in Canada and Europe. Axium's chair of the ESG Committee, Suzanne Leblanc, participated in multiple panel discussions, sharing her knowledge on integrating ESG into investment decisions, Indigenous community engagement, managing risks and opportunities and building portfolio resiliency in the context of a changing climate. In January, Axium's Chief Operating Officer, Stéphane Mailhot, joined a list of speakers at a conference hosted by CFA Québec to discuss upcoming infrastructure trends. In September, the President of Axium Infrastructure Europe, Juan Caceres, joined the Infrastructure Investor Network panel in London to discuss various energy sector topics such as clean energy solutions, supply chain issues, the role of fossil fuels in the energy transition.

Ensuring we continue to engage with and support the responsible investment community via knowledge sharing, thought leadership, networking and strategic partnerships will be essential to our continued growth. These conferences provide an opportunity to gain a global perspective, understand shared challenges, and further engage with investors, all of which help us navigate the complexities of infrastructure investing, including the industry's ESG concerns.

JANUARY	The Rendez-Vous of Finance: CFA Quebec
AUGUST	BLD Canada We Are all Connected: Reconciliation Within Businesses
SEPTEMBER	Infrastructure Investor Network: Investor Forum in London
OCTOBER	CAiP Real Estate and Infrastructure Forum: Going Global, Green, & Digital

EMPLOYEE ENGAGEMENT

Axium's employees completed a total of 789 hours of ESG training this year. We are encouraged by the level of engagement, as this total far surpassed the corporate target set at 500 hours in 2023. Although employees were free to select their own topics of interest, tailored in-person ESG trainings were provisioned for each office location. Topics were selected based on the specific needs of each group that factored in the most relevant ESG concerns impacting the various roles at Axium.

- Onboarding: Ongoing ESG training for all new employees
- London office ESG training: ESG due diligence, emission reduction targets and climate-related risk & opportunities
- New York office ESG Training: Emission reduction targets, and Sustainable Finance Disclosure Regulation
- Montreal office ESG Training: Axium's new tax strategy & ESG developments
- Climate Assessment Findings and Recommendations Presented by consultant

5.0 Benchmarks & Accolades

As we seek to compare and measure Axium'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, Axium has been actively involved in improving our internal processes, especially in relation to documenting initiatives and collecting information on material key performance indicators. In 2023, Axium was proud to submit our fifth participation to the GRESB Infrastructure Fund Management Assessment and obtain the PRI results from the 2023 assessment cycle, the results are summarised below:

In 2023, Axium obtained a PRI Assessment score of **93%** for the Policy, Governance and Stewardship module (50% peer median), up from 89% in 2021 (PRI did not deploy a 2022 assessment due to technical platform updates). Axium received a perfect score of **100%** for both the Infrastructure module (73% peer median, up from 86% in 2021), and also for Confidence Building Measures (80% peer median, maintained from 2021). We are proud of the progress achieved and will continue to seek opportunities to enhance our responsible investment practices in order to maintain and improve our scores.

For our fifth GRESB Infrastructure Fund Assessment, we submitted both our open country-level funds to the management evaluation (**AIC II** and **AxInfra US**). For the second year in a row, we are proud to report having achieved a Fund Management Score of **30/30**. Moving forward, Axium will seek to maintain this score and has been working to properly address new indicators that will be incorporated in the future.

On April 23, 2023, Morongo Transmission (Coachella, **AxInfra US**) won the Government Impact Deal of the Year Award at the Native American Finance Officer's Association (NAFOA) annual conference. NAFOA was originally founded over 40 years ago to highlight the role of tribal finance in fostering economic opportunities. Specifically, the Government Impact Deal of the Year award is granted to tribal financial ventures that have a long-lasting positive economic impact on their community and tribal members. As outlined in various disclosures, Coachella provides greater capacity for the transmission of clean energy in California and Axium is proud to support a project whose social, economic and climate benefits continue to be realized. More details can be found in the press release.

6.0 Looking Forward

In 2024, we plan to continue improving our KPIs to be ready for new and upcoming disclosures.

Calculating the Scope 3 emissions of our portfolio will be an important workstream given that it is a common requirement of many regulatory bodies and reporting frameworks. We will be working with a third-party expert on that effort.

As mentioned already, we will be implementing an ESG Data software solution in 2024. In 2023, we documented our reporting methodologies, processes, and practices in preparation for this. The software platform will be the interface for our collaborators to provide data and evidence documents, while ensuring the tool is automated to communicate with the ecosystem of existing tools within Axium.

We will continue to prepare for the integration of ESG KPIs into financial reports. To that extent, we will seek additional training for the team and plan to conduct a readiness assessment.

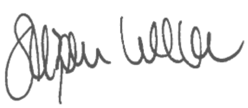
As Axium's team continues to grow to support new assets being added to the portfolio, this inspires us to be a more agile organization. We define our team's agility in terms of collaboration, knowledge-sharing, and making good use of our tools and software.

We have a strong foundation, and the skills of the entire team allow us to navigate the sometimes turbulent and ever-changing sustainable investing landscape.

This brings to mind a quote by Adam Grant, professor at the Wharton School of the University of Pennsylvania:

> *In your career, the most valuable currency is not how much you know. It's how well you learn.*
>
> *In a stable world, success depended on building expertise. In a changing world, it hinges on evolving expertise.*
>
> *Potential is no longer defined by ability. It's a function of agility.*

I know that Axium is a very agile team!



Suzanne Leblanc

Senior Vice President, Responsible Investment

Chair of Axium's ESG Committee

7.0 Appendices

Appendix I: Glossary

COP – Conference for the Parties: The COP is the supreme decision-making body of the Convention. All States that are Parties to the Convention are represented at the COP, at which they review the implementation of the Convention and any other legal instruments that the COP adopts and take decisions necessary to promote the effective implementation of the Convention, including institutional and administrative arrangements.

https://unfccc.int/cop28

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

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/

IPCC - The Intergovernmental Panel on Climate Change: The IPCC is the United Nations body for assessing the science related to climate change. The IPCC prepares comprehensive Assessment Reports about the state of scientific, technical and socio-economic knowledge on climate change, its impacts and future risks, and options for reducing the rate at which climate change is taking place.

https://www.ipcc.ch/

IEA - The International Energy Agency: The IEA is an autonomous intergovernmental organisation, established in 1974, that provides policy recommendations, analysis and data on the global energy sector. The IEA works with countries around the world to shape energy policies for a secure and sustainable future.

https://www.iea.org/

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

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

LEED - Leadership in Energy and Environmental Design: LEED is the world's most widely used green building rating system. LEED certification provides a framework for healthy, highly efficient, and cost-saving green buildings, which offer environmental, social and governance benefits.

https://www.cagbc.org/our-work/certification/leed/

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

SASB - Sustainability Accounting Standards Board: SASB Standards help companies disclose relevant sustainability information to their investors. The SASB Standards identify the sustainability-related risks and opportunities most likely to affect an entity's cash flows, access to finance and cost of capital over the short, medium or long term and the disclosure topics and metrics that are most likely to be useful to investors. As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards.

https://sasb.org/

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

SEC - U.S. Securities and Exchange Commission: The federal securities laws empower the Securities and Exchange Commission (SEC) with broad authority over all aspects of the securities industry. The SEC's mission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

https://www.sec.gov/

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-tcfd.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/

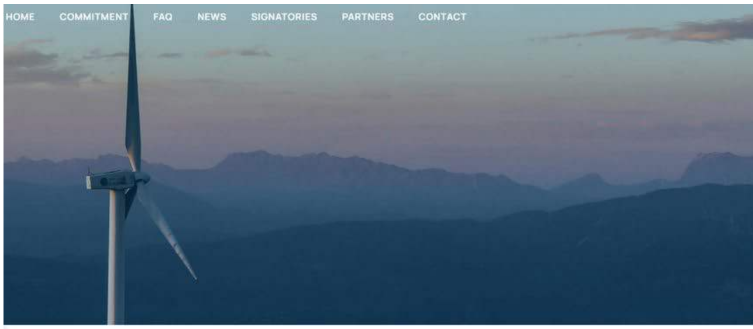
UNDRIP - The United Nations Declaration on the Rights of Indigenous Peoples: The Declaration is the most comprehensive international instrument on the rights of Indigenous peoples. It establishes a universal framework of minimum standards for the survival, dignity, and well-being of the Indigenous peoples 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

VERRA - The Verified Carbon Standard: Verra is a nonprofit organization that operates standards in environmental and social markets, including the world's leading carbon crediting program. The organization manages the world's leading voluntary carbon markets program, the Verified Carbon Standard (VCS) Program.

https://verra.org/#

Appendix II: NZAM Signatory Disclosure



The Net Zero Asset Managers initiative

Signatory Disclosure

AXIUM INFRASTRUCTURE

Axium Infrastructure Inc.

Created in 2008, Axium Infrastructure is an employee-owned independent fund manager dedicated to investing in core infrastructure assets. Axium joined the Net Zero Asset Managers Initiative in April 2022 and made its initial target disclosure in May 2023.

INITIAL TARGET DISCLOSURE: MAY 2023	
Percentage of assets covered by the Net Zero Asset Managers Commitment Statement	**100%** of total AUM (USD **$7.188 billion**)
Information on interim target(s) covering the proportion of assets to be managed in line with net zero	**Baseline(s):** **Target(s):** **2030** Sub-portfolio (portfolio-wide): 50% reduction in absolute tCO2e/C$m total portfolio NAV **2030** Sub-portfolio (energy portfolio): 30% reduction in absolute tCO2e/MWh for Axium Infrastructure energy portfolio **2030** Climate Solutions: Axium managed funds are already comprised of climate solutions (57% of NAV in renewable energy sectors as of December 31, 2022) and Axium intends to continue to increase its investments over AUM in these sectors as it works to reduce the overall GHG emissions of its portfolio. **2030** Engagement: Axium already has a number of ongoing engagements focused on emission reduction activities with portfolio companies. Axium intends to continue to increase the number of these types of bilateral engagements with our partners as it works to reduce the overall GHG emissions of its portfolio. **GHG scopes included:** Our targets address all Scope 1 and Scope 2 portfolio emissions. We will look to include Scope 3 once data is sufficiently available and of sufficient quality. Total Scope 1 and 2 portfolio emissions are calculated in accordance with the Greenhouse Gas Protocol and Partnership for Carbon Accounting Financials ("PCAF") methodologies. This exercise is conducted via a bottom-up exercise where real activity data is collected from the portfolio companies and aggregated to monitor and report on the corresponding emissions. – The 50% reduction in tCO2e/C$m covers 100% of Axium's managed portfolio emissions, on an absolute basis. – The 30% reduction in tCO2e/MWh covers all energy generating assets within Axium's energy portfolio (i.e. solar, wind, hydro, gas-fired generation and applicable utilities) **Methodology:** Net Zero Asset Owner Alliance Target Setting Protocol Own/other methodology **Scenario(s):** As per the Net Zero Asset Owners Alliance Target Setting Protocol, Axium Infrastructure referenced the IPCC special report on global warming, 1.5°C scenario, which recommends a 49 to 65% reduction by 2030.
Additional information	**Policy on coal and other fossil fuel investments:** As per the Funds' Investment Restrictions and Guidelines, Axium does not invest in any assets considered to be non-environmentally friendly, including coal and oil sands. It is also important to note that Axium only invests in natural gas generation facilities in locations where such an investment contributes to reduce the intensity of GHG emissions per MWh. In these regions, natural gas generation help provide a reliable baseload in the transition to clean energy given the intermittency of certain renewable energy sources and contributes in the transition towards a carbon sober energy sector.

9.0 Important Information

For purposes of the disclosures contained herein, the terms “Axium Infrastructure Funds” or the “Funds” or “(each, “a Fund”) shall refer collectively to any of the funds managed by Axium Infrastructure Inc. or any of its affiliates (collectively “Axium Infrastructure”).

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