

Aquila Capital's Sustainability Commitment

Aquila Capital is an asset manager specialising in essential asset investments¹.

Since 2007, we provide compelling investment opportunities focused on driving the energy transition and the build-out of infrastructure. Our goal is to deliver resilient returns while supporting clean energy initiatives and contributing to the decarbonisation of the global economy.

Aquila Capital provides tailored solutions designed to meet the needs of both institutional and retail clients. As a one-stop-shop for equity and private debt investments, we are dedicated to making essential asset investments accessible and straightforward. We are licensed as an Alternative Investment Fund Manager (AIFM).

Aquila Capital's mission is to become one of Europe's leading investment managers for sustainable investment strategies by 2030.

In pursuit of this mission, we are committed to expanding our business, financing the energy transition and contributing to the decarbonisation of the global economy.

To support our mission, we focus on identifying scalable technologies, launching new products, and entering new markets to enable our clients to invest across all stages of the development cycle and into various types of sustainable investment strategies.

We believe that decarbonisation is crucial to our effort to protect the planet from climate change and represents an ongoing investment trend with tailwinds that will last throughout the decades.

Keeping score of our progress on climate change mitigation, we use lifetime avoided emissions² to measure the contribution of our investments while enabling our clients to quantify their decarbonisation efforts. With lifetime avoided emissions², we can promote industries and companies focused on the creation of emission-avoiding technologies to help mobilise more capital for the decarbonisation of our economy. In the spirit of 'what gets measured gets managed', avoided emission measurement provides additional data to consider while making investment decisions.

¹ The terms 'essential assets', 'clean energy', 'decarbonisation', 'ESG factors', 'impacts', 'sustainable investments', and 'sustainable investment strategies' are defined in the [glossary](#). For clarity and readability, subsequent uses of these terms are not individually footnoted, but their meaning remains consistent unless otherwise described.

² Wiebeck, A., Arndt, B., 2023: "[Lifetime avoided emissions](#)".

Key Principles

We implement our mission across three key principles that pertain to creating sustainable investment solutions, how we manage essential assets and lead by example:

- 1. Expanding access to sustainable investments for our clients while enhancing performance**
- 2. Managing real assets in a responsible way**
- 3. Leading by example in managing our environmental footprint and supporting our employees to thrive and grow**

Furthermore, we are dedicated to maintaining a high standard of governance in our business operations, including transparent and ethical relationships with our business partners. We have zero tolerance for any breach of our Code of Conduct for business partners and Code of Ethics for employees which give guidance on our stance towards human rights, labor practices, and other relevant national and international regulations. This means we are committed to investigating every deviation and taking the necessary corrective action to uphold our reputation as a responsible and ethical organisation.

Our Story

Aquila Capital started to specialise in decarbonisation assets as soon as 2007 with the launch of two funds – climate protection and forestry management. We actively manage our corporate carbon footprint since the early beginnings and have accumulated a comprehensive track record in sustainable investing over the years.

Given these origins, sustainability has long been part of Aquila Capital's value system and we believe that it is critical to manage ESG factors through the entire value chain and lifecycle. In this vein, we continuously seek to enhance our sustainability standards. We joined UNEP FI³ in 2008 and UN PRI in 2018. In 2016 we started to benchmark our infrastructure assets on their ESG performance with GRESB ratings and increased the number of participating assets and funds steadily thereafter.

In 2022, to measure our commitment to sustainability and the fight against climate change we introduced our measurement approach to quantify the contribution of clean energy assets: lifetime avoided emissions⁴. In 2023 we updated and published our methodology. In doing this we are educating ourselves and our investors on an important factor within the energy transition not yet mainstream – Scope 4 measurement. In 2024 we became a UN Global Compact participant to reinforce our principles for human rights and good business practices. That same year, Aquila Group closed a strategic partnership with Commerzbank to position Aquila Capital as one of Europe's leading asset managers for sustainable investment strategies. It marks a key milestone in the history of the company, establishing Aquila Capital more firmly as a standalone entity.

³ In 2021, UNEP FI decided to focus on 'banking activities' only (i.e., loans, mortgages) and reassigned its investment activities to its sister UN organisation, PRI.

⁴ Wiebeck, A., Arndt, B., 2023: "Lifetime avoided emissions".

Scope

This document defines the principles, governance, and controls for implementing this commitment. It applies to Aquila Capital Investmentgesellschaft mbH ('Aquila Capital'). It outlines how Aquila Capital is driving the world's energy transition by investing in activities that decarbonise large parts of the world economy to fight climate change.

Principles in detail

1. Expanding access to sustainable investments while enhancing performance

We continuously enhance our product suite according to how the market for decarbonisation assets unfolds, allowing clients to invest across all stages of the development cycle and into various types of decarbonisation strategies. We work with our clients to optimise their allocation to sustainable investments depending on their risk/return profile, liquidity needs, and investment goals. This principle is built around thought leadership, talent and innovation. We actively engage with our institutional clients gathering feedback on our decarbonisation solutions and explore new opportunities. Our goal is to ultimately be the first choice of asset owners seeking to make a significant contribution to carbon mitigation and those who desire to support increased energy security.

2. Managing real assets in a responsible way

By investing in and managing real assets, we actively shape the infrastructure that supports our future. We value not only what we build, but also how we go about building it. Developing infrastructure projects requires a commitment to responsible practices at every stage. Guided by a systematic ESG management framework, we engage early in the value chain, aiming to oversee and influence as much of the upstream activities involved in the development, construction, and operation of essential assets as possible. The goal of our ESG management approach is to maximise the positive and minimise the negative impacts of our activities on the environment and society where feasible. Through our comprehensive asset sourcing approach – blending development projects from Aquila Clean Energy, our key project developer and affiliate within the Aquila Group, with external project opportunities – we are positioned to take ownership of our supply chains and counterparties, and to support the communities we operate in. Our ESG integration capabilities are built with clear governance structures and responsibilities along the investment process. We take a double materiality perspective in all our ESG activities and consider the impacts – actual or potential negative financial effects of ESG elements on the value of our projects and assets – and the effects of our projects and operations on the environment and society.

3. Leading by example in managing our environmental footprint and supporting our employees to thrive and grow

We focus on driving sustainability efforts in the areas under our direct influence. We aim to be a company that is able to demonstrate that we are walking the talk in the management of our own business and workforce. Whether it be through the reduction of the environmental footprint of our own operations or in the support we provide to our employees to thrive and grow – we believe it is important to run our organisation in a sustainable way. We demonstrate this by setting goals to minimise the environmental impact of our operations – for example in the use of renewable energy and increases in energy efficiency – and defining actions to ensure that we have a healthy and engaged workforce. For the latter, we plan to increase the diverse

perspectives, backgrounds, and skillsets of our employee base to enhance our innovation, productivity, and decision making. We do this on the back of our strong corporate culture for diversity and inclusion, and commitment to grow diversity leadership over the long term. Foundational activities include diversity and inclusion measurement, and the creation of dedicated recruiting and training programs. We also plan to continue to create and implement initiatives that engage our workforce and drive increased employee satisfaction.

Responsibilities and structure

At Aquila Capital the decisions about our sustainability commitment and ESG work are crucial. Therefore, they are made at the top of our organisation's governing bodies:

Aquila Capital Supervisory Board. The Aquila Capital Supervisory Board is the oversight body of our regulated entity and as such supervises and advises the Board of Directors in its management activities. All key sustainability decisions and developments are brought to the Supervisory Board's attention.

Aquila Capital Board of Directors ('BoD') determines the strategic orientation of the company. It is the most important decision-making body when it comes to steering and resourcing sustainability within Aquila Capital and receives quarterly updates with regards to the sustainability commitment implementation as well as sustainability regulation and reporting requirements.

Sustainability Office leads the way in putting our sustainability commitment into practice, working with senior leadership from all governing bodies to embed sustainability across Aquila Capital. Defining and advancing the sustainability commitment, monitoring progress, ensuring transparency, and supporting client discussions are focus areas. It also develops ESG-related methodologies, tools and processes and leads the implementation of sustainability-related regulations.

Reporting, governance and controls

Aquila Capital's sustainability commitment is implemented using the governing bodies and structures mentioned herein. Specifically, the Aquila Capital Board of Directors and its Supervisory Board have approved and acknowledged this commitment. The introduction, measurement and monitoring of the goals that show progress towards the principles and ambition statements are led by the Sustainability Office. They are communicated annually in the Sustainability Report and monitored by Corporate Risk Management.

The implementation of the commitment and its underlying principles, as laid out in this document, is a process of continual improvement.

Glossary

Actual avoided emissions¹

Ex-post observations within a specified reporting period that is based on the clean energy produced and the grid emission intensity of the specific region in question. Figures are approximate and subject to change. For further information, please refer to our [White Paper](#).

Decarbonisation

The reduction or elimination of greenhouse gas emissions from a process such as manufacturing, construction or the production of renewable energy.

Essential assets

Includes assets related to expanding or renovating the world's low-carbon infrastructure. In the context of Aquila Capital, this includes clean energy solutions (wind, solar PV, hydropower, and BESS), diversified infrastructure, logistics, data centers, and natural capital.

Holding Company

The term Holding is synonymous with the word Group and refers to a diversified structure where the Holding (or Group) is an umbrella company that contains individual business units and supports these business units through the provision of shared expertise and services (i.e., Operations, Compliance, Finance).

Impacts^{2,3}

The effect the undertaking has or could have on the environment and people, including effects on their human rights, connected with its own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships. The impacts can be actual or potential, negative or positive, intended or unintended, and reversible or irreversible. They can arise over the short-, medium-, or long-term.

Institutions can be impacted by or have an impact on ESG factors. As companies, institutions can be impacted by ESG factors (outside-in perspective), for example through the physical effects of climate change on their premises or have an impact on ESG factors (inside-out perspective), for example through their Scope 1 and Scope 2 CO₂ emissions.

Lifetime avoided emissions¹

The sum of all avoided emissions over the course of the lifetime of a given asset or portfolio of assets, typically including both actual (ex-post) and projected (ex-ante) avoided emissions. Embodied emissions that were incurred to produce, use and decommission an asset during its entire lifecycle are subtracted.

This metric is designed to measure the contribution of clean energy assets to climate change mitigation over their lifetime on a forward-looking basis, specifically for assets under development and construction. Its calculation inputs are estimated based on expected production figures, grid emissions intensities, etc. Figures are approximate and subject to change. For further information, please refer to our [White Paper](#).

¹ Wiebeck, A., Arndt, B., 2023: "[Lifetime avoided emissions](#)".

² European Commission, 2023: "[5303 final - ANNEX 2](#)".

³ EBA, 2021: "[EBA/REP/2021/18](#)".

Sustainable Investment Strategies

Within the context of Aquila Capital, this term refers to the specific strategies i.e., funds and/ or securitised undertakings which focus on our definition of 'Sustainable Investments'. See 'Sustainable Investments'.

Sustainable Investments

Investments in e.g. clean energy or energy transition-related assets such as battery storage, charging stations for electric vehicles, energy efficiency, behind the meter, as well as forestry, environmentally-friendly and/or energy-efficient residential and/or commercial real estate, etc.

This definition includes but is not limited to sustainable investments in terms of the Sustainable Finance Disclosure Regulation (SFDR) for financial products. For more information, please refer to the 'Defining sustainable investments' section of our 2024 Sustainability Report.

Disclaimer

This document is provided for informational purposes only and does not constitute investment advice, investment service or any invitation to make offers or any declaration of intent; the contents of this document also do not constitute a recommendation for any other actions. While it has been prepared with the utmost care, we make no warranties regarding the timeliness, accuracy, or completeness of the information. The legal binding and implementation of sustainability commitments are subject to applicable national and international laws, regulations, and provisions, which may change over time. Therefore, we recommend staying updated on current laws and regulations and seeking legal advice if necessary. We reserve the right to update or modify this document to address changing conditions and requirements.