AE Industrial Partners, LP Climate Strategy

AE Industrial Partners, LP ("AEI" or the "Firm"), aims to ensure the Firm achieves a competitive advantage in climate mitigation while adhering to its business objectives and meeting the growing demand for environmentally sustainable practices. AEI’s approach incorporates Environmental, Social, and Governance ("ESG") principles, environmental sciences, and stakeholder engagement to create a comprehensive and actionable plan.

ESG Integration

a. **Investment Criteria:** Incorporate ESG factors into the investment decision-making process by assessing potential portfolio companies’ environmental performance, carbon emissions, energy consumption, climate risk exposure, and mitigation plans. This includes the evaluation of companies’ compliance with environmental standards and regulations.

b. **ESG Due Diligence:** Conduct ESG diligence for each investment, identifying material risks and opportunities related to climate change. Develop an ESG risk management framework to monitor and manage these risks throughout the investment lifecycle.

Carbon Accounting and Reduction

a. **Carbon Footprint Assessment:** Measure the carbon footprint of the Firm and the funds’ portfolio companies, including Scope 1, 2, and potentially Scope 3 emissions using Greenhouse Gas (GHG) Protocol.

b. **Emission Reduction Targets:** Set emission reduction targets for portfolio companies where material. Encourage the adoption of clean technologies, energy efficiency measures, and renewable energy sources to achieve these targets.

Stakeholder Engagement and Collaboration

a. **Industry Partnerships:** Collaborate with industry stakeholders, such as investors, regulators, and associations, to promote best practices in climate change mitigation and adaptation within the broadly defined aerospace, defense, and power generation industries that AEI invests in.

b. **Portfolio Company Support:** Provide support and resources to AEI’s portfolio companies to implement climate strategies and initiatives. This includes sharing best practices, offering technical assistance, and facilitating access to capital for clean technology investments.

Reporting and Transparency

a. **ESG Reporting:** Develop an ESG reporting framework for the funds. Disclose the funds’ ESG performance, climate-related risks, and progress toward meeting emission reduction targets.

b. **Continuous Improvement:** The ESG Committee will monitor the effectiveness of the climate strategy and adapt it as needed to ensure it remains aligned with the Firm’s objectives and the evolving landscape of climate-related risks and opportunities.

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