

## Sustainability-related disclosures – NIO Infrastructure Feeder Fund I

**July 16 2024**

These sustainability-related disclosures have been prepared pursuant to Article 10 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**").

This website product disclosure has been prepared and published based on the facts, information, and legislative guidance available on the date hereof. This statement may be subject to changes, updates and general revision in connection with any regulatory developments and following the disclosure of any further legislation, guidance and recommendations concerning the Regulation (including any delegated acts thereto) by the Danish or EU legislators/supervisory authorities. A clear explanation will be published if any changes or amendments are made to the below.

### Summary

#### Financial product:

The following legal entities, NIO Infrastructure Feeder Fund I K/S and NIO Infrastructure Feeder Fund I SCap K/S are part of a whole fund structure ("IFF I" or "the Fund") managed by Nordic Investment Opportunities A/S, company number (CVR no.) 39785595 ("**NIO**" or "**the Manager**"). At the date of this document, IFF I has been assessed as being a financial product referred to in Article 9(2) of the Regulation having a sustainable investment objective as its financially-driven objective is to solely invest in and make co-investments alongside Copenhagen Infrastructure IV SCSp and Alternative Investments Vehicles within the structure ("CI IV" or the "Master Fund"), which is considered to have a sustainable investment objective within the meaning of Article 9(2) of the SFDR. The Master Fund will invest in economic activities that contribute to one or more of following environmental objectives:

- (1) climate change mitigation; or
- (2) increased global renewable energy capacity; or
- (3) increased global renewable energy generation; or
- (4) reduction in greenhouse gas emissions.

Several mechanisms are in place, such as setting ESG standards, excluding certain asset classes, covering ESG as part of due diligence processes, having internal ESG support in place, and monitoring sustainability performance of investee companies, seek to ensure that the investments of CI IV do not significantly harm these objectives. CI IV's investment strategy is to invest in energy infrastructure including offshore wind, onshore wind, solar PV, biomass and energy-from-waste, transmission and distribution, and other energy assets like reserve capacity and storage. This strategy is set out in the fund documentation governing CI IV, which is binding and used to select investments to attain CI IV's objectives. CIP monitors the objectives through structured reporting from investee companies, and uses industry-standard methodologies to calculate relevant sustainability indicators. CI IV currently expects to use at least the following sustainability indicators to measure the attainment of the environmental objectives:

- Renewable energy capacity (MW)
- Renewable power generation (GWh)
- Estimated CO<sub>2</sub>e emissions avoided (tCO<sub>2</sub>e)

CIP conducts ESG-specific risk assessments as part of its due diligence processes. CI IV currently does not invest in listed securities and therefore has not implemented a policy on how to integrate shareholder engagement in its investment strategy. CI IV's objectives are to be attained through CI IV investing according to its investment strategy and applying the abovementioned sustainability indicators.

#### No significant harm to the sustainable investment objective

Several mechanisms are in place seek to ensure that investments in the Master Fund's portfolio do not significantly harm any sustainable investment objective, including the environmental objectives that the Master Fund seeks to pursue. Investments made by CI IV are governed by a Responsible Investment Policy which, among others, mandates responsible environmental impact management, protects key social objectives such as human and labour rights, and restricts CI IV

from investing in controversial weapons that would ordinarily breach humanitarian principles. The Responsible Investment Policy is guided and informed by a number of international voluntary and regulatory frameworks, such as the UN Principles for Responsible Investments (UNPRI), OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights (UNGP), IFC Sustainability Framework and Industry Sector Guidelines, and others.

Adherence to the Responsible Investment Policy for CI IV is stated in the investment policy section of the Limited Partnership Agreement governing investments made by the Master Fund (the "**LPA**"). CI IV is also specifically excluded from investing in nuclear or coal-fired generation, and the Master Fund is restricted from investing in nuclear weapons or weapons that would ordinarily breach humanitarian principles.

In addition to its investment policy scope, CI IV is governed by a set of environmental, social and governance ("**ESG**") Standards. The ESG Standards, defined for the Master Fund, establish standards which are intended to ensure that the investments of CI IV do not significantly harm any sustainable investment objective, including the environmental objectives that CI IV seeks to pursue. The environmental section of the ESG Standards requires compliance with applicable host country laws and regulations, as well as relevant binding international conventions for the protection of the environment. The social section of the ESG Standards requires compliance with applicable host country laws and regulations as well as relevant binding conventions relating to social issues such as health, safety, security, labour rights, cultural heritage, stakeholder engagement, and human rights. Compliance with the core labour standards of the International Labour Organisation is expected. In addition to the abovementioned documents, CIP utilises the following mechanisms and procedures to ensure that the investments made by CI IV do not significantly harm any sustainable investment objective, including the environmental objectives that it seeks to pursue:

- 1) An assessment of potential material ESG risks is made for all investments prior to final investment decisions ("**FID**"), including an assessment of indicators for principal adverse impacts ("**PAI**") as set out in Annex I of Regulation 2022/1288 ("**SFDR Level II**"), or any internal documents which reflect, operationalize or incorporate such indicators (e.g. Responsible Investment Policy and the Master Fund's ESG and Climate Standards)
- 2) Excluding coal-fired and nuclear-fired power plants and choosing not to pursue investments that do not materially align with Master Fund's defined ESG and Climate Standards
- 3) Due diligence conducted or arranged by the Master Fund's investment team
- 4) Internal ESG-specific resources dedicated to supporting investments made by the manager of the Master Fund
- 5) Mitigation and/or management plans covering sustainability objectives at the investee company level
- 6) Incorporating contractual clauses covering minimum standards of conduct on investee companies in alignment with the manager of the Master Fund's Responsible Investment Policy and ESG and Climate Standards
- 7) Prioritizing sustainability-related topics at board meetings and/or steering committees of investee companies where the Master Fund is represented, and exercising voting rights in favor of sustainability-related topics
- 8) Monitoring of sustainability performance of investee companies through mandatory reporting
- 9) Responding to sustainability incidents through the Master Fund's position on the board and/or steering committee of the investee company if applicable

The Manager consider ESG factors as part of the Master Funds investment process in accordance with NIO's ESG Policy. However, at this stage, the Manager will not consider principal adverse impacts ("**PAI**") of the investment decisions on sustainability factors as specifically contemplated by the SFDR. The Manager has elected not to do so at the present time, as it considers its existing ESG Policy to be appropriate, proportionate and tailored to the investment strategy.

The Master Fund consider principle adverse impacts (PAI) through the lens of material ESG risks, such as environmental, health and safety legislation and enforcement, human and labour rights risks, corruption risks, and are operationalised

through several procedures and relevant documents described in the section above. In connection with investment opportunities reaching a FID, CI IV applies the indicators for adverse impacts on sustainability through:

- 1) Conducting an assessment of potential material ESG risks for all investments prior to final investment decision. This includes pre-investment screening and due diligence processes, which are led by CIP's Investment Team and supported by CIP's ESG function, and where relevant by external advisors.
- 2) Mitigation and/or management plans for relevant potential adverse impacts at investee company level.
- 3) Monitoring of relevant potential adverse impacts of investee companies through reporting on either monthly, bi-monthly, quarterly or yearly basis.
- 4) Responding to incidents relating to relevant potential adverse impacts through CI IV's position on the board and/or steering committee of the investee company if applicable

IFF I will solely invest in the Master Fund, where the manager of the Master Fund's Responsible Investment Policy and the CI IV-specific ESG Standards are intended to be aligned 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 set of guidelines (the "**Guidelines**")

### **Sustainable investment objective of the financial product**

The Master Fund and has as its sustainability objective to invest in economic activities that contributes to one or more of the following environmental objectives:

- 1) climate change mitigation; or
- 2) increased global renewable energy capacity; or
- 3) increased global renewable energy generation; or
- 4) reduction in greenhouse gas emissions

The Master Fund expects to use at least the following sustainability indicators to measure the attainment of the environmental objective:

- Renewable energy capacity (MW)
- Renewable power generation (GWh)
- Estimated CO<sub>2</sub>e emissions avoided (tCO<sub>2</sub>e)

### **Investment strategy**

The investment strategy of the Master Fund is to invest in energy infrastructure, which may include offshore wind, onshore wind, solar PV, biomass and energy-from-waste, transmission and distribution, and other energy assets like reserve capacity and storage.

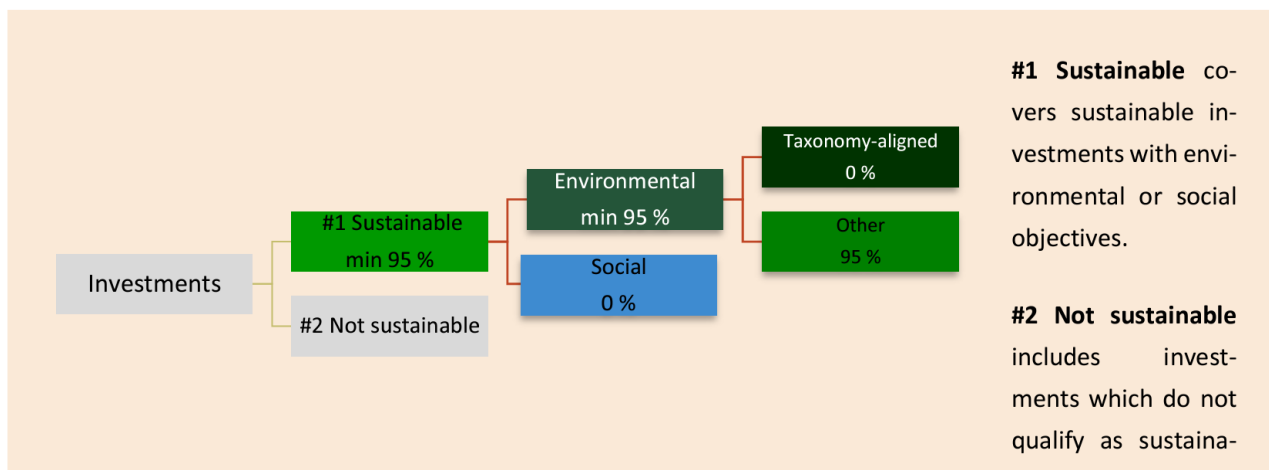
The investment strategy is established in the fund documentation governing the Master Fund. The Master Fund is not required to apply any additional defined selection strategy to attain the environmental objective/s. The fund documentation is the "binding element" of the investment strategy.

The Master Fund's strategy for ensuring good governance practices in investee companies is ordinarily to establish or confirm the governance structure/system whilst developing the energy infrastructure asset, activity or business (as

appropriate). Where relevant, the manager of the Master Fund uses its "active owner" governance rights to secure the good governance practices of the investee companies in accordance with the manager of the Master Fund's Responsible Investment Policy and ESG standards.

### Proportion of investments

Each investment in the Master Fund is currently expected to be aligned with its environmental objectives, and reference is made to the section "No significant harm to the sustainable investment objectives" above, which substantially applies to each investment in the Fund and the Master Fund. IFF I does not use derivatives to attain the sustainability investment objectives.



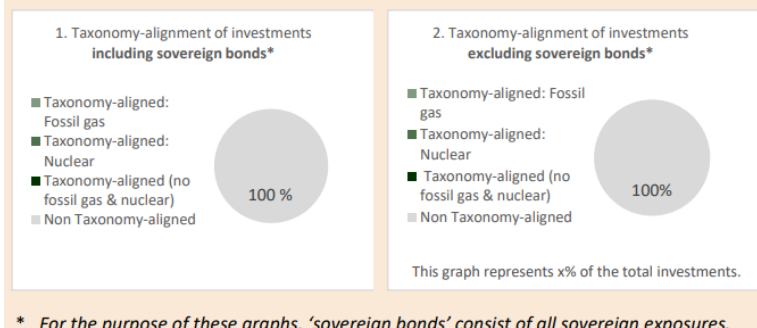
CI IV is currently expected to make investments in "Energy Infrastructure" as defined in clause 3 of the LPA in accordance with the sustainable investment objectives. The gross asset value (GAV) is used as the basis for calculating the proportion of investments

Other than financial instruments held for cash management and/or hedging purposes, the Master Fund expects all of its investments to be sustainable investments with an environmental objective. The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is currently expected to be 95% but may be lower to the extent the Master Fund makes sustainable investments aligned with the EU Taxonomy. It is expected that 95% or more of the investments of the Master Fund are going to be sustainable investments (the remaining share expected to be financial instruments held for cash management and/or hedging purposes). The Fund solely invest in the Master Fund which provides direct exposure to the underlying investments, which are managed by the manager of the Master Fund, in accordance with Investment Strategy of the Master Fund.

The Master Fund currently expects that only ancillary investments made for liquidity and cash management purposes would be considered as investments that are not sustainable (using the above scheme), and this is expected to be done only to a minimum extent (hereby nominated at 5%).

The minimum extent to which the sustainable investments of the Master Fund with an environmental objective are expected to be aligned with the EU Taxonomy is 0 %. Whilst it is expected that the actual alignment % may be higher, to ensure regulatory compliance given the evolving nature of the EU Taxonomy (and to take a precautionary approach for this disclosure), a minimum figure of 0 % has been nominated.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



### Monitoring of sustainable investment objective

As described in the NIO's ESG Policy, the Manager has established several environmental, social and governance principles, which the Manager will endeavor to ensure are observed by the Fund and its investment. The Manager seeks appropriate disclosures on ESG from the manager of the Master Fund which the Fund invests in or co-invests with. The Manager performs an assessment of sustainability and associated risks and opportunities in its screening and investment decision process when the Fund invests in or co-invests with the Master Fund.

The environmental objectives and sustainability indicators used to measure the attainment of such objectives are monitored by the Master Fund's investment team managing the fund through reporting of required information provided to the manager of the Master Fund by each investee company in the Master Fund. IFF I have several mechanisms in place with respect to the Master Fund to ensure that the investments of the Master Fund do not significantly harm the environmental objectives it is seeking to pursue.

### Methodologies

The sustainability indicator "*Estimated CO2e emissions avoided*" are ordinarily calculated as the difference between the estimated CO2e emissions resulting from the operation of investments in the Master Fund's portfolio, and the estimated baseline CO2e emissions that would have resulted from the "business as usual" scenario in the relevant countries (assuming recent energy balances). Other industry-standard methodologies may be used. The other two sustainability indicators are standalone figures and do not ordinarily require any calculation.

### Data sources and processing

In evaluating the ESG factors and in order to attain the sustainable investment objective, the manager of the Master Fund expects to depend upon information and data provided by a number of sources, including relevant investments and/or third-party reporting or advisors. As no reference benchmark has been designated for the purpose of attaining the sustainable investment objective, NIO and IFF I will limit their data sources to the Master Fund, who will act as the sole provider. Data is processed internally at the manager of the Master Fund, where data used for one out of the three sustainability indicators "*Estimated CO2e emissions to be avoided (tCO2e)*" is estimated.

### Limitations to methodologies and data

No material limitations are expected. However, the data provided to the Master fund from the relevant investments and/or third parties may be incomplete, inaccurate or unavailable, and which could cause the manager of the Master Fund to incorrectly identify, prioritize, assess or analyze or omit to examine in detail the investee entity's ESG practices

and/or related risks and opportunities. The manager of the Master Fund does not intend to independently verify all ESG information reported by investments or third parties, and may decide in its discretion not to utilize certain information provided by such investments. On an annual basis NIO will review the data received from the Master Fund and assess its contents and the supporting documentation. NIO will not be collecting any other third party data.

### **Due diligence**

NIO includes sustainability as one of its investment underwriting criteria's when evaluating potential investments. As stated in NIO's ESG Policy, the initial part of the screening process constitutes of desk research and assessment of the responses to NIO's ESG due diligence questionnaire. The detailed assessment of the Master Fund comprises NIO's own screening tool, which considers the manager of the Master Fund's ESG management and the Master Fund's ESG exposure from a market perspective.

The due diligence carried out on the underlying energy infrastructure investments of the Master Fund typically consists of engaging advisors to assess specific ESG matters (including an assessment of indicators for PAI as set out in Annex I of Regulation 2022/1288, or any internal documents which reflect, operationalise or incorporate such indicators (e.g. Responsible Investment Policy and the Master Fund's ESG and Climate Standards)), evaluating the capacity of contractors that are expected to provide goods or services to the asset, activity or business, and establishing minimum contractual standards of conduct.

### **Engagement policies**

IFF I will solely invest in the Master Fund and does not invest in shares that are admitted to trading on a regulated market situated or operating within the EU, and the Manager is therefore not required to have an engagement policy. If NIO has cause to believe that an investee company in the Fund or the Master Fund cannot or is unwilling to respect sustainability-related topics, NIO will seek to specifically engage with that party on such matter.

### **Attainment of the sustainable investment objective**

No index has been designated as a reference benchmark for the Fund or the Master Fund. Each environmental objective is considered to be attained through the Master Fund investing according to its investment strategy and applying the abovementioned sustainability indicators.