

Aquila Group's Sustainability Commitment

Aquila Group previously referred to as Aquila Capital generates and manages essential investments. It is a holding company that creates investment ideas and provides a platform to transform these ideas into solid businesses. Thus, Aquila Group is as an investment and development enabler of essential assets with execution capabilities in its independently operating business units. Thereby, Aquila Group enables the global energy transition and the decarbonisation of the world's economy.

Aquila Group's mission is to become one of the world's leading sustainable investment and development companies for essential assets by 2030. To show commitment to our mission, we set a group wide goal to avoid 1.5 bn tonnes of CO₂e by 2035 in our portfolio's lifetime, which is equivalent to 4 % of annual CO₂e 2021 worldwide emissions. We plan to achieve this goal by initiating, developing, and managing essential assets along their entire value chain and through their full lifecycle.

Essential assets are anything related to expanding or renovating the world's low carbon infrastructure¹. We believe that decarbonisation² is crucial to our effort to protect the planet from climate change and represents an ongoing trend with tailwinds that will last throughout the decades. And we focus on this trend by generating (developing, building, operating) and managing (investing) essential assets.

Key Principles

We implement our mission across four areas that pertain to how we generate essential assets, manage client investments, support our communities and lead by example. By 2030 we aim to be:

1. A leading player in generating essential assets in a sustainable way,
2. The investment manager of choice for institutional clients seeking sustainable investments,
3. Recognised as a company that cares about the community,
4. An organisation that leads by example in managing our own environmental footprint and supporting our talents to thrive and grow.

Scope

This document defines the principles, governance, and controls for implementing this commitment. It outlines how Aquila Group is driving the world's energy transition and acting as an enabler of Net Zero³ by supporting activities that decarbonise large parts of the world economy to fight climate change. And how we plan to support a just transition by supporting our communities and leading by example in how we manage our own operations. All activities that generate (develop, build, operate) and manage (invest) essential assets are conducted in compliance with this commitment.

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¹ See standard information for extended definition of essential assets in section 6.

² See standard information for definition of decarbonisation in section 6.

³ See standard information for definition of Net Zero in section 6.

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1.0 Our Story

Established in 2001, Aquila Group was founded by Roman Rosslenbroich and Dieter Rentsch, who were convinced that global macro trends offer the best opportunities for long-term investment strategies. When sculpting their investment ideas, they focused on trends that had the potential to transform whole ecosystems, such as the need to address climate change, growing need for housing and transport, as well as an ever-increasing demand for electricity due to digitisation in the age of big data.

After positioning Aquila Group as a pure financial investor in the early days, the foundation for the development of real assets was laid in 2007. Right from the start Roman and Dieter were convinced that investing in real assets can only be done successfully with substantial parts of the value chain under our control. Aquila Group started to specialise in carbon mitigation in 2007 with the launch of two funds – climate protection and forestry management – and through our founders' decision to become carbon neutral in the management of our own operations.

Another important milestone was the decision to license as an alternative investment fund manager in Luxembourg and Germany in 2013, which enabled new possibilities regarding fund structuring and distribution. In 2019, to meet the steadily growing demand for capital and to accelerate Aquila Group's expansion into Asia-Pacific, a strategic partnership with one of Japan's largest investment banks, DAIWA Energy & Infrastructure, was established. This was followed by the establishment of a local team in Singapore in 2020 to further underscore the importance of the Asia-Pacific market.

By the end of 2022, Aquila Group had 14.7 billion EUR assets under management and 13.9 GW installed capacity in wind energy, solar photovoltaic and hydropower assets. This translates into 768 wind turbines, 235 solar PV parks, and 276 hydropower plants which together avoided slightly more than 10 million tonnes CO₂-equivalent emissions⁴. Additionally, 1.1 million square metres of green logistics projects were completed or under development. Our clients also invested in battery storage, energy efficiency, carbon forestry, and data centres. With more to come.

Given these origins, sustainability has always been part of our value system and we believe that it is critical that we manage ESG criteria throughout the entire value chain and lifecycle of our essential assets. In this vein we continuously seek to enhance our sustainability standards. We joined UNEP FI in 2008, CDP in 2017 and UN PRI in 2018. In 2019 we started to benchmark our infrastructure funds on their ESG performance ([GRESB ratings](#)), and the most recent results are showing that three out of six of our submitted funds reached a top star rating.

With almost 700 employees from 56 nations operating across 17 countries worldwide, we are an attractive employer for talents who are driven by an entrepreneurial spirit, have an innovative and hands-on approach, and like to work in an agile and diverse atmosphere.

⁴ See standard information for the explanation of CO₂ equivalent avoidance calculations in section 6.

2.0 Our Commitment

Aquila Group's mission is to become one of the world's leading sustainable investment and development companies for essential assets by 2030⁵. We believe this is a trend with tailwinds that will last throughout the decades. Our focus on clean energy in the form of wind energy, solar PV, hydropower and battery storage, sustainable infrastructure such as green logistics and data centres, and development of new asset classes like carbon forestry, energy efficiency and growth equity in climate change mitigation, is crucial to the world's transition to Net Zero.

To show commitment to our mission, we set a group wide goal to avoid 1.5 bn tonnes of CO₂e by 2035 in our portfolio's lifetime, which is equivalent to 4 % of 2021 CO₂e worldwide emissions⁶. We plan to achieve this goal by initiating, developing, and managing essential assets along their entire value chain and through their full lifecycle, around the world.

Our mission can be implemented across four ambitions. By 2030 we aim to be:

1. **A leading player in generating essential assets in a sustainable way,**
2. **The investment manager of choice for institutional clients seeking sustainable investments,**
3. **Recognised as an industry player who cares about the community,**
4. **An organisation that leads by example in managing our own environmental footprint and supporting our talents to thrive and grow.**

In essence, our goal is to develop, construct, operate and manage all our assets for the long term and work to provide appropriate returns to all our stakeholders. Inherent in our focus on 'climate action' (SDG 13), is our commitment to mobilise capital to all related Sustainable Development Goals (SDGs) such as 'affordable and clean energy' (SDG 7), 'industry, innovation and infrastructure' (SDG 9), and 'sustainable cities and communities' (SDG 11). We support these SDGs through the achievement of our commitment.

Aquila Group's mission and ambitions are synonymous with our business strategy. The sustainability office focuses our firm on this direction. It supports our senior leadership team to embed sustainability further into our DNA by making the mission and ambitions part of our performance management processes and part of every client conversation. In addition, we are transparent about our targets and progress wherever possible to demonstrate our commitment.

3.0 Principles

The **following principles outline how Aquila Group plans to implement** our mission to become one of the world's leading sustainable investment and development companies for essential assets by 2030.

Our power to drive a positive change for the environment and society can be broken down into four areas that pertain to how we generate essential assets, manage client investments, support our communities and lead by example.

3.1 Generate essential assets

As stated in our commitment, by 2030 we aim to be a leading player in generating essential assets in a sustainable way. Our founders decided that the best way to achieve this ambition is to get involved early in the value chain and control as much of the upstream activities in the development, construction, and operation of assets as possible. This provides us with opportunities to ensure that these ecosystems are designed and managed for the long-term prosperity of all our stakeholders.

⁵ See standard information for definition of essential assets in section 6.

⁶ Worldwide CO₂e emissions in 2021 were [36.7 billion tonnes](#) according to the International Energy Association (IEA)

To develop, build, and operate assets in a sustainable way we use a robust approach to identify, avoid, and mitigate ESG factors throughout the entire value chain and lifetime, including during operations and in decommissioning. We also identify social as well as governance safeguards and have a code of conduct for suppliers to embed our standards into the activities of our partners. The goal of our ESG approach is to maximise the positive and minimise the negative impacts of our activities on the environment and society at the project and portfolio level.

3.2 Manage client investments

Our second ambition is to be the investment manager of choice for institutional clients seeking to invest in sustainable investments⁷ by 2030. This means that our product offering allows clients to invest across all stages of the development cycle and into all types of decarbonisation strategies. It also requires that we work with our clients to optimise their allocation to sustainable investments depending on their risk/return profile, liquidity needs, and investment goals.

We use thought leadership and innovation, technical screening, and climate mitigation measurement as well as GRESB ratings to continuously enhance our investment offering. We also actively engage with our institutional clients and their investment counsellors to gather feedback about our decarbonisation solutions. Our goal is to be top of mind, and ultimately the first choice of asset owners seeking to make a significant contribution to worldwide carbon avoidance, reduction, and/or removal – all crucial for the path to Net Zero – and/or those who desire to support increased global energy security.

3.3 Support our communities

By 2030, we also aim to be recognised as an industry player that cares for the community. This includes the work we do to actively engage with local communities in the areas that we develop, build, and operate essential assets as well as in the communities where we have offices and societies in need beyond our local presence. To engage local communities during the development of our clean energy projects we created a framework – the Sustainability Plan for Project Delivery (SPPD) – in Southern Europe, which we plan to advance and expand to other regions and asset classes as appropriate.

We also aim to become more effective in the positive impact we create through our corporate donations and employee volunteering efforts. By leveraging our charities, or through the creation of an Aquila foundation, we provide funding, skills, and employee resources to topics that align to our sustainability commitment and values. This includes a structured engagement plan to frame the best way for employees to provide their time, skills, and resources to environmental and social topics important to us.

Our support for communities is a foundational element of our sustainability commitment and greatly influences our culture. It is something we celebrate regularly.

3.4 Lead by example

Our last ambition is focused on how we live our sustainability efforts in the areas under our direct influence. By 2030 we aim to be a company that is able demonstrate that we are walking the talk in the management of our own business and work force. 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 environment impact of our operations – for example in the use of renewable energy, increases in energy efficiency and more effective waste management processes – and defining actions to ensure that we have a healthy and engaged

⁷ See standard information for definition of Sustainable Investments in section 6.

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 programmes. We also plan to continue to create and implement programmes that engage our workforce and drive increased employee satisfaction.

The essence of the behaviours that support our ambition to 'lead by example' are captured in our values and code of ethics which together form the documented view of Aquila Group's DNA and culture.

4.0 Responsibilities and structure

To make it easier to understand our structure as it pertains to our sustainability commitment, we define our entities as follows:

- **Aquila Group** is an investment and asset development business headquartered in Hamburg, Germany. As a diversified holding company, we are focused on generating and managing essential assets in clean energy and sustainable infrastructure on behalf of our clients.
- **Aquila Capital Investmentgesellschaft** ("Aquila Capital") is the investment management company of Aquila Group, offering tailor-made fund vehicles and investment solutions for investors who wish to mobilise capital for the energy transition and decarbonisation of the global economy. Aquila Capital is fully licensed under German law and subject to supervision by the German Federal Financial Supervisory Authority (BaFin).
- **Aquila Clean Energy EMEA** ("ACE EMEA") is our clean energy business in Europe focused on advancing the energy transition by developing, managing and owning clean energy assets. ACE EMEA has the aim to be one of the industries' most value creating deployers of capital in the green transformation with a focus on three areas: solar PV, onshore wind and battery storage technologies.
- **Aquila Clean Energy APAC** ("ACE APAC") is our clean energy business in Asia Pacific. With offices in Singapore, Taiwan, Japan, South Korea and New Zealand, ACE APAC has a strong local presence in the region.
- **Aquila Sustainable Infrastructure** ("ASI") focuses on green logistics, data centre and residential real estate assets within Aquila Group. ASI currently develops and manages sustainable assets in Germany, Italy, Norway, Portugal and Spain.

Decisions about our sustainability commitment and ESG work are crucial. Therefore, they are made at the very top of our organisational structure.

Aquila Group Strategy Board (AGS)

The AGS has the power to create and set group-wide strategies, and members include the company's co-founders, business unit heads and key functional group heads. The AGS approves the sustainability commitment of Aquila Group – proposed by the **Chief Sustainability Officer (CSO)** – and reviews progress annually as part of its responsibility for sustainability governance.

Aquila Group Operations Board (AGO)

Responsible for making decisions about all operational matters, the AGO is the most important body when it comes to steering and resourcing the implementation of our sustainability commitment. Business unit heads, functional group heads, and operational heads are members of the AGO which is chaired by our Chief Operations Officer. The AGO is updated quarterly about progress on all key sustainability projects and programmes. It also shares governance responsibilities with the AGS.

We have several other platforms so that our businesses and functions can work together to ensure that the initiatives to deliver our sustainability commitment are embedded throughout the firm.

Sustainability Forum

The Sustainability Forum is a platform for senior leaders from each business division and function who are focused on how best to achieve the key group-wide ambitions of our sustainability commitment. Their role is to drive effective implementation by providing guidance on organisational alignment and project design, especially when high-level and complex coordination and cooperation is required between different parts of the company.

Sustainability Office

The ESG department and CSO lead the implementation of the sustainability commitment and work with senior leadership to further embed sustainability across the firm. The sustainability office monitors progress, provides transparency, supports client discussions, and advances all related methodologies and processes (i.e., ESG risk and opportunity assessments, CO₂ avoidance measurement) as well as leads the implementation of sustainability related regulation.

Extended Sustainability Office

This group – which includes the **Sustainability Office** and sustainability managers from the business responsible for the management of ESG impacts in essential asset development, construction and operation – aligns top-down and bottom-up processes to manage ESG risks across the value chain. It creates plans to resolve methodological, structural and/or resource challenges and works with the sustainability office to support implementation.

5.0 Reporting and controls

Aquila Group's sustainability commitment is implemented using the governing bodies and structures mentioned herein. Moreover, the measurement and monitoring of the goals that show progress towards the ambitions are led by the sustainability office and communicated annually in a sustainability report. The implementation of the commitment and its underlying principles, as laid out in this document, is a process of continual improvement.

6.0 Standard information and definitions

Essential Assets – At Aquila Group we define Essential Assets as anything related to expanding or renovating the world's low carbon infrastructure. Currently this includes clean energy (wind energy, solar PV, hydropower, and battery storage), sustainable infrastructure (green logistics and green data centres) and new asset classes such as carbon forestry, energy efficiency and growth equity in climate change mitigation.

Net Zero - Through the 2015 Paris Agreement, world governments committed to curbing global temperature rise to well-below 2 °C above pre-industrial levels and pursuing efforts to limit warming to 1.5 °C. Climate scientists have predicted that this will require that the world reach net-zero by 2050. Net Zero means to completely negate the amount of greenhouse gases produced by human activity and released into the atmosphere. Net Zero can be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere (for hard to abate emission areas).

Decarbonisation – Is the reduction or elimination of carbon dioxide emissions from a process such as manufacturing or the production of renewable energy.

Sustainable Investments – In the context of this commitment, sustainable investments refer to investments that have a clear environmental and/or social objective and also ensure that they do not significantly harm other environmental or social objective as defined in EU regulation.

The Sustainable Development Goals (SDGs) – In September 2015, with the support of 193 nations, the United Nations launched the 2030 Agenda for sustainable development to end poverty, combat climate change and fight injustice. 17 Sustainable Development Goals went into effect in January 2016 to help the world to create goals, track progress and ultimately achieve this ambitious agenda.

CO₂ equivalent (CO₂e) avoidance and lifetime avoidance (LAE) methodologies - Avoided emissions are those not released into the atmosphere because of an action or policy, such as renewable energy sources, energy efficiency measures or reducing the use of fossil fuels. LAE uses the same concept, but covers the entire lifetime of a given product, technology or project. Given the increased popularity and scrutiny of greenhouse gas emissions avoidance claims as well as the lack of standardisation and peer-reviewed methodology, it is crucial that CO₂e avoidance and LAE methodologies follow a robust, conservative, and science-based approach.

We created a science-based methodology with the reputable research institute, Forschungsstelle für Energiewirtschaft e.V. (FfE), which was verified by an independent auditor – TÜV Rheinland – to be “reasonable, transparent and appropriate” (see Aquila Capital ESG Report 2021). In addition, in 2022 we reviewed our LAE methodology and found that our calculations include predictions that can change quickly and with material implications. As such we plan to measure the achievement of our goal according to a range of outcomes and to monitor and enhance the scenarios underlying our LAE in the years to come.

Our CO₂e avoidance and LAE calculations consider (1) actual and projected lifetime production of our clean energy assets and solutions, (2) asset-specific emissions such as raw material sourcing, manufacturing, transport, installation, use phase and decommissioning, and (3) region-specific projected grid intensity.

Disclaimer

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