Environmental, Social and Governance (ESG) Report 2021

Covering

Copenhagen Infrastructure Funds I, II, III and IV Copenhagen Infrastructure Artemis I and II Funds Copenhagen Infrastructure New Markets Fund I



Introduction

About Copenhagen Infrastructure Partners

Copenhagen Infrastructure Partners (CIP¹) is a fund management company specialising in offering tailor-made investments in energy infrastructure assets globally – in particular within renewables and the greenfield segment. CIP currently manages around EUR 16bn across 8 funds. We are pioneers in taking our approach and methods global and in realising a profitable green energy transition based on high ESG standards.

CIP has an industrial heritage and an energy sector focused business model with a strong track record anchored in fully integrated in-house investment teams. Our business model is proven and comprises origination and investment selection; structuring and de-risking; world-class construction execution; and long-term asset optimisation of large-scale and complex energy infrastructure projects.

We are a trusted partner in projects across a wide range of technologies including offshore wind, onshore wind, solar PV, power transmission, waste-to-energy and biomass, and energy storage. We are known for execution certainty and our projects are completed on budget and to specification. Our investments in energy infrastructure assets are long-term and on track to deliver attractive risk-adjusted returns for our investors and a green and efficient energy system for the benefit of local communities across the globe.

In CIP, we enable the energy transition towards a net zero emission society, while we build value for our investors, developers, and local communities.

Building value that matters

CIP delivers positive societal impact ~11.1GW ~9.5m ~7.7m of carbon-free tonnes CO2e equivalent energy projects to be avoided households reached anually powered with final investment carbon free decision energy

Most relevant impacted UN Sustainable Development Goals



¹ Throughout this report, CIP refers to the group comprising the fund management companies affiliated with Copenhagen Infrastructure Partners P/S (CIP PS), the overall fund management company in the group. Figures on this page represent aggregated totals for all of CIP's funds under management. Other figures in this report are presented in respect of specific funds.

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Introduction

Introduction

2021 market update

Recent and extensive corporate and governmental climate action, as well as wide-ranging regulatory developments relating to sustainability, suggest that 2021 is a significant point in time for the international energy market and broader global economy.

The world is seeing unprecedented global commitments by governments and the private sector to accelerate the transition to 'net zero' greenhouse gas (GHG) emissions by 2050. This comes against a background of events such as 'COP 26' – the 26th Conference of the Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC) – and reports from the Intergovernmental Panel on Climate Change (IPCC) that already by 2040, global temperature is predicted to exceed the 1.5-degree limit that was agreed and targeted in the Paris Agreement² at the 2015 COP 21 in Paris.

The concept of a global 'net zero' commitment by 2050 is important because 'net zero' is key to limiting long-term temperature increase to the 1.5-degree threshold set out in the Paris Agreement. Importantly, it is now widely demonstrated that in the right geography, renewable electricity can deliver low-cost energy solutions and enable new energy applications such as power-to-X, which can help to achieve these GHG emissions targets.

All major economies have committed to ambitious emissions reduction targets (e.g. the EU, USA and China), including investments in clean energy infrastructure and regulatory regimes as part of government programs post COVID-19. These commitments cover economies responsible for emitting around 70% of today's global emissions of CO2e. In addition, the private sector has made extensive net-zero pledges, including leading institutional investors (exemplified by the Net-Zero Asset Owner Alliance³), banks, and large corporations (such as Google, Amazon, and Microsoft). Traditional oil and gas companies and utilities have also taken steps towards renewables and other emissions reducing initiatives. But as emerging economies grow and increase their emissions, and as the IPCC has stated in its 2021 report, more global ambition is needed if the 1.5-degree threshold is to be achieved.

How does CIP play a role in 'net zero'?

In short, CIP's funds seek to invest in renewable energy infrastructure projects which can assist to transition the global economy into a net-zero emissions scenario by 2050. The world's energy sector – the source of around three-quarters of greenhouse gas emissions today – is rapidly developing new technologies and showing significant growth in renewables. CIP will continue to harness these sectoral developments, innovate and invest capital into attractive opportunities resulting from the energy transition to net zero, and expand its offering to investors.

In the 2020-21 reporting period since the previous ESG report:

- Fund II and Fund III reached Final Investment Decision on Vineyard Wind
 I, an 806 MW offshore wind project and the first utility-scale offshore wind
 energy project in the USA
- Fund III reached Final Investment Decision on its first geothermal project, Deutsche Erdwärme, a 30MW project in Upper Rhine Graben, Germany
- CI Energy Transition Fund I (CI ETF I) has so far reached EUR 1.3bn in commitments⁴ and will focus on next-generation clean energy infrastructure, e.g. Power-to-X (PtX). CI ETF I has announced plans to build one of the largest PtX facilities in Europe, a project located on the west coast of Denmark where offshore wind power will be used to produce green ammonia for the agriculture and shipping sectors

² The Paris Agreement is a legally binding international treaty on climate change, adopted by 196 parties at COP 21 in Paris in 2015, under which it was agreed to limit global warming to well below 2 degrees and aim for 1.5 degrees.

³ A United Nations-convened global group of 49 institutional investors committed to transitioning their investment portfolios to net-zero greenhouse gas (GHG) emissions by 2050. The group represents over USD 7 trillion of assets under management. The Alliance was initiated by Allianz, Caisse des Dépôts, La Caisse de dépôt et placement du Québec (CDPQ), Folksam Group, PensionDanmark and Swiss Re at the beginning of 2019. Shortly afterwards, Alecta, AMF, CaIPERS, Nordea Life and Pension, Storebrand, and Zurich Insurance joined as founding members.

⁴ Between the end of the reporting period and the publication date, CI ETF I reached a commitment size of EUR 1.3bn.

- New Markets Fund I reached its first Final Investment Decision, committing USD 100m to jointly develop CIP's first projects in India, a portfolio of approximately 1.7 GW of utility and commercial & industrial renewable energy projects
- Fund IV reached final close at the EUR 7bn hard cap, making it the largest renewable energy fund in the world. CI IV has already committed EUR 2.3bn with Final Investment Decision on four ⁵ investments, three of which have commenced construction:
 - Fighting Jays 350MWac solar project in Houston, Texas, US
 - Travers 465MWac solar project in Alberta, Canada
 - Slough 50MW waste-to-energy project in Greater London area, UK

Sustainability regulation is growing

In addition to the broader global public and private decarbonisation agenda, investors and regulators are seeking ways to ensure that this economic transition is executed with a focus on and a commitment to ESG and long-term sustainability.

This is exemplified by the recent introduction of the EU Sustainable Finance Disclosure Regulation (SFDR) in March 2021. The SFDR aims to increase transparency on sustainability risks and impacts by ensuring that fund managers consider and disclose sustainability risks in their investment processes. It forms part of the EU's 'Green Deal', a growth strategy aimed to channel investment towards "sustainable" activities to assist member states in reaching climate objectives. Under the SFDR, funds can be categorised based on how much they contribute to these "sustainable" activities, with the most sustainable category under the SFDR being an Article 9 ("dark green") fund. As explained later in this report, CIP's funds are considered "dark green" under the SFDR. Despite EU regulators introducing the SFDR only recently, CIP has consistently recognised the link between high ESG standards and value creation and protection and further strengthened its ESG integration and approach in 2021. Although CIP has followed the principles in its operations for several years, in 2021 CIP became a signatory of the UN Principles for Responsible Investment ('UN PRI'). This will serve as a framework to further underpin CIP's commitment to act responsibly in respect of its ESG decisions. Further initiatives, which are detailed in this report, included CIP updating its foundational ESG document – its Responsible Investment Policy – and expanding its ESG efforts into its supply chain.

CIP will continue to proactively address ESG issues and increase transparency on sustainability risks and impacts, with a current focus on both the SFDR and the upcoming EU Taxonomy (binding from 2022). The EU Taxonomy is an EU-wide classification system that defines what economic activities are "sustainable" from a regulatory perspective. Such activities are considered 'taxonomy-aligned', and as explained in later pages, all CIP fund investments are currently expected to be eligible for 'taxonomy-alignment'.

At this important point in the global decarbonisation agenda and increasing regulatory and investor focus on ESG, CIP is pleased to present its funds' 2021 ESG Report.

This report showcases the ESG performance of, and developments involving, each of CIP's Flagship Funds (Fund I – IV), New Markets Funds (New Markets Fund I) and Artemis Funds (Artemis I and II), from 1 July 2020 until 30 June 2021⁶. Whilst previous annual reports have included CIP's multi-investor funds, 2021 is the first report which includes CIP's Artemis II fund and single-investor funds Fund I and Artemis I. The report also covers the actions CIP has taken to ensure it is at the forefront of global ESG integration and fund management.

⁵ Between the end of the reporting period and the publication date, Zone 29, a 300 MW offshore wind project in Changhua County, Taiwan, reached Final Investment Decision. Performance indicators for this investment will be presented in the 2022 ESG Report.

⁶ All funds within the scope of this report are managed by CIP PS or affiliated management companies. In this report, references to an investment refer to an investment made by the relevant fund. An investment is considered to be made and an asset considered being in a fund's portfolio when that fund has taken a Final Investment Decision (FID) on the specific investment.

Funds and framework

CIP funds at a glance

Fund ⁷	Group	Year	Size	Status	# of invest- ments	% committed to date	Expected annual CO2e avoided (tonnes/year)	Expected equivalent households powered
Copenhagen Infrastructure I K/S ("Fund I")	Flagship Funds	2012	EUR 1.0bn	Fully committed	3	100%	870,000	1,065,000
CI Artemis K/S ("Artemis I")	Artemis Funds	2014	EUR 0.4bn	Fully committed	1	100%	N/A	N/A
Copenhagen Infrastructure II K/S ("Fund II")	Flagship Funds	2014	EUR 2.0bn	Fully committed	10	100%	4,810,000	2,595,000
Copenhagen Infrastructure III K/S ("Fund III")	Flagship Funds	2017	EUR 3.5bn	Fully committed	~11 (8 FID)	100%	3,225,000	1,740,000
Copenhagen Infrastructure New Markets Fund I K/S ("New Markets Fund I")	New Markets Funds	2019	EUR 0.9bn	Investing	~6 (1 FID)	20%	2,820,000	3,750,000
CI Artemis II K/S ("Artemis II")	Artemis Funds	2020	EUR 0.3bn	Fully committed	1	100%	N/A	N/A
Copenhagen Infrastructure IV K/S ("Fund IV")	Flagship Funds	2020	EUR 7.3bn	Investing	~14 (5 FID)	30%	510,000	295,000
Copenhagen Infrastructure Energy Transition Fund I K/S ("CI ETF I")	Flagship Funds	2021	N/A	Fundraising	N/A	0%	N/A	N/A

Reading note: These columns outline the key positive climate and social impacts of CIP's funds, and it is important to note the key reasons for variations in these numbers between funds and why there is not a direct correlation between fund size and impact size. Both climate- and household-related ESG metrics are highly dependent on the grid mix and the annual household electricity consumption in each country, which is the primary driver for variation in these numbers. An investment in a country with a more fossil fuel-based grid (e.g. USA) will result in more CO2e avoided than an equivalent-sized investment in a country with a lower average household electricity consumption (e.g. India) will result in more equivalent households powered than an equivalent-sized investment in a country with a higher average household electricity consumption (e.g. USA). The locations of each fund investment are contained on page 22-23. Reporting practices and sources used in this section are presented at the end of this report.

7 As at 30.06.2021. Reporting practices, sources used and the scope of the investments captured by this section are presented at the end of this report.

Delivering environmental and social impacts



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A global impact

CIP's funds invest globally and positively impact regions right across the world.8



- ~5.7GW in development, construction or installed
- ~2.4m equivalent households to be powered
- ~2.3m tonnes CO2e to be avoided





Asia Pacific

- 2.3GW in development, construction or installed
- 4.4m equivalent households to be powered
- 3.9m tonnes CO2e to be avoided



- ~1m equivalent households to be powered
- 3.3m tonnes CO2e to be avoided

8 Figures for Funds I-IV, New Markets Fund I, Artemis I and II Funds. Including divested assets. Figures on this page are presented on a "total project" basis, i.e. without taking the project's capital structure or the Fund's share of project sponsor funding into account. Reporting practices and sources used in this section are presented at the end of this report.

What does ESG integration mean at CIP?

As a financially focused fund management company and formal signatory to the UN Principles for Responsible Investment ('UN PRI'), CIP's approach to sustainability is founded on the strong and consistent link between high environmental, social and governance (ESG) standards and value creation. This approach – combined with an investment strategy targeting greenfield renewable energy infrastructure investments – enables CIP to achieve strong sustainable returns and contribute to global decarbonisation efforts.

How ESG primarily creates or protects value

According to CIP's ESG framework, the primary strategic ways in which ESG creates or protects value in energy infrastructure investment are by:

- 1. Selecting and structuring desirable projects with lower risk profiles
- 2. Avoiding negative return impacts due to unexpected costs and project delays
- 3. Ongoing de-risking through targeted mitigation measures or steps taken in respect of identified ESG trends or incidents

To maximise value creation and manage ESG impacts in a responsible and sustainable manner, consistent with its role as a fiduciary fund management company, CIP integrates ESG throughout the investment process and implements ESG at the project level.

How does CIP 'do' ESG?

When it invests, CIP's ESG approach focuses on de-risking through several key initiatives:

Investment team responsible for ESG due diligence and risk assess- ment, with an involvement of an external ESG expert and an independ- ent CIP ESG manager	\checkmark
Labor-, information- and sanctioning rights included in key contracts with ongoing follow-up provided	\checkmark
Concrete project-specific ESG standards anchored through project board and/or committees	\checkmark
Dedicated on-site HSE manager assigned during construction	\checkmark

Key 2021 Updates to ESG framework

From its existing high ESG standards, in 2021 CIP has undertaken the following key ESG initiatives. These initiatives were targeted at expanding and formalising CIP's ESG capabilities, reporting and project-level monitoring.

- After following the UN PRI for many years, CIP completed the registration process and became a UN PRI signatory
- CIP updated its foundational ESG document its Responsible Investment Policy
- CIP's ESG Team initiated two key supply chain ESG initiatives: Developing a Supplier Code of Conduct for future investments and a formalised project-level ESG annual follow-up
- CIP has incorporated the EU Taxonomy and other recent sustainability regulations into its ESG management systems

See page 12 for more details.

2021 Key initiatives

1. UN PRI

In February 2021, after following the UN Principles for Responsible Investment (UN PRI) for many years, CIP completed the registration process and became a UN PRI signatory. CIP will commence its formal reporting cycle under the UN PRI from 2022 onwards.

2. Responsible Investment Policy

CIP first developed its Ethical Policy, the document containing its internal ESG principles and standards, in 2017. In 2021, the document was updated and expanded to document CIP's latest responsible investment practices. Training and organisational education will be a focus area for CIP's ESG team in 2022, and a copy of the policy is available on request.

3. Supply chain initiatives

CIP monitors its suppliers and counterparties through RepRisk, a market-leading ESG counterparty monitoring service, and ESG counterparty monitoring is fully integrated with financial counterparty monitoring. In 2021, to supplement this counterparty monitoring, CIP's ESG team has initiated a process for introducing two key additions to its supply chain ESG efforts and codifying existing ways of working:

- 1. A formalised Supplier Code of Conduct for future investments, which is intended to supplement the ESG clauses contained in contracts with project suppliers
- 2. A formalised project-level ESG annual follow-up process, which is aimed at equipping CIP with the tools necessary to conduct structured annual ESG reviews

CIP expects to provide updates to investors as these initiatives develop further.

4. Implementing EU sustainability regulations, including the EU Taxonomy and SFDR

As set out on pages 17 and 18, in 2021 CIP incorporated the obligations and frameworks set out in EU sustainability regulations into its day-to-day ESG disclosures and operations. In addition to what is contained in this report, further information on CIP's integration of regulatory developments can be found in the sustainability section of CIP's website.

Spotlight: Solar industry supply chain

2021 saw an increased ESG focus from the solar industry on the nature of its supply chain, following reports by human rights organisations of panel component production in China's Xinjiang region being allegedly tied to forced labour. Specifically, it has been reported that solar-grade polysilicon (a raw material for panels) produced in Xinjiang, which accounts for over 40% of global supply, may be exposed to forced labour in its supply chain. USA has also introduced legislation that would block imports containing Xinjiang content without documented evidence of a transparent supply chain free of forced labour.

CIP strongly condemns any form of forced labour or abuse of labour rights. Upon the discovery of these reports, CIP immediately took steps to investigate the allegations and secure that its ESG standards were being upheld by suppliers to its solar PV fund projects. CIP directly engaged with its module suppliers who have exposure to China in their supply chain to request evidence that their modules are free from forced labour, conducted independent due diligence on the operations of those suppliers, and confirmed that its module supply agreements explicitly prohibit any form of forced labour. CIP's investigations revealed no indication of forced labour connected to its suppliers, however CIP will continue to closely monitor this issue and take steps to address it throughout its investment process, through active engagement with suppliers and legal agreements enforcing ESG standards. The topic formed the basis of several internal ESG training sessions in 2021.

Towards Net Zero

A deep dive into 'The Journey to Net Zero' and the role of CIP's funds

At a governmental level, extensive amounts of net-zero emissions pledges have been announced by national governments, subnational jurisdictions and coalitions. As of March 2021, more than 120 nations, more than 100 regional governments and more than 800 cities have pledged to reach net zero around mid-century ⁹. Country pledges themselves cover economies that contribute around 70% of current global CO2e emissions and GDP.

But the private sector is also acting: According to the IEA, companies that have announced net-zero targets account for around 60-70% of global production of heating and cooling equipment, road vehicles, electricity and cement. Of the world's top 2,000 public companies, those with net-zero commitments together represent annual sales of nearly \$14 trillion – 33% that group of 2000's total annual sales revenue¹⁰.



Energy-related companies with announced pledges to reach net zero by 2050¹¹

Countries that have announced 'net-zero' pledges¹²

	Economy	Net zero by 2050	2030 CO2e reductions target
	EU	\checkmark	55%
	Denmark	\checkmark	70%
	Germany	\checkmark	65%
	UK	\checkmark	68%
	USA	\checkmark	50%
5	Australia	\checkmark	26-28%
	Japan	\checkmark	46%
	South Korea	\checkmark	40%
1	China	(🗸)	N/A

Scope 1 = direct emissions from energy and other sources owned or controlled. Scope 2 = indirect emissions from the production of electricity and heat, and fuels purchased and used. Scope 3 = indirect emissions from sources not owned or directly controlled but related to their activities (such as employee travel, extraction, transport and production of purchased materials and fuels, and end-use of fuels, products and services). Partial value chain includes Scope 1 and 2 emissions and Scope 3 emissions in specific geographic locations or sections of a company's value chain.

9 Source: UNFCCC Climate Ambition Alliance

10 Source: Energy & Climate Intelligence Unit and Oxford Net Zero (2021), Taking stock: A global assessment of net-zero targets, UK

11 Source: International Energy Agency (2021), Net Zero by 2050, Paris.

12 Source: Official press releases, government sites & Reuters. China has pledged to achieve carbon neutrality before 2060. For EU, Denmark, Germany and UK, the baseline CO2e index is 1990 levels. For the USA, Australia and China, the baseline CO2e index is 2005 levels. For Japan, the baseline CO2e index is 2013 levels, and for South Korea, the baseline CO2e index is 2018 levels. China will cut its carbon dioxide emissions per unit of gross domestic product, or carbon intensity, by more than 65% from 2005 levels by 2030.

Whilst the extent of these net-zero pledges is encouraging, the pathway to get there is complex and not fully defined. For example, the IEA notes that around 40% of companies that have announced such pledges are yet to develop pathways to achieve them. Additionally, there are many challenges (and therefore opportunities) remaining to decarbonise specific sectors of the global economy, such as transportation and agriculture.

This is where CIP's funds are at the forefront and have a major role to play – CIP's funds can access and invest capital in projects which provide a clear and defined pathway for investors, governments, and companies towards a net-zero society. CIP's diversified, multi-fund fund strategy enables its investors to finance this decarbonisation – whilst making healthy returns – both in sectors where net zero efforts are well underway, such as the power sector, but also in industries which are traditionally harder to abate, such as transportation and industries including agriculture.

Current global total energy consumption, 2020 (%)¹³



The energy sector accounts for around three quarters of 2020 global greenhouse gas emissions. Within that sector, the following trends in subsectors are expected to develop as society moves towards a net zero scenario in 2050:

- **1** Renewables are expected to decarbonise the power sector
- 2 Electrification of non-power sectors is expected to grow to ~50% of total energy consumption
- Renewables are expected to be widely utilised in Power-to-X (Hydrogen & ammonia), potentially accounting for ~10-20% of total energy consumption
- Advanced bioenergy use is expected to grow to potentially ~10-20% of total energy consumption
- Other decarbonisation technologies (e.g. Carbon Capture, Utilisation and Storage or CCUS) are expected to be employed

Trends ③ – ⑤ are expected to target the decarbonisation of hard to abate non-power sectors, such as transportation and agriculture, and CIP's different fund strategies tap into the accelerating and expanding decarbonisation market. Additionally, overall energy consumption is expected to decrease by ~15% due to increased energy efficiency and behavioural change, though this is not CIP's focus. At the time of reporting, no Net Zero Opportunity Funds or Green Credit Funds have closed and therefore these funds are outside the scope of this report.

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¹³ Source: International Energy Agency (2021), Net Zero by 2050, Paris



The role of CI ETF I in the pathway to net-zero

The transportation and agriculture sub-sectors and heavy industry are traditionally hard to abate due to their heavy reliance on oil and gas and other fossil fuels. However, the industrialisation of renewable electricity has led to cost levels of green fuel which, where relevant, can act as a substitute.

CI ETF I enables institutional investors to participate in the decarbonisation of these so-called 'hard to abate' industries. The fund aims to invest in next-generation technologies such as Power-to-X that can make an important contribution to the decarbonisation of these sectors through the supply of green hydrogen, green ammonia, and green methanol used as green fuels and feedstock. Power-to-X uses renewable energy, air and water to produce carbon-free hydrogen and hydrogen derivatives such as green ammonia. These hydrogen-based end products – the 'X' in Power-to-X – can then be used either as pure hydrogen feedstock into industry or via green ammonia for fertilizer, chemicals, or as fuels for heavy transportation, providing an important contribution to the decarbonisation of these industries and pushing them towards 'net zero'.

Fundraising is currently ongoing for CI ETF I, which recently reached a close of EUR 1.3bn and has a target fund size of EUR 2.25bn.

An evolving regulatory framework

Governments seeking to legislate their decarbonisation agendas have implemented various policies to promote investments that support their climate goals. Two critical examples of this in the EU are the EU Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy for Sustainable Finance (Taxonomy). CIP's funds are closely aligned with, and supported by, these policy developments, and CIP has incorporated the regulations in its day-to-day ESG operations.

- 1. The SFDR came into force on 10 March 2021 and seeks to ensure that fund managers consider "sustainability risks" in their investment processes and disclose their funds' sustainability profiles and performance
- 2. The Taxonomy becomes binding from 2022 and is designed to specify when an underlying investment is "environmentally sustainable"



These two pieces of EU legislation seek to define when an investment is "sustainable" and to require market participants to disclose how sustainable their investments are, with the aim of reorienting capital flow towards a more sustainable economy. It is hoped that these regulations provide a framework to facilitate sustainable investment by both governments and the private sector.

It is further expected that both the SFDR and Taxonomy will be utilised as a classification tool in other EU and national legislation and policy instruments which implement sustainable investment at a country-specific level.

SFDR

In the context of Alternative Investment Fund Managers (AIFMs) like CIP, the SFDR classifies alternative investment funds into three categories, based on how "sustainable" they are:

- 1. Article 6 funds, which do not have any sustainable or ESG element or strategy
- 2. Article 8 funds, which promote, among other characteristics, environmental or social characteristics ("light green" funds)
- 3. Article 9 funds, which have, as their objective, investments in economic activities that contribute to environmental or social objectives ("dark green" funds)

Fund IV has been labelled as an Article 9 ("dark green") fund – the highest sustainability ranking under the SFDR. The newly launched CI ETF I is also expected to be labelled as an Article 9 fund. Previous CIP funds – whilst raised before the SFDR came into force and therefore not requiring a label under SFDR – are considered to be equivalent to Article 9 funds. Article 9 funds are considered to directly contribute to the EU's sustainability goals.

EU Taxonomy

The Taxonomy defines when an economic activity underlying investment is environmentally sustainable. Investments in such activities are considered "taxonomy-aligned". This common definition of sustainability is intended to create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation, and help shift investments where they are most needed. Each of CIP's fund investments are currently expected to be eligible for "taxonomy-alignment" and therefore can be seen to support the EU's climate and energy targets for 2030. Very few countries outside the EU have developed taxonomy frameworks. Consequently, the International Platform on Sustainable Finance (IPSF) has started a working group on taxonomies, co-chaired by China and the EU, to comprehensively assess existing taxonomies developed by public authorities of its member countries. This work will result in a 'Common Ground Taxonomy' to display the common features of existing taxonomies, starting with China and the EU. The Common Ground Taxonomy is intended to form a solid basis to develop common standards.





Case study: Vineyard Wind I

Vineyard Wind I is the first utility-scale offshore wind energy project in the USA. Funds II and III will provide 50% of the equity to the 806MW project, which is expected to be fully commissioned in 2024. In addition to creating thousands of local full-time equivalent jobs over the life of the project, Vineyard Wind I will generate clean, renewable, affordable energy for over 300,000 homes and businesses while reducing greenhouse gas emissions by over 1 million tonnes per year.

Vineyard Wind I is committed to sustainable development and has pledged USD 15m to three funds that aim to support the growth of the offshore wind industry and protect marine mammals: the Windward Workforce Fund; the Offshore Wind Industry Accelerator Fund; and the Marine Mammals and Wind Fund.

In addition to these initiatives, environmental protection continues to be of the utmost importance to the project:

 Protecting North Atlantic Right Whales: In January 2019, Vineyard Wind I and the Natural Resources Defense Council, the National Wildlife Federation, and Conservation Law Foundation entered a landmark agreement to protect critically endangered North Atlantic right whales. The agreement calls for restricting vessel speeds, limiting construction noise, work-stop measures and no construction during migration season. This agreement laid the foundation for important mitigation measures that regulators have since incorporated directly into project permit requirements.

- Benthic Habitat: Geophysical and geotechnical surveys were conducted over several years to map out the least impactful corridor in which to install subsea cables up to 6 feet beneath the seafloor. The cable corridor for Vineyard Wind I's two subsea cables avoids sensitive benthic habitats and eelgrass beds. The use of a jetplow minimises the trenching area, minimises sediment dispersion and reduces or eliminates dredging while achieving target burial depths.
- Fisheries Research: Vineyard Wind I implemented long-term studies of species within the Vineyard Wind I lease area with the UMass Dartmouth School of Marine Science and Technology and the New England Aquarium Anderson Cabot Center for Ocean Life. The studies include gathering pre-construction baseline data to evaluate changes in the wind energy areas over time.



A just transition

The transition to a low-carbon economy must be done justly – not every worker in the fossil fuel industry can easily transfer to a job in a net-zero economy. Highquality job creation is a key positive social impact of the CIP funds' projects, and investments in CIP's funds are estimated to create thousands of direct and indirect jobs in the project countries. This is an important social contribution made by the funds as part of the transition and pathway towards net zero.



Spotlight: Climate reporting

One of the key developments in ESG reporting is the increasing regulatory and industry requirements on fund managers and entities to disclose climate metrics, such as their scope 1, 2 and 3 greenhouse gas emissions.¹⁴ These metrics are critical for industry participants to track their progress towards net zero.

In addition to climate metrics forming part of the SFDR disclosure requirements in the EU, the G7 group of nations have announced their support of mandatory climate-related financial disclosures and the US Securities and Exchange Commission (SEC) is expected to propose a series of new climate disclosure requirements for companies by the end of 2021. Additionally, investors are starting to standardise their approach to climate reporting, an example of which is the recent Danish pension and insurance sector announcement of a common and clear measurement methodology for CO2e emissions in their portfolios. Whilst encouraging, these reporting developments will not be without challenges, the most significant of which is data availability and quality. However, it is expected that in future years, company-related climate reporting will evolve to consist of metrics that are as robust and relevant as any other.

CIP is currently focused on building its climate-related disclosures, which include scope 1-3 emissions and are further described on pages 22-25.

14 Notes: Scope 1 = direct emissions from energy and other sources owned or controlled. Scope 2 = indirect emissions from the production of electricity and heat and fuels purchased and used. Scope 3 = indirect emissions from sources not owned or directly controlled but related to their activities (such as employee travel, extraction, transport and production of purchased materials and fuels, and end-use of fuels products and services).

Data disclosures

1

CIP fund impacts – in numbers

CIP tracks ESG data for two reasons:

- 1. To monitor ESG risks and identify areas for improvement this type of data ensures that CIP's contribution to 'net zero' is made sustainably
- 2. To understand the positive impacts of its funds this type of data demonstrates CIP's contribution to net zero

Previous sections have described – in words – the impact of CIP's funds on the pathway to a net zero economy. This section describes that impact in numbers.

2012		Fund I	Location	Size (MW)	Est. annual CO2	e to be avoided	Est. equiv. hous powered	eholds to be	Est. Annual LCA Scope 1-3 emissions		
					Fund share	Total project figure	Fund share	Total project figure	Fund share	Total project figure	
		Beatrice*	Coast of Caithness, Scotland, UK	588	65,000	490,000	90,000	700,000	4,000	30,000	
	٠	BPCL*	North Lincolnshire and Norwich, England, UK	84	N/A	N/A	120,000	165,000	N/A	N/A	
		Borea	Scotland and Wales, UK	272	185,000	380,000	100,000	200,000	4,000	9,000	
		Total			250,000	870,000	310,000	1,065,000	8,000	39,000	

14		Fund II	Location	Size (MW)	Est. annual CO2	e to be avoided	Est. equiv. hous	eholds to be powered	Est. Annual LCA Scope 1-3 emissions		
Γ					Fund share	Total project figure	Fund share	Total project figure	Fund share	Total project figure	
		Beatrice*	Coast of Caithness, Scotland, UK	588	65,000	490,000	90,000	700,000	4,000	30,000	
		Veja Mate	North Sea, Germany	402	235,000	745,000	175,000	550,000	7,000	25,000	
		Kent	Kent, England, UK	28	N/A	N/A	40,000	40,000	N/A	N/A	
		Fluvanna I	Texas, US	155	175,000	245,000	45,000	60,000	5,000	6,000	
		Fluvanna II	Texas, US	158	180,000	250,000	45,000	65,000	5,000	7,000	
		Bearkat I	Texas, US	197	225,000	305,000	55,000	75,000	6,000	8,000	
		Bearkat II	Texas, US	162	220,000	220,000	55,000	55,000	7,000	7,000	
		Blue Cloud I	Texas, US	148	235,000	235,000	60,000	60,000	6,000	6,000	
	•	Mitchell	North Carolina, US	92	45,000	45,000	15,000	15,000	7,000	7,000	
	•	Changfang & Xidao	Changua, Taiwan	589	270,000	1,115,000	155,000	645,000	7,000	30,000	
		Vineyard Wind I	Coast of Massachusetts, US	806	290,000	1,165,000	85,000	330,000	10,000	40,000	
\checkmark		Total			1,940,000	4,810,000	820,000	2,595,000	65,000	166,000	

22

17	Fund III	Location	Size (MW)	Expected annuation to be avoided	al CO2e	Est. equiv. hous	seholds to be powered	Est. Annual LCA Scope 1-3 emissions		
				Fund share	Total project figure	Fund share	Total project figure	Fund share	Total project figure	
	Misae	Texas, US	246	100,000	195,000	30,000	55,000	15,000	30,000	
	Sage	Utah, US	58	25,000	25,000 50,000 5 110,000 185,000 7 215,000 245,000 3		15,000	4,000	7,000	
	Lostock	Cheshire, England, UK	60	110,000			120,000	N/A	N/A	
	Monegros	Aragon, Spain	487	215,000			440,000	15,000	15,000	
	Greasewood	Texas, US	255	210,000	210,000	65,000	65,000	30,000	30,000	
	Changfang & Xidao	Changua, Taiwan	589	810,000	1,115,000	470,000	645,000	20,000	30,000	
	Vineyard Wind I	Coast of Massachusetts, US	806	290,000	290,000 1,165,000 1 60,000 65,000 1		330,000	10,000	40,000	
	Deutsche Erdwarme	Upper Rhine, Graben Germany	30	60,000			70,000	9,000	9,000	
	Total			1,820,000	3,225,000	1,180,000	1,740,000	103,000	161,000	

19	New Markets Fund I	Location	Size (MW)	Expected annua to be avoided	I CO2e	Est. equiv. hous	eholds to be powered	Est. Annual LCA Scope 1-3 emissions		
				Fund share	Total project figure	Fund share	Total project figure	Fund share	Total project figure	
	Unicus	Various, India	~1,700	1,385,000	2,820,000	1,840,000	3,750,000	95,000	190,000	
	Total			1,385,000	2,820,000	1,840,000	3,750,000	95,000	190,000	

2020		Fund IV	Location	Size (MW)	Expected annua to be avoided	I CO2e	Est. equiv. hous	eholds to be powered	Est. Annual LCA Scope 1-3 emissions		
T					Fund share	Total project figure	Fund share	Total project figure	Fund share	Total project figure	
	•	Fighting Jays	Texas, US	350	285,000	285,000	80,000	80,000	45,000	45,000	
	•	Slough	London, England, UK	50	75,000	145,000	60,000	115,000	N/A	N/A	
	•	Travers	Alberta, Canada	465	85,000	85,000	95,000	95,000	55,000	55,000	
	•	Fighting Jays Battery	Texas, US	50	<1000	<1000	5,000	5,000	N/A	N/A	
		Total			440,000	510,000	240,000	295,000	100,000	100,000	

● Offshore wind ● Onshore wind ● Solar PV ● Biomass ● Waste-to-energy ◎ Geothermal ● Storage

Future funds expected to target developments in the energy sector as set out on page 15

Unless otherwise noted, figures presented in this section reflect the percentage of the funds' share of the total sponsor funding of the project and include rounding. Total sponsor funding is taken to represent 100% of a project's ESG performance, the "total project" figure. Where the fund has divested a share of project sponsor funding during the reporting period, a weighted average of the share of sponsor funding throughout the reporting period is used. Sponsor funding includes all funding not related to senior debt or passive investors. Definitions, climate metric explanations and reporting practices used in this section are presented at the end of this report. Performance indicators are presented for investments in the funds' portfolios as at 30.06.2021, excluding Artemis I + II, as they do not produce power. LCA = life cycle assessment.

The goal: Net Zero

Understanding the CIP funds' carbon footprint – scope 1, 2 and 3 portfolio emissions

While hugely significant, the global greenhouse gas emissions that CIP's fund investments help to avoid, which are set out in this report, are not the only part of the world's journey to net zero.

Understanding the actual scope 1, 2 and 3 greenhouse gas emissions of renewable energy projects such as those in CIP's funds is critical to further reducing the globe's emissions profile. It is only once these exact emissions and their sources are understood over the fund's lifetime that actions can be taken to reduce them.

That is why CIP has set itself a 2022 goal to begin mapping the entire project-specific carbon footprint of CIP's fund portfolios – with the aim of using the results to see where emissions reductions could potentially be made.

In this report, estimated scope 1, 2 and 3 emissions are consolidated and included in all figures for greenhouse gas emissions avoided and calculated using third-party-verified benchmark figures derived from lifecycle assessment databases.



Project footprint reduction initiative: Monegros

The increased use of single-use plastic bottles due to COVID-19 risk reduction resulted in higher resource consumption and accidental waste discharge on-site at Monegros Wind Farm in Spain.

To counteract this and reduce the environmental footprint on-site, the project team initiated a plastic waste reduction campaign where water fountains were installed, and all workers were provided with re-usable metallic drink bottles for use on-site.

It is estimated that this initiative will result in thousands fewer plastic bottles being used on-site and significantly reduced waste generation.

ESG Data disclosures¹⁵

The ESG data tracked by CIP is defined by its funds' ESG key focus areas. These focus areas have been identified through CIP's extensive experience with energy infrastructure investment and ongoing engagement with a broad range of stakeholders. In addition to obtaining ESG data directly from investment projects, CIP utilises thirdparty ESG software to analyse and benchmark its ESG performance and identify key focus assets. From 2022, CIP will be subject to annual sustainability reporting requirements under the SFDR and will disclose the required information for its funds under management as part of its annual ESG reporting cycle.

Environmental

Key focus areas	Environmental in	vironmental impacts, Environmental compliance											
2021 Figures	Portfolio Renewa- ble Capacity (MW)	Renewable Power Generation (GWh)		Actual CO2e avoided (oper- ating assets) (tonnes CO2e) [#]		Expected annual CO2e avoid- ed (all assets) (tonnes CO2e) [#]		Estimated annual lifecycle scope 1-3 emissions (tonnes CO2e)		Environmental prosecutions			
	Total project	Fund share	Total project figure	Fund share	Total project figure	Fund share	Total project figure	Fund share	Total project figure	Total project figure			
Fund I	272	1,067	3,561	135,000	595,000	250,000	870,000	8,000	39,000	0			
Artemis I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0			
Fund II	2,737	3,539	7,059	1,170,000	2,095,000	1,940,000	4,810,000	65,000	166,000	0			
Fund III	2,471	1,213	1,587	305,000	415,000	1,820,000	3,225,000	103,000	161,000	0			
New Markets Fund I	1,713	-	-	-	-	1,385,000	2,820,000	95,000	190,000	0			
Artemis II	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0			
Fund IV	865	-	-	-	-		510,000	100,000	100,000	0			
Total	6,663*	5,819	9,922*	1,610,000	2,650,000*	5,835,000	9,475,000*	370,000	555,000*	0			

Funds I and II are fully committed, and most of its portfolio projects are operational. As a result, renewable capacity, generation and expected CO2e offset metrics remain relatively stable. Renewable power generation has increased for Fund III as more projects become operational. New Markets Fund I and Fund IV are earlier in the fund lifecycle than Funds I and II, and each metric for these earlier-stage funds is expected to increase then stabilise in coming years as the funds become fully committed and more portfolio projects become operational.

*Assets in which more than one fund is invested are only counted once.

The estimated figure for 'Actual CO2e avoided (operating assets)' represents assets in the funds' portfolios as at 30.06.2021, which were operating and generating power, and the figure accounts for divestments (i.e. the figure will be reduced if an asset is divested). The figure for 'Expected annual CO2e avoided (all assets)' is an overall figure representing the fund's expected contribution to CO2e avoidance based on the full portfolio of assets that have reached FID and using the first year of operations for each asset as the applicable grid mix. This figure may be larger than the figure for 'Actual CO2e avoided (operating assets)' because it includes assets that are not yet operational as well as divested assets.

¹⁵ Performance indicators are presented for investments in the funds' portfolios as at 30.06.2021. The figures set out in this section represent totals for funds and include rounding. Unless otherwise noted, figures presented in this section reflect the percentage of the funds' share of the total sponsor funding of the project. Total sponsor funding is taken to represent 100% of a project's ESG performance, the "total project" figure. Where the fund has divested a share of project sponsor funding during the reporting period, a weighted average of the share of sponsor funding throughout the reporting period is used. Sponsor funding includes all funding not related to senior debt or passive investors. Definitions, climate metric information and reporting practices used in this section are presented at the end of this report. GRESB is an organisation that administers a global ESG assessment for infrastructure funds, allowing a consistent, globally applicable reporting and benchmarking framework. CIP reports its GRESB management score.

Social							Governance					
Key focus areas	Health an communi	d safety, labo ty relations, i	our standards Including loca	and fair empl I business an	oyment p d labour ι	Key focus areas	Active and respo	nsible ownership				
2021 Figures	Number of 6 households	equivalent powered	Expected numl lent household	per of equiva- s powered#	Lost Time Injuries (LTIs)	Lost Time Injury Frequency Rate (LTIF)	2021 Figures	Project partner screening/	Regulatory fines/ penalties	ESG clauses in contracts (%)	2021 GRESB	
	(actual)			I	(a lower number and rate is desirable)			monitoring rate (%)	ponditio			
	Fund	Total project	Fund share Total	Total	Total project	Total proiect	Fund I	100	0	100	27/30	
	share	figure		project figure	figure	figure	Artemis II	100	0	100	N/A	
Fund I	300,000	995,000	310,000	1,065,000	0	0	Fund II	100	0	100	27/30	
Artemis I	N/A	N/A	N/A	N/A	0	0	Fund III	100	0	100	27/30	
Fund II	520,000	1,415,000	820,000	2,595,000	2	1.8	New Markets	100	0	100	27/30	
Fund III	225,000	285,000	1,180,000	1,740,000	2	1.4	Fund I	100	0	100	21100	
New Markets	_	_	1 840 000	3 750 000	_	_	Artemis II	100	0	100	N/A	
Fund I		-	1,840,000 3,750,000			-	Fund IV	100	0	100	N/A	
Artemis II	N/A	/A N/A N/A N/A		N/A	0	0	Total	100	0	100		
Fund IV	-	-	240,000	295,000	0	0						
Total	960,000*	2,055,000*	4,390,000	7,770,000*	4	1.3						

Funds I and II are fully committed, and most of its portfolio projects are operational. As a result, equivalent households powered metrics remain relatively stable. Equivalent households powered metrics have increased for Fund III as the fund has become committed and more projects become operational. New Markets Fund I and Fund IV are earlier in the fund lifecycle than Funds I and II, and equivalent households powered metrics for these earlier-stage funds are expected to increase then stabilise in coming years as the funds become fully committed, and more portfolio projects become operational.

*Assets in which more than one fund is invested are only counted once.

The estimated figure for 'Number of equivalent households powered (actual)' represents assets in the funds' portfolios as at 30.06.2021, which were operating and generating power, and the figure accounts for divestments (i.e. the figure will be reduced if an asset is divested). The figure for 'Expected number of equivalent households powered' is an overall figure representing the fund's expected contribution based on the full portfolio of assets that have reached FID. This figure may be larger than the figure for 'Number of equivalent households powered (actual)' because it includes assets that are not yet operational as well as divested assets.

Ongoing stakeholder engagement

CIP's engagement with stakeholders continued throughout 2021, with CIP's engagement channels and stakeholder focus areas for 2021 set out below.

2021 Stakeholder engagement summary											
Investors		Government and Regulators		Suppliers		Communities		Industry		Employees	
Example		Example		Example		Example		Example		Example	
Briefings and meetings	ESG due diligence meetings, Investor Panel meetings	Meetings	Meeting local municipalities for New Mar- kets Fund I re- garding benefits of renewables	Reporting	Receiving monthly reports from project contractors	Ongoing dialogue and out- reach	Engagement with fishing communities for offshore projects	Conferenc- es and events	Frequent attendance at 2021 conferences by ESG team	Training and work- shops	Multiple internal and external trainings held in 2021
Formal investor reporting	Annual ESG Report, Investor Panel materials	Submis- sions and bids	Engagement in offshore wind auctions in Scotland	Procure- ment pro- cesses	Including ESG standards and reporting in request for proposals	Websites, newslet- ters	Project web- sites for fund projects	Partici- pation on committees and work- ing groups	Represented on GRESB working group	Meet- ings	Mandatory ESG intro for all new employees
		Reporting	EU Sustainable Finance Disclosure Reg- ulation website disclosures	Meetings	Meeting senior manage- ment of supplier in case of ESG incident	Com- munity meetings	Open forums during UK permitting process			Presen- tations	Monthly ESG presentation to Asset Management senior man- agement



Community engagement spotlight: Travers

Currently under construction, Travers will be the largest solar PV project ever built in Canada when it is fully commissioned.

With an installed capacity of approximately 465MWac, this project will create approximately 500 full-time jobs during the construction period and will produce enough clean energy to power the equivalent of around 100,000 homes once operational, providing substantial economic and environmental benefits to the province of Alberta.

Travers has introduced a Community Investment Fund to the general geographic area in which the project is operating. The main purpose of the fund is to provide capital to local organisations, sustainability programs, and social programs that require funding. The program has established an application criteria and award process and will award funds annually to qualified applicants. The program has also established deep relationships with both landowners and the local county in which the project has been developed and will operate, and it is expected that the Community Investment Fund will raise significant social equity for the project.

In addition, the general project contractor's supply chain team has engaged

with local companies, contractors and vendors wherever possible to support the project's needs during construction, and the project team and the project contractor jointly advertised and held a virtual job fair specifically for local people who may be interested in working on the project.





Towards Net Zero

A focus on health and safety

As an energy infrastructure fund management company, one of the important ESG topics to CIP is health and safety, as the development, construction and operation of large-scale energy infrastructure assets carries significant health and safety risks. CIP's first step in managing these risks is to seek to include provisions in project contracts for construction and operations of fund assets that establish health and safety obligations aligned with CIP's Responsible Investment Policy.

In addition to contractual standards, CIP monitors safety performance on an ongoing basis and receives monthly reports about the health and safety status of fund assets. These reports contain KPIs relating to health and safety on site and are used by CIP to benchmark performance and identify assets and areas of focus. If a significant health and safety event occurs on any project sites, CIP will be notified promptly and assess and respond accordingly. CIP uses lessons learned from previous incidents to understand risk profiles and specific risk exposures on other assets and takes action to seek to prevent similar incidents from occurring again. An example of this in 2021 was a "near-miss" on a solar PV project as part of the transition from construction to operations. This near-miss prompted CIP to request that its solar PV construction manager specifically updated its "transition to operations" checklist to ensure that the root cause of the near-miss was specifically checked in future.

CIP's funds' safety performance in 2021 was again strong, despite four Lost Time Injuries (LTIs) across the funds, down from six in 2020. Two occurred on offshore wind projects, and two occurred on onshore wind projects. None of the LTIs was critical or expected to result in permanent outcomes. Each LTI was promptly reported to CIP, and an investigation was undertaken by the project team for each incident to understand the circumstances and root causes and develop corrective and preventative actions. Follow-up is also monitored by CIP's ESG Manager. Additionally, in 2021 CIP conducted an internal health and safety benchmarking exercise to understand the performance of its various asset classes when compared to industry averages. Industry averages were based on internal analysis of



reports by regulatory authorities, industry bodies and suppliers operating in the energy infrastructure sector, e.g. G+ global offshore wind health and safety organisation, American Wind Energy Association, US Occupational Safety and Health Administration (OSHA). Conclusions of the internal 24-month survey, which used 2019 and 2020 data from CIP's assets in all operating geographies, revealed that its funds were below average across the two key safety metrics, Total Recordable Injury Rate (TRIR), which is the rate of medical treatments or worse per million hours worked, and Lost Time Injury Frequency Rate (LTIF), which is the rate of lost time injuries per million hours worked.

By asset class	LTIF	TRIR
Offshore wind	2.6	5.2
Onshore wind	1.2	3.1
Biomass ¹⁶	8.9	25.3
Solar PV	0.0	3.3
Waste-to-Energy	1.6	3.3
Transmission ¹⁷	N/A	N/A
CIP Funds	1.8 ¹⁸	5.5
Industry average	3.8	9.3

16 Biomass was identified as a focus asset class, primarily due to the difference in the nature of work relative to other asset classes and contractor performance.

17 Data necessary to calculate health and safety rates was not available to CIP. However, no LTIs were recorded on transmission assets during the benchmarking period.

18 The rates on this page differ from the rates on page 26 as this page covers a wider 24-month benchmarking period, whereas page 26 covers the 2021 reporting period.



Case study: Artemis I and Artemis II

In addition to its funds which invest in energy-producing assets, CIP also manages two funds – Artemis I and Artemis II – which are exclusively invested into offshore wind transmission assets.

Renewable energy transmission assets are a fundamental part of the energy transition because they convert the high voltage power delivered by the renewable energy plant itself (in this case, an offshore wind farm) into electrical current, which can safely and efficiently be connected to onshore power grids for society to use.

Both Artemis I and Artemis II are invested in offshore transmission assets in the North Sea off the coast of Germany. Artemis I is invested in one asset, which supports 900MW of offshore wind, and Artemis II is invested in four assets which support a total of around 2.8GW of offshore wind.

Investment in supporting infrastructure such as renewable energy trans-

.7GW

mission assets is critical in facilitating a global energy transition, as these assets allow economies to maintain a decarbonised grid and provide reliable energy for generations to come. The renewable power flowing through Artemis I and II is enough to transmit carbon-free power to the equivalent of 3.9 million German homes. The safety performance of Artemis I and II is also a point of strength for these assets, with a rolling 12-month lost time injury frequency rate of 0, well below the industry average for offshore wind of 2.77.

3.9m

N/A



Reporting against the Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a blueprint developed by UN Member States to achieve a better and more sustainable future for all. Large scale investments in energy infrastructure will be instrumental in meeting these goals. Energy infrastructure provides services that allow people to be economically productive (e.g. electricity) and enables development through job creation and economic activity. CIP uses the SDG framework as one way of measuring the impact of its funds under management. Further information can be found throughout this ESG data disclosures section.

Relevant SDG	Key target	Contributing funds	How the funds contribute
3 GOOD HEALTH	Target 3.9: Substantially reduce the number of deaths	All	Mitigating negative impact: SDG Indicator 3.9.1
	and illnesses from hazardous chemicals and air, water and soil pollution and contamination		The funds' portfolios have 11.1GW of clean energy projects in construction or operations
7 ANTORIDABLE AND CLEAN ENGRGY	Terret 7.2. Increase substantially the choice of	All	Creating positive impact: SDG Indicator 7.2.1
÷.	renewable energy in the global energy mix		The funds' portfolios have 11.1GW of clean energy projects in construction or operations
8 ACCENT WIRK AND COMMUNIC ANNYTH	Target 8.8: Protect labour rights and promote safe and secure working environments for all	All	Mitigating negative impact: SDG Indicator 8.8.1 The funds have an annual LTIF of 1.3, below industry average
9 BULLITHY, RINGLING BULLITHY AND INCREMENTATION BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY RINGLING BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY RINGLING BULLITHY RINGLING BULLITHY RINGLING BULLITHY RINGLING BULLITHY BULLITHY RINGLING BULLITHY RINGLING	Target 9.4: Make infrastructure and industries sus- tainable, with increased resource efficiency and use of clean technology	All	Creating positive impact: SDG Indicator 9.4.1 Renewable projects and transmission assets in which the funds are invested provide energy to the grid at zero emissions
12 REFORMENT	Target 12.4: Achieve environmentally sound management of chemicals and all wastes throughout their life cycle and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	All	Mitigating negative impact: SDG Indicator 12.4.2 100% of the funds' projects have environmental management plans or systems to ensure that discharges, releases and emissions of hazardous waste are controlled, reported and managed
13 ACTION	Target 13.3: Improve capacity on climate change management	All	Creating positive impact: SDG Indicator 13.3.2 Renewable energy projects and transmission assets in which CIP's funds are investing are often aligned with strengthened regulatory support re- gimes targeting climate change management and/or mitigation



Sustainable Development Goals case study: Unicus



Two of the key energy-related United Nations Sustainable Development Goals (SDGs) are universal access to clean modern energy (Goal 7) and taking urgent action to combat climate change and its impacts (Goal 13). Progress towards these goals is mixed, and although 125 of 154 developing countries are formulating and implementing national climate adaptation plans, in 2020 there were still around 790 million people worldwide without access to electricity, and as noted earlier in this report, the IPCC has stated that more global action is needed to address climate change. CIP's New Markets Fund I, which targets the faster-growing middle-income economies across Asia, Latin America and certain countries within Europe and Africa, invests in projects which can contribute to the achievement of these energy-related SDGs.





In 2021, New Markets Fund I made its first such investment, project Unicus in India. India is a country that poses one of the world's most important climate challenges, and project Unicus consists of the renewable energy technology which helps to address this challenge. Project Unicus is a 1.7GW solar and hybrid portfolio across four states in India. Approximately 900MW of the portfolio is in late-stage development, with the remainder in early stages of development. CIP requires specific ESG due diligence and compliance with New Markets Fund I ESG standards prior to initiating construction of each project within the Unicus portfolio. When all projects are operational, the portfolio is expected to provide clean, renewable power to the equivalent of approximately 3.75m Indian households. In addition, Unicus is also expected to avoid around 2.8m tonnes of CO2e emissions each year.



n ent to be d 2.8m tonnes CO2e to be avoided annually

Further information

Introduction

Reporting practices

CIP funds at a glance

Figures presented in the 'CIP funds at a glance' section are presented on a "total project" basis, i.e. without taking the project's capital structure or the Fund's share of project sponsor funding into account. Figures include assets that have reached FID or planned to reach FID (e.g. ringfenced in Fund II and Fund III, and base case portfolio for Fund IV), and include divested assets. Figures include investments made by more than one fund in the same underlying asset/s. One investment can consist of more than one underlying asset: in Fund I, Borea consists of a 272 MW onshore wind project composed of six wind farms; BPCL, divested in April 2021, consists of an 84 MW biomass project composed of two assets; in Artemis II, the Artemis II investment consists of a 2800 MW portfolio of four offshore wind transmission assets. Between the end of the reporting period and the date of publication, Zone 29, a Fund IV investment, reached FID. Performance indicators for this investment will be presented in the 2022 ESG Report.

Environmental prosecutions

An instance of legal proceedings (imposed for breaking a law, rule or permit condition) commenced against a project company by the public authority responsible for administering or protecting the natural environment.

ESG clauses in contracts

Defined as a clause in a major supply contract or other document governing the construction and/or operations of an asset in the funds' underlying portfolio which contains obligations related to one or more of the funds' ESG key focus areas, including environmental impacts, environmental compliance, health and safety, labour standards and fair employment practices, and community relations.

Estimated CO2e emissions avoided – last 12 months

Estimated avoided CO2e emissions are taken to result from assets in the fund's portfolio that were generating power as at 30 June 2021. If these assets had not generated that power, it is taken to have been provided by sources comprising the 2019 energy balance in that country, as obtained from the IEA.

Avoided CO2e emissions are calculated as the difference between the estimated

CO2e emissions resulting from the total amount of power actually generated by assets in the fund's portfolio and the estimated baseline CO2e emissions that would have resulted from the equivalent amount of power being generated in the relevant countries (assuming the 2019 energy balance). Figures for estimated CO2e emissions are calculated based on CO2e emissions factors for 2019 obtained from the IEA.

Figures include CO2e emissions resulting from the development, construction and decommissioning phase, using third-party-verified benchmark estimates of lifecycle scope 1, 2 and 3 emissions derived from lifecycle assessment databases. The CO2e emissions from the operation of offshore wind, onshore wind and solar PV assets in the funds' portfolios are considered to be zero. The estimated CO2e emissions avoided for biomass assets in the funds' portfolios are given as N/A as CIP is currently assessing its methodology with respect to biomass.

Estimated expected CO2e emissions to be avoided (all assets)

Expected CO2e emissions to be avoided are presented as an annual figure. The figure is calculated using the estimated forecast amount of power generated annually by all assets in the funds' portfolios that have reached FID. The figure is calculated as the difference between the estimated CO2e emissions resulting from that amount of forecast power and the estimated baseline CO2e emissions that would have resulted from the equivalent amount of power being generated annually in the relevant countries (assuming the energy balance in the first year of operations of that asset). Figures for estimated CO2e emissions are calculated based on CO2e emissions factors for the first year of the asset's operations obtained from the IEA.

For waste-to-energy plants, the figure is calculated using the estimated forecast amount of waste processed annually. The figure is calculated as the difference between the estimated CO2e emissions resulting from that amount of waste being processed and the estimated baseline CO2e emissions that would have resulted from the equivalent amount of waste being diverted to landfill.

Figures include CO2e emissions resulting from the development, construction and decommissioning phase, using third-party-verified benchmark estimates of lifecycle scope 1, 2 and 3 emissions derived from lifecycle assessment databases. The CO2e emissions from the operation of offshore wind, onshore wind and solar PV assets in the funds' portfolios are considered to be zero. The estimated CO2e emissions avoided for biomass assets in the funds' portfolios are given as N/A as CIP is currently assessing its methodology with respect to biomass.

Estimated equivalent households powered – last 12 months

The calculation of estimated equivalent households powered is performed by dividing the amount of power generated by assets in the fund's portfolio in each country, represented as an annualised figure, by recent estimates of average annual household power consumption in that country (using publicly available data obtained from national energy authorities and national statistics bodies).

Estimated equivalent households to be powered in future

The calculation of future equivalent households powered is performed by dividing the forecast estimated amount of annual power generated by assets in the fund's portfolio in each country by recent estimates of average annual household power consumption in that country (using publicly available data obtained from national energy authorities and national statistics bodies).

In operations

CIP defines a project as "in operations" when it has reached commercial operation date, the contractual date on which a project is handed over from the contractor to the owner and commercial operation of the project begins.

Last 12 months

Last 12 months refers to the period between 1 July 2020 and 30 June 2021 (inclusive).

Lost Time Injury (LTI)

A lost time injury is a work-related injury resulting in absence for at least one full working day. The figures presented include employees of all contractors who have been present on the site (where known) and are presented based on information provided directly by project companies and contractors. Figures include projects that are under construction or in operations.

Lost Time Injury Frequency (LTIF)

This is calculated as the number of LTIs per one million hours worked on project sites. The figures presented include employees of project companies and contrac-

tors who have been present on the site (where known) and are presented based on information provided directly by project companies and contractors. Figures include projects that are under construction or in operations.

Power generation

Power generation is calculated as total electricity supplied.

Project partner screening rate

CIP defines this rate as the proportion of project partners screened prior to final investment decision.

Regulatory fine/penalty

A fine/penalty (imposed for breaking a law, rule or permit condition) issued to the project company by the public authority responsible for administering or protecting workplace health and safety and labour rights or the natural environment.

Renewable energy

CIP applies the definition of renewable energy sources adopted by the International Energy Agency (IEA), which includes wind, solar PV and primary solid biofuels (biomass).

Scope 1-3 emissions

The estimation of annual lifecycle scope 1-3 emissions is calculated by applying asset-specific data to international peer-reviewed research papers from 2018 onwards and lifecycle assessment databases. Lifecycle emissions include emissions from the development, construction and decommissioning phases and include supply chain emissions.

Total sponsor funding

CIP defines total sponsor funding as the total amount of funding provided to a project by sources other than senior debt providers and passive investors. Total sponsor funding is taken to represent 100% of a project's ESG performance.

Under development or construction

CIP defines a project as "under development or construction" during the period before it is "In operations" (see definition).

Introduction

Materiality Assessment

This report focuses on the ESG topics of most significance to the funds and their operations. In 2021, CIP re-confirmed its externally led materiality assessment to verify and validate the scope of these ESG topics. Together with CIP's extensive and unique industry experience with renewable energy infrastructure investment, and guidance from the Global Reporting Initiative ("GRI") guidelines, the ESG topics selected were drawn from the funds' investment policy, CIP's Responsible Investment Policy, the technologies and geographies in which the funds are investing, and key stakeholders linked to the funds.

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Independent Auditor's Assurance Report

To Management of Copenhagen Infrastructure Partners

Deloitte has assessed the Environmental, Social and Governance Report for 2021 ('the ESG Report') for Copenhagen Infrastructure Partners to provide limited assurance that the environmental and social performance data provided on pages 2, 8-10, 19, 22-23, 25-26, 28-30 and 32 ('the assured performance data') in the ESG Report has been prepared in accordance with the reporting practice described. The ESG Report covers project activities from eight funds of Copenhagen Infrastructure Partners listed below, from funds' inception to 30 June 2021.

Entity / Affiliate

Copenhagen Infrastructure I K/S Copenhagen Infrastructure II K/S Copenhagen Infrastructure III K/S Copenhagen Infrastructure IV K/S CI Artemis I K/S CI Artemis II K/S Copenhagen Infrastructure New Markets Fund I K/S Copenhagen Infrastructure Energy Transition Fund I K/S

We express a conclusion providing limited assurance.

Management's responsibility

Management of Copenhagen Infrastructure Partners is responsible for collecting, analysing, aggregating and presenting the information in the ESG Report, ensuring that data is free from material misstatement, whether due to fraud or error. The reporting practice presented in the ESG Report contains Management's defined reporting scope for each data type.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion regarding the performance data in the scope of assurance, based on our engagement with Management and in accordance with the agreed scope of work.

We have conducted our work in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and additional requirements under Danish audit regulation to obtain limited assurance about whether the subject matter is free from material misstatement.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR - Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

We planned and performed our work to obtain all information and explanations

necessary to support our conclusion about whether the subject matter is free from material misstatement. Our work has included interviews with the ESG manager at Copenhagen Infrastructure Partners P/S, inquiries regarding procedures and methods to ensure that the data and information in scope of our assurance are presented in accordance with the reporting practice. We have assessed processes, tools, systems and controls for gathering, consolidating and aggregating the reported data at Fund level, performed analytical review procedures, and tested data prepared at Fund level for consistency with underlying internal and external documentation. Assurance of the financial data in the ESG Report is not in scope of our work.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the performance data in scope of assurance in the ESG Report has not been prepared in accordance with the reporting practice described.

Copenhagen, 4 November 2021

Deloitte Statsautoriseret Revisionspartnerselskab

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Bill Haudal Pedersen

State-Authorised Public Accountant Identification No (MNE) mne30131

Helena Barton

Lead Reviewer