

## Net Zero Strategy

### Introduction

Axium Infrastructure is an independent fund manager dedicated to investing in core energy and utilities, social, and transportation infrastructure assets led by a team with deep sector expertise. Established in late 2008, The Firm has offices in Montréal, Toronto, Vancouver, New York, and London with over 115 investment professionals and support staff. Focused until recently on the North American market, Axium has broadened its geographical fund offerings to include Europe. Axium Infrastructure focuses on middle-market assets both in operating and greenfield projects at the late stage of their development. Axium Infrastructure seeks assets supported by robust market demand, under long-term contract with creditworthy counterparties, within concession-based structures or protected under an established regulated framework. Axium Infrastructure invests mostly in majority or joint control situations.

As long-term investors, we hold the conviction that sustainable development and ethical investment is essential to long-term value creation. Since the inception of the Fund, Axium has embedded the United Nations Principles for Responsible Investment (UN PRI) in its Investment and Restriction Guidelines and became an official signatory in 2019. Today, our responsible investment practices have evolved and are embedded in all aspects of the investment process, from the initial screening to post-acquisition asset management. The management team has developed an understanding of material physical and transition risks that are associated with the changing climate and the ongoing transition towards a low-carbon economy. Consistent with the Paris Agreement, Axium has committed to reach Net Zero by 2050.

The following sets forth Axium's commitments, progress, and strategy towards its Net Zero by 2050 ambition.

### History and Background

The infrastructure sector consists of assets that are critical to the very organization of society. Energy, utilities, transportation, health, and education assets are essential and must be built and operated in a manner consistent with sustaining the livelihoods of our communities into the future. More specifically, we acknowledge that climate change presents a set of distinct risks and opportunities which are identified, analyzed, and integrated into Axium's overall risk management. As long-term, buy-and-hold investors of infrastructure assets, Axium recognizes the need to embed climate change considerations into our business activities and to stay agile in recognizing and investigating future advancements that support climate resiliency efforts. As per the Funds' Investment Restrictions and Guidelines, Axium excludes investments we consider to be non-environmentally friendly. As of now, this means excluding investments in coal-fired power plants, pipelines and oil sands.

With this vision in mind, we continue to assess the environmental and climate change impacts of our investment activities. 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. We have a significant platform of renewable energy and transition generation assets which we have recently expanded into the battery storage space to compensate for the intermittency of renewable energy generation.

It is also important to note that, in the past, Axium has invested in natural gas generation facilities in locations where such investments have contributed to reduce the intensity of GHG emissions per MWh. In these regions, natural gas generation has helped provide a reliable baseload and contribute to the transition towards a carbon sober energy sector.

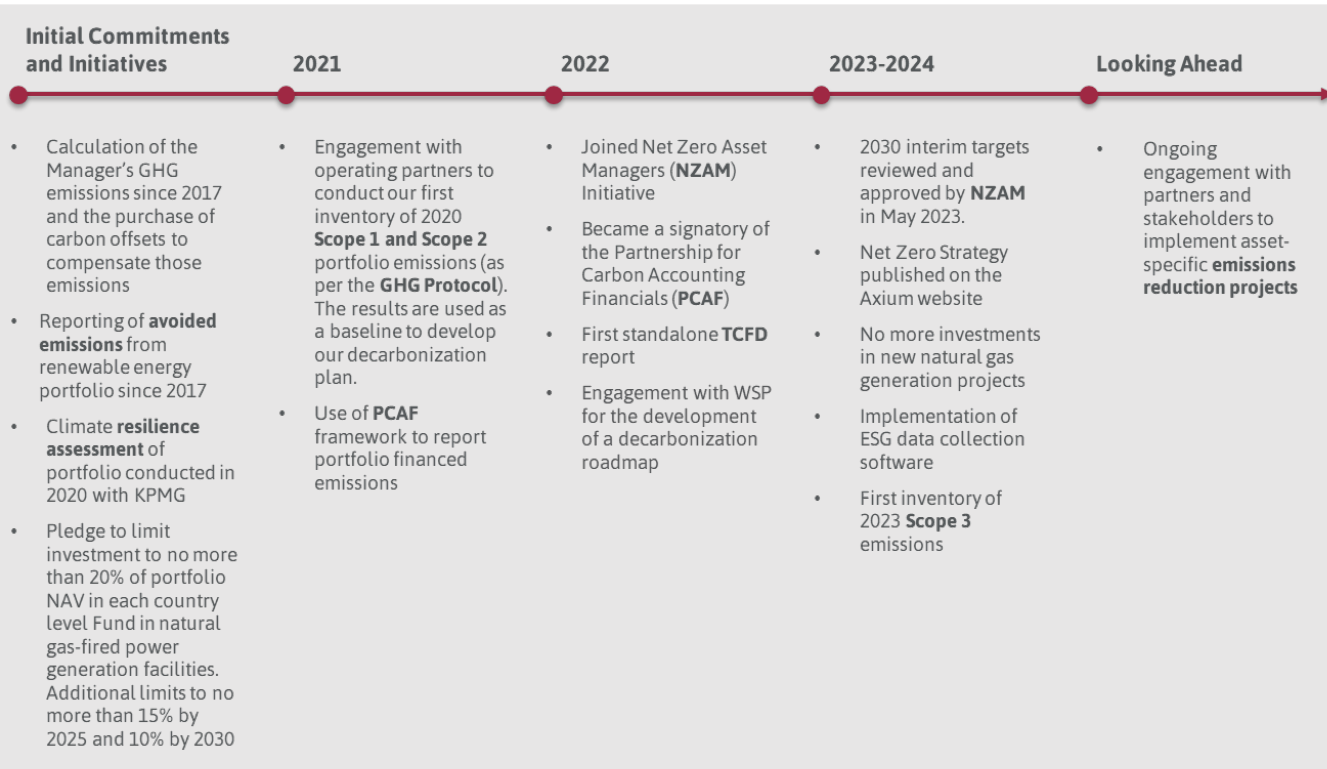
In 2021, Axium announced our ambition to be Net Zero by 2050, which has led to the development of our interim targets, and subsequent engagement efforts to align our entire portfolio with this ambition. In the current state, viable solutions and achievable initiatives are pursued by the Firm. Axium has focused on setting targets that are inspired by sectorial decarbonization pathways, with an objective that these goals can be realized, without relying on solutions which may not yet be viable. This approach ensures continued accountability and that real-world actions are achieved by the Firm, while also placing a focus on avoiding making unsubstantiated claims.

An important first step for Axium was to measure our portfolio emissions to understand our baseline GHG emissions. To do so, Axium worked closely with EEM Gestion ESS inc. ("EEM"), a third-party consultant, to conduct a survey and develop a tailor-made tool to directly engage with our on-site operators and collect data. Following the data collection process, Axium partnered with WSP Canada Inc. ("WSP") to align, as much as possible, the real portfolio emissions with the Partnership for Carbon Accounting Financials ("PCAF") reporting standard. PCAF provides guidance and quantification methodologies specific to various asset classes and has developed a harmonized approach for financial institutions to

disclose the GHG emissions associated with their investments. The data collection is conducted on a quarterly basis to measure our progress and has been used to set our emission reduction targets.

Once we completed a baseline greenhouse gas inventory, Axiom leveraged target setting guidelines to develop its emission reduction targets for 2030. To further strengthen these commitments, in March 2022, Axiom became a member of the Net Zero Asset Managers (NZAM) initiative. The organization brings together asset managers globally to achieve Net Zero emissions throughout the industry.

The key milestones of Axiom’s Net Zero strategy and progress to date are summarized below:



## Governance and Oversight

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

Furthermore, Suzanne Leblanc, Chief Responsible Investment Officer, is a member of Axiom’s Board of Directors and the chair of the Responsible Investment Committee. Ensuring the application of the ESG Policy, Suzanne leads the Responsible Investment team and acts as the steward for responsible investment and climate-related matters impacting Axiom’s activities as part of her role on the Board of Directors, the Risk Overview Committee, the Investment Committee, the Steering Call, and the Executive Committee.

## Net Zero Commitments

Transitioning a buy-and-hold infrastructure portfolio to Net Zero greenhouse gas emissions is no small task but one Axium is committed to undertake. Following its first greenhouse gas inventory of 2020 baseline emissions, Axium spent extensive time understanding and assessing Paris-aligned pathways and science-based methodologies to set targets.

Achieving Net Zero will require significant global efforts in scaling existing technologies, maturing novel solutions, and exploring alternatives as they become available. From the onset of the Fund’s inception, Axium has invested in climate solutions by investing in renewable energy projects. To date, Axium’s funds are comprised of solar, wind and hydro projects spanning across North America that have a cumulative energy capacity of 8,951 MW as of December 31, 2024. 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. With this vision in mind, our portfolio of assets is built with the objective of bringing a contribution to the energy transition.

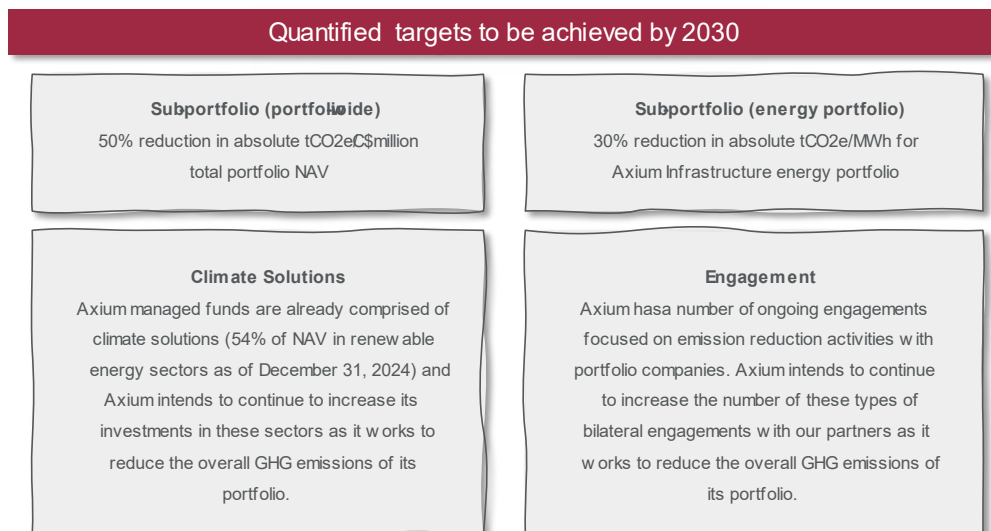
As mentioned above, the first formal commitment made by Axium in 2020 regarding its carbon reduction ambition was the following:

Limit exposure to natural gas-fired power generation facilities to no more than 20% of portfolio net asset value in each country-level Fund. Additional limits have been set to no more than 15% by 2025 and 10% by 2030

In 2024, Axium made the commitment to no longer invest in new natural gas generation facilities other than in situations where a utility project would be partly powered by natural gas, in which case we would have a decarbonization plan in place at the time of acquisition.

As per the Net Zero Asset Owners Alliance Target Setting Protocol, Axium referenced the Intergovernmental Panel on Climate Change (“IPCC”) special report on global warming, 1.5°C scenario, which recommends a 49 to 65% reduction by 2030. Because Axium is an open-end fund always investing in new assets, and considering the limitations mentioned above, we have opted for our own methodology. Growing the portfolio inevitably increases total portfolio emissions and we believe our intensity-based target allows Axium to measure the Funds’ progress towards decarbonization while also being ambitious enough to drive real-world reductions.

Axium submitted our 2030 targets disclosure to NZAM in early 1H2023. These include:



## Coverage

Axium is proud to commit 100% of its asset under management (“AUM”) to be aligned with Net Zero. 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. not limited to our equity participation. In 2028, Axium will submit updated decarbonization targets to NZAM. As an open-end fund, we think our intensity-based targets allow Axium to measure the Funds’ progress towards decarbonization considering the continued growth of the portfolio each year.

Total Scope 1 and 2 portfolio emissions are calculated in accordance with the Greenhouse Gas Protocol. 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 tCO<sub>2</sub>e/C\$m covers 100% of Axium's managed portfolio emissions, on an absolute basis.
- › The 30% reduction in tCO<sub>2</sub>e/MWh covers all energy generating assets within Axium's energy portfolio (i.e., solar, wind, hydro, gas-fired generation, and applicable utilities), on an absolute basis.

The targets mentioned above cover all Scope 1 and Scope 2 emissions of operational portfolio assets that have been held for the full calendar year reported on. Emissions from assets under construction are considered to be outside the boundaries of operational activities.

## Net Zero Strategy: Delivering on our commitments

Through a variety of approaches, Axium’s Net Zero strategy is focused on building greater portfolio value by achieving positive climate impacts and supporting the transition to a low carbon economy. The below principles illustrate the strategic areas to achieve our commitments:

### 1. 2030 Interim Targets

In order to establish our interim targets and engage with investee companies to develop GHG reduction initiatives, an important first step for Axium was to measure our portfolio emissions to have an understanding of our baseline. Axium tracks both firm- and portfolio-level emissions, and, in 2021, we conducted a baseline GHG inventory of Scope 1 and Scope 2 emissions for all portfolio investments for the year ended December 31, 2020. To collect asset-level GHG data, Axium engages with its onsite operators. This allows for more precise and accurate reporting that is then reviewed via a third-party assurance process.

As disclosed above, below are the two quantified 2030 interim targets submitted to NZAM for validation:

- › Sub-portfolio (portfolio-wide): 50% reduction in absolute tCO<sub>2</sub>e/C\$m total portfolio NAV
- › Sub-portfolio (energy portfolio): 30% reduction in absolute tCO<sub>2</sub>e/MWh for Axium Infrastructure energy portfolio

Progress will be measured on an annual basis by comparing baseline metrics from 2020 with year-end results.

### 2. Investing in Climate Solutions

Axium’s portfolio of assets is built with the objective of bringing a contribution to the energy transition in the communities where we invest. For internal tracking purposes, Axium has defined a set of emission categories to monitor sector alignment with our Net Zero targets.

Emission Category	Axium’s Definition	Average Intensity <sup>1</sup>
Carbon Sober	Assets that are aligned with Axium’s 2030 Net Zero intensity target, includes <b>renewable energy</b> as well as <b>battery storage</b> and <b>transmission</b> assets that support the energy transition.	8.7 tCO <sub>2</sub> e/NAV
Carbon Light	Assets that are tracking in line with Axium’s 2030 Net Zero intensity target, includes <b>utilities</b> , <b>transportation</b> and <b>social</b> infrastructure. In these sectors, operations still rely on some emissions-intensive technologies, but they are engaged in implementing emissions reduction and energy efficiency initiatives.	397.2 tCO <sub>2</sub> e/NAV

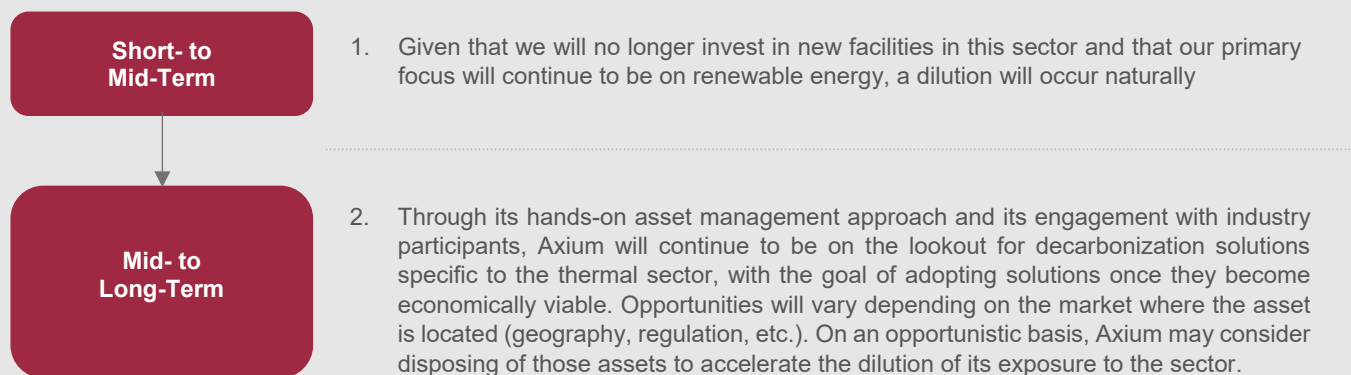
<sup>1</sup>Based on the average emissions intensity by sector, per emission category from 2020 to 2024

High Emitting	Represents Axiom’s most carbon-intensity sector: thermal <b>gas-fired generation</b> facilities. This sector is not currently aligned with Axiom’s 2030 intensity target but includes assets that are exploring financially viable emissions reduction solutions.	10,215.4 tCO2e/NAV
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As outlined in the table, beyond renewable energy, Axiom has invested in other sectors (social, transportation, utilities, transmission, and gas-fired generation) that bring other environmental, economic, and social benefits to society. Axiom is dedicated to managing the assets within these sectors in line with our Net Zero ambition by working with our partners to establish emission reduction plans and targets. With this in mind, Axiom evaluates our portfolio’s alignment with our Net Zero goals as assets that fall within the Carbon Sober definition detailed above but also considers assets that have their own emission reduction goals. These are assets with plans to reduce emissions that align with our Net Zero by 2050 objectives.

### Decarbonizing the Thermal Energy Portfolio

By identifying which assets are aligned with our Net Zero goals and keeping track of short-term asset level initiatives that are aligning with our ambition, Axiom is in turn able to focus its engagement efforts on High Emitting assets that are still in the early stages of preparing to decarbonize. Gas-fired generation facilities represent a vast majority of greenhouse gas emissions in the Axiom managed funds. Our timeline for this sub-sector to achieve net zero emissions will be addressed in two stages:



### 3. Engagement with our Partners

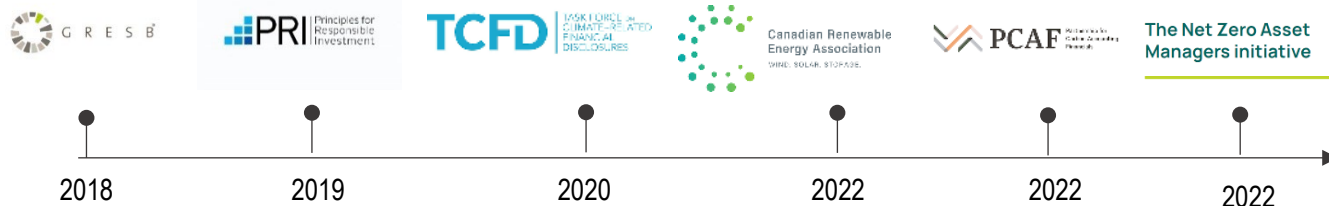
With a hands-on asset management approach, engagement with all stakeholders continues at every phase of the investment process to ensure strategic alignment and implementation of portfolio-wide initiatives. As part of our Net Zero targets, engagement priority initiatives will be centred on reducing GHG emissions. For Axiom, successful engagement is centred on structured dialogue and clear objectives. To reinforce the importance of engagements focused on emission reduction activities, Axiom has included a target centred on asset-level GHG reduction initiatives within its corporate goals for all employees.

Engagement Channels	
Dialogue	<p>Outreach to various stakeholders as collaboration is the key to building the required momentum towards Net Zero. This includes our investee companies, as well as our partners and clients. Many of our operating partners have their own pledges aligned with Axiom’s objectives.</p> <p>Further, some of our partners and collaborators are active worldwide, so we can benefit from lessons learned by early movers, notably European companies.</p>

	We are determined to devote time and human capital to understand the asset, including its distinctive risks and opportunities, as well as the nuances of the sector and the policy landscape they operate within.
<b>Sector-Based</b>	Collaboration with manufacturers to learn about and understand upcoming technology enhancement and advancements in clean technology, with a specific focus on Axiom's power plants.
<b>Co-Investors</b>	Collaborative engagement to align with common goals and share lessons learned.
<b>Asset Management</b>	Dialogue with O&M providers, many of which are global industry leaders with extensive experience in the energy, social and transportation sectors.
<b>Technical Experts</b>	Axiom relies on technical experts to help with improvements that will translate into energy reductions, especially for our social assets.
<b>Peer Groups and Industry Associations</b>	Involvement in associations such as AQPER, CanREA and others help us gather information and occasionally lead to calls for action from policymakers and other regulatory bodies to help in the effort.

#### 4. Collaborative Stewardship

Industry collaboration is critical to establish credible methodologies, frameworks and tools that enable the financial sector to converge and progress in its decarbonization commitments. By participating in several national and international organizations looking to advance climate objectives and responsible investment practices, Axiom is able to draw inspiration from industry best practices and collaborate with thought leaders in communicating shared challenges and staying informed of climate stewardship and Net Zero advancements.



#### Summary

Axiom is proud of the progress made in our Net Zero Strategy since officially announcing our intent to achieve Net Zero emissions by 2050. Our commitment to responsible investment has continued to evolve to capture the latest science around climate change, align with recognized frameworks and work towards real world emission reductions. We are determined to ensure that our financial decisions help support the transition towards a low carbon economy and a sustainable future. Axiom's decarbonization pathway and interim targets build on the engagement efforts to mobilize the necessary emission reductions throughout our portfolio. As we continue to strengthen our alignment to Net Zero, advance our investments in climate solutions and deepen our level of engagement with stakeholders, updates on Axiom's progress will be made available in annual disclosures.

There are no easy options, we know the road will be paved with challenges, but Axiom looks forward to being an active participant in supporting the transition to a low carbon economy.