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ABOUT AE INDUSTRIAL PARTNERS

AE Industrial Partners (“AEI”) is a private investment firm with $5.5 billion of assets under management focused on highly specialized markets including Defense & Government Services, Commercial Aerospace, Specialty Industrial, Space, Power & Utility Services, and Business Aviation. AEI has completed more than 130 investments in market-leading companies that benefit from its deep industry knowledge, operating experience, and network of relationships across the sectors where the firm invests. With a commitment to driving value creation in partnership with the management teams of its portfolio companies, AEI primarily invests across private equity, venture capital (AEI HorizonX), and aerospace leasing. For more information, please visit www.aeroequity.com.
LETTER TO STAKEHOLDERS

Dear Investors and Stakeholders,

On behalf of the AEI team, we are pleased to share our 2023 Investor Update outlining our responsible investment and sustainability focus areas and initiatives during the past year.

As global decarbonization and resource efficiency efforts gather momentum, we seek to explore and capitalize on untapped opportunities in our target markets. We are committed to making advances in products and technology that provide cleaner, more efficient solutions in the industries in which we invest. Across our focus areas of Clean Energy Infrastructure, Energy Efficiency, Safety, and Sustainability Innovation, we seek to support our portfolio companies to develop oversight and program management processes that will help them capitalize on the burgeoning sustainability opportunity set while managing risks.

Enabling and accelerating supply chain resilience in our target markets post COVID-19 remains a priority for AEI. As supply chains recover from the effects of the pandemic-driven capital and labor market tightening, we are working with middle-market businesses at the lower end of the supply chain to institutionalize governance, provide capital, and support the development of operating capabilities to enable them to deliver to customers reliably at scale.

Through AEI HorizonX – our venture capital platform developed in partnership with The Boeing Company – we are backing early-stage businesses focused on emerging and cutting-edge technologies enabling the decarbonization of transportation through electrification, operational efficiencies, and innovative materials and manufacturing approaches.

AEI is committed to driving sustainability through our investments and engagement with portfolio companies. This update demonstrates how we have aligned our actions with this commitment during the past year.

Sincerely,

David Rowe
Managing Partner, AE Industrial Partners

Michael Greene
Managing Partner, AE Industrial Partners
Dear Investors and Stakeholders,

Our 2023 Investor Update details the progress we have made on our responsible investment initiatives at the firm and portfolio level. We have continued to focus on effective risk management and value creation, and are excited to share the key highlights with you below:

✓ **Value Creation Assessment:** We bolstered our value creation process by developing a proprietary Value Creation Assessment (“VCA”) scorecard that enables us to glean decision-useful insights on our portfolio companies and provide them with actionable guidance and resources. The scorecard measures portfolio companies’ performance on material topics, including emissions reduction, energy efficiency, safety of our customers and employees, as well as data security.

✓ **Investing in sustainability-aligned opportunities in our target markets:** We continue to seek opportunities within our target markets in the responsible investment and sustainability focus areas of Clean Energy Infrastructure, Energy Efficiency, Safety, and Sustainability Innovation and are actively supporting our portfolio companies to capitalize on market and regulatory tailwinds.

✓ **Formulating our Climate Strategy:** To further support our portfolio companies, we have established a commitment to strategic climate action.

Looking ahead, we remain committed to the ongoing implementation and deepening of a best-in-class Responsible Investment program at AEI.

Sincerely,

**Responsible Investment Committee**
Oversight and Management
RESPONSIBLE INVESTMENT POLICY

AEI recognizes that best practices and our business needs continue to evolve over time. As such, we annually review our Responsible Investment Policy and update it as appropriate.

Over the past year, we made several updates to our Responsible Investment Policy to ensure alignment with current market best practices as well as the needs of the firm and its clients, including:

✓ Formalizing our commitment to collect annual data on material sustainability topics determined by the Responsible Investment Committee.

✓ Requiring our Responsible Investment Committee to provide key updates to the Valuation, Risk & Operations Committee (“VROC”) on a quarterly basis.

✓ Ensuring that our Responsible Investment Committee reviews and approves signatory expectations and commitments to make sure they align with our beliefs.

Updating our Responsible Investment Policy to ensure alignment with current market best practices as well as the needs of the firm and its clients.
Senior executives at AEI champion and closely monitor the implementation of our Responsible Investment Policy, Processes, and Practices.

AEI’s Responsible Investment Committee is responsible for oversight, modification, and effective implementation of the Policy. The Committee meets on a quarterly basis and comprises the following senior professionals:

- The Responsible Investment Committee provides quarterly updates to our senior governing body, the VROC, on any material policy modifications or significant new initiatives focused on responsible investment and sustainability at both the firm and the portfolio level.

In 2022, AEI created the Head of ESG role which has since been renamed to the Head of Sustainability, solidifying our commitment to building a best-in-class Responsible Investment program. Our Head of Sustainability, Jennifer Essigs, spearheads the continued development of our program and is responsible for the day-to-day management and execution of processes and initiatives at both the firm and the portfolio level.
INTERNAL CAPACITY BUILDING

To equip our team with the knowledge and expertise needed to execute our Responsible Investment program, and stay updated on relevant developments, AEI conducts:

- New hire training on our commitments and initiatives as well as key developments.
- Compliance training on an as-needed basis to enable our team to operationalize our Responsible Investment program.
- Training on Scope 1 and Scope 2 greenhouse gas ("GHG") emissions for the Responsible Investment Committee on an as-needed basis.

Conducting ongoing firm-wide training to properly equip our team with the knowledge and expertise needed to execute and achieve our program goals.

- Annual firm-level training on material environmental, social, and governance ("ESG") topics relevant to our firm and portfolio companies and how to effectively manage these issues throughout the investment process and ownership period.

**November 2022**
The firm provided annual Diversity, Equity, and Inclusion ("DEI") training in the form of a TED Talk on unconscious bias.

**December 2022**
Kirkland and Ellis provided firm-wide training on relevant regulations in the US.

**March 2023**
ESG Base (a third-party consultant) provided firm-wide training on our VCA scorecards, which are updated and distributed annually to all portfolio companies.

**September 2023**
The firm provided annual DEI training in the form of an online course on unconscious bias through ADP’s Workforce Now website.
FIRM-LEVEL RESPONSIBLE INVESTMENT AND SUSTAINABILITY INITIATIVES

CORPORATE SUSTAINABILITY

AEI 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 has completed a GHG emissions accounting exercise of our Scope 1, Scope 2, and material Scope 3 emissions leveraging the Partnership for Carbon Accounting Financials ("PCAF") standards.

CREATING AN INCLUSIVE WORKPLACE

We recognize that industry best practices around diverse talent, equity in compensation, and inclusive workplaces continue to evolve over time.

We are committed to seeking out the guidance of our peers and advisors to align our efforts with industry best practices in pursuit of a more inclusive environment for our workforce and the employees across our portfolio companies.

Initiatives and Activities

- Signatory to the CFA Institute’s DEI Code for the Investment Profession that helps foster a commitment to creating better investment outcomes and working environments in the investment industry.

- Sponsorship and engagement with outreach organizations such as the International Aviation Women’s Association and Women in Defense to build a pipeline of diverse candidates and improve retention of diverse groups.

- Second annual “Intro to Private Equity” day offering college students from Lynn University and Florida Atlantic University as well as scholars from Girls Who Invest and other universities a platform to learn about various aspects of the private equity industry. Through this event, we are helping students deepen their knowledge and broaden their access to opportunities in private equity.

- AEI’s Second Annual Women’s Retreat, which was expanded to include female leaders from several portfolio companies and focused on the themes of developing a brand, overcoming obstacles, and building connections.

1 Business Travel and Investments (managed investments under private equity, structured solutions, and venture capital).
AEI continues to support and engage with industry networks and initiatives focused on a broad range of topics, including responsible investment, to gain industry insights and interact with our peers.

**ESG Data Convergence Initiative**

AEI has been a participant and data provider to the ESG Data Convergence Initiative ("EDCI") since its inception in 2021. We completed our second EDCI data submission this year and are proud to support this initiative. EDCI streamlines the private investment industry’s historically fragmented approach to collecting and reporting ESG data to create a critical mass of meaningful, performance based, comparable ESG data from private companies. Over 325 GPs and LPs have committed to the project, representing over $27 trillion in assets.

**Principles for Responsible Investment (PRI)**

AEI has been a signatory of the Principles for Responsible Investment ("PRI") since 2020. PRI is the world’s leading proponent of responsible investment. It works to understand the investment implications of ESG factors and support its international network of investor signatories – managing over $121 trillion in assets – in incorporating these factors into their investment and ownership decisions.

**Initiative Climat International (ICI)**

AEI has been a member of the Initiative Climat International ("ICI") since 2022. ICI is a global, practitioner-led community of private equity firms managing over $4 trillion in assets seeking to better understand and manage the risks associated with climate change. Members commit to sharing knowledge, experience, and best practices, working together to develop resources that will help standardize practices on climate risk mapping, disclosure, and target-setting in private equity.

**Diversity in Action (DIA)**

AEI has been a signatory of the ILPA Diversity in Action ("DIA") initiative since 2021. ILPA DIA brings together over 300 LPs and GPs who share a commitment to advancing diversity, equity, and inclusion in the private equity industry.
AEI regularly participates in responsible investing, diverse talent, and sustainability-related conferences to share best practices and take part in peer-to-peer learning.
International Aviation Women’s Association Connect and Fireside Chat alongside AEI’s Second Annual Women’s Retreat  
May 2023 – Boca Raton, FL

AEI Managing Director Laurence Vigeant-Langlois, Ph.D. moderated a panel of senior female leaders on topics such as innovations in aerospace, the lack of women serving on boards of directors, and women in senior leadership roles across aerospace.

Boeing and FT Live’s Sustainable Aerospace Together Forum  
May 2023 – Seattle, WA

AEI participated in the Sustainable Aerospace Together Forum that brought together leaders from energy, aviation, finance, and policy to discuss aviation’s path to net zero.

Kayo’s 10th Annual Women’s Private Equity Summit  
June 2023 – Miami Beach, FL

AEI Managing Director Laurence Vigeant-Langlois, Ph.D. spoke on a panel titled “Hunting for Deals in Disrupted Supply Chains.”

Sahar Global Summits’ 4th Annual Gender Equity in Private Equity Summit  
July 2023 – New York City, NY

AEI Head of Sustainability, Jennifer Essigs, moderated a roundtable on global environmental, social, and governance topics.

Women in Defense National Conference  
September 2023 – Arlington, VA

AEI Operating Partner Pam Braden moderated a panel of young professional women, “Tools and Ideas for Asymmetric Advantage: A Young Professional Perspective”. This panel discussed the importance of developing young women’s careers in defense, focusing on key themes such as cognitive diversity, intellectual creativity and innovation retention. The panelists discussed how important it is to pursue every developmental and leadership opportunity that organizations offer.

International Aviation Women’s Association’s 35th Annual Conference – Innovation Drivers: Changing the Game in Aerospace  
October 2023 – San Diego, California

AEI Managing Director Laurence Vigeant-Langlois, Ph.D. moderated a panel of accomplished female colleagues, “Beyond the Clouds into Orbit, to the Moon and Mars.” Her panel addressed drivers and opportunities in shifting from government space to a commercially relevant space economy. The space market has evolved from one that used to be driven and dominated by government activities and funding, to one where activity is focused on meeting new commercial end-user demand. This panel discussed how space is the next economic frontier and a driver of much innovation in infrastructure build-out, global communication, manufacturing, biotechnology, life support, environmental monitoring, remote operations, disaster management, and tourism.
Strategy
RESPONSIBLE INVESTMENT INTEGRATION ACROSS THE INVESTMENT LIFECYCLE

We recognize the imperative of implementing robust integration practices across our investment lifecycle to support our goal of maximizing investor value. Given our focus on making control-oriented investments in founder and family-owned businesses, AEI is committed to leveraging our influence to drive significant sustainability improvements.

<table>
<thead>
<tr>
<th>Due Diligence</th>
<th>We will evaluate the materiality of sustainability risk factors in our pre-investment due diligence (through third party providers) for all platform investments, as well as for non-platform and add-on investments.</th>
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<td></td>
<td>✓ As part of due diligence, AEI seeks to identify and debate any red flags, significant risks, and potential ownership-stage risk mitigation strategies.</td>
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| Ownership    | As part of our VCA meetings, AEI leverages our scorecard to engage with portfolio company management and enable value creation. Read more about our VCA Scorecard on page 26. |

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<th>Exit</th>
<th>✓ AEI is committed to incorporating responsible investment considerations into our exit process.</th>
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<tr>
<td></td>
<td>✓ We strive to help portfolio companies build competencies and processes during the investment lifecycle. Upon exit, we are ready to share the historical progress of the portfolio companies on sustainability topics with the acquiring firms.</td>
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AEI is committed to leveraging our influence to drive significant sustainability improvements.
CLIMATE STRATEGY

This year, we developed our Climate Strategy which will be overseen by AEI’s Responsible Investment Committee. The strategy outlines our plan of action for mitigating climate-related risks and capitalizing on decarbonization opportunities.

In line with our Climate Strategy, we seek to integrate climate considerations into due diligence, help our portfolio companies reduce emissions and implement climate strategies and initiatives, and promote climate action best practices across our broader target markets through stakeholder engagement.

SNAPSHOT OF OUR CLIMATE STRATEGY AND OPERATIONALIZATION FRAMEWORK

<table>
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<tr>
<th>Integration of Climate Considerations</th>
<th>Incorporate climate-related factors into investment process and identify material climate risks and opportunities as part of due diligence.</th>
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<tr>
<td>Emissions Accounting and Reduction</td>
<td>Measure GHG emissions at the firm and portfolio level across Scope 1, Scope 2, and potentially Scope 3 using GHG Protocol and set emission reduction targets for portfolio companies where material.</td>
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<tr>
<td>Climate Reporting and Oversight</td>
<td>Disclose and monitor climate performance as part of our broader reporting framework and maintain Responsible Investment Committee oversight to ensure effectiveness of the Climate Strategy.</td>
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<tr>
<td>Stakeholder Engagement and Collaboration</td>
<td>Provide support and resources to portfolio companies in implementing climate strategies and initiatives and collaborate with industry stakeholders to promote climate action best practices within AEI’s target markets.</td>
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THE TAXONOMY OF OUR FOCUS AREAS

We continue our commitment to making advances in products and technology that provide cleaner, more efficient solutions in the industries in which we invest.

Backed by market and regulatory tailwinds we seek opportunities within the following focus areas: Clean Energy Infrastructure, Energy Efficiency, Safety, and Sustainability Innovation.

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<th>Focus Area</th>
<th>Description</th>
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<tr>
<td><strong>Clean Energy Infrastructure</strong></td>
<td>The focus area refers to the construction, alteration, or repair of infrastructure necessary for the deployment of technologies, products, or services that will avoid or reduce emissions of greenhouse gases and enable access to clean energy.</td>
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<tr>
<td><strong>Energy Efficiency</strong></td>
<td>Energy efficiency is measured as the amount of energy output for given energy input. The focus area maps to portfolio companies that improve energy efficiency through products, services, and/or operations.</td>
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<tr>
<td><strong>Safety</strong></td>
<td>The focus area covers solutions that enhance safety in safety-critical markets. Product safety is an effective means for preventing accidents and/or reducing the risk of serious injury in case of an accident.</td>
</tr>
<tr>
<td><strong>Sustainability Innovation</strong></td>
<td>The focus area covers AEI HorizonX’s investment in businesses developing technologies that have the potential to positively transform, impact, and sustain the future of AEI’s target markets.</td>
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THE OPPORTUNITIES OF OUR FOCUS AREAS

<table>
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<tr>
<th>Focus Area</th>
<th>Description</th>
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<tr>
<td><strong>Clean Energy Infrastructure</strong></td>
<td>The decarbonization megatrend buoyed by policy tailwinds is driving significant investment opportunities in companies that are building and supporting the infrastructure, technologies, products, and services that will enable access to clean energy.</td>
</tr>
<tr>
<td><strong>Energy Efficiency</strong></td>
<td>The International Energy Agency (“IEA”) considers energy efficiency the “first fuel” of all energy transitions. Tailwinds driving the energy efficiency market include public policies and programs that help drive the effective implementation of energy efficiency projects or promote energy savings as well as rapid deployment of materials and technologies that improve energy efficiency.</td>
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<tr>
<td><strong>Safety</strong></td>
<td>AEI operates in safety-critical markets with significant regulatory oversight where accidents and hazards can have substantive repercussions. Providing enterprise safety solutions in our target markets is a business imperative and synergistic opportunity. In response to evolving regulations and the ubiquitous prerequisite for safety, a number of preventive, proactive, and predictive safety solutions are emerging.</td>
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AEI is investing in opportunities at the intersection of mobility, climate, and digital applications through AEI HorizonX, our venture capital investment platform formed between AEI and The Boeing Company. AEI HorizonX’s current portfolio features 47 investments across the United States, Europe, Asia, and Australia.

With a keen focus on decarbonization, HorizonX targets ventures innovating in areas such as electrification of transportation which includes development of electric and autonomous systems, aircraft weight reduction to reduce fuel usage, manufacturing process optimization to reduce energy usage and create less waste, and software and software-enabled hardware that allows for more efficient operations within aerospace and large enterprises.

AEI HorizonX has a suite of offerings that are available to portfolio companies that differentiates it from other venture capital firms. AEI HorizonX invests in companies where our partnerships with limited partners and AEI’s own portfolio companies have a strong ability to influence their development, adoption, and growth.

Investments are selected based on a thorough due diligence process informed by a strong understanding of the markets we operate in, building a strong thesis on where markets are trending, and developing a financial perspective on value by focusing on market potential and financial returns. Post-investment, the team targets an active board role for each investment and is proactive in monitoring performance and providing mentorship to portfolio company leaders. In addition, we make connections across the AEI portfolio for cross-portfolio company collaboration opportunities and for limited partners to understand how adopting a startup’s solution will enhance their own product offerings.
SHAPING THE NEXT FRONTIER OF SPACE-BASED SOLAR GENERATION

Solestial is a space solar energy company that delivers cost-effective, reliable, and safe solutions to power the new space economy. Solestial’s breakthrough technology is a silicon solar cell engineered for space to self-cure radiation damage under sunlight at a normal operating temperature of 80°C. Solestial solar cells are packaged in an ultrathin, flexible, low-mass solar blanket designed to achieve minimum degradation for up to 10 years in Low Earth Orbit (“LEO”). Solestial solar blankets can be produced using automated machines resulting in costs 90% lower than incumbent technologies.

Solestial targets 2025 for the launch of a manufacturing facility capable of producing 10 MW per year of solar blankets. From today’s satellite constellations and research projects to tomorrow’s space-based power-beaming infrastructure, Solestial’s innovative technology represents a paradigm shift for space solar.

POWERING THE FUTURE OF ELECTRIC FLIGHT

Electric Power Systems ("EPS") provides high-power, scalable powertrains that are certifiable for electrified aviation. It develops energy storage systems, DC fast-charging stations, and electric propulsion products for aerospace. EPS’s core strategy is to forge a supply chain ecosystem that includes creating a second life for batteries that are no longer suitable for flight. When the batteries reach the true end of life, the company is committed to recycling with providers that employ eco-friendly technology to repurpose scarce metals.

EPS’s customers include Boeing, Elfly, and Diamond Aircraft. The company provides its electric powertrain system to Boeing’s CAV (Cargo Air Vehicle). In July 2023, EPS announced that it has been selected as the battery provider for aerospace company Elfly’s “Noemi” (No Emissions) all-electric seaplane. EPS will deliver its EPiC battery line for the initial demonstration to incorporate upgradable energy solutions. Diamond Aircraft’s all-electric flight eDA40 – charged by EPS’s battery module – completed its maiden flight in July 2023.
Risk Management and Value Creation
We are deepening our capabilities with a focus on enabling portfolio companies to build robust, strategic programs, policies, and practices for effective risk management and value creation.

CDI Engineering Solutions ("CDI") is a multi-disciplinary engineering organization offering a full range of engineering, design, procurement, and construction management services to the energy and chemicals industries. Under AEI’s guidance, CDI has transformed itself from a specialist in fossil fuel refining to a leader in clean energy infrastructure and energy efficiency, while maintaining its absolute commitment to safety.

CDI’s contributions to clean energy infrastructure include creating plants for the production of advanced semiconductors, battery materials, and low- and zero-carbon fuels, including renewable diesel and clean hydrogen. Projects for Fortune 100 alliance clients including Shell and Dow Chemical are helping realize energy efficiency and greenhouse gas reduction in other industrial processes.
GREEN & BLUE AMMONIA PRODUCTION

Production of ammonia for agricultural and other purposes using fossil fuels is a significant source of global carbon dioxide emissions, but with modifications to the production process, a lower carbon footprint (Blue Ammonia), or even a zero-carbon footprint (Green Ammonia) is possible. Low- or zero-carbon ammonia can even be used as a fuel for applications including power generation and shipping, helping enable the energy transition at a large scale. CDI is supporting the implementation of the first commercial Green Ammonia plant in the United States, and the first large scale Blue Ammonia plant, both located in Louisiana. In addition, CDI is designing a world-scale Blue Ammonia plant that will supply Blue Ammonia to Japan to lessen its dependence on fossil fuels.

CDI ECOVADIS SILVER RATING

In 2022, CDI achieved an EcoVadis Silver rating indicating a top 25 percentile ranking. The objective of the EcoVadis rating process is to assess the quality of a company’s sustainability management system covering a range of sustainability issues that are grouped into four themes: Environment; Labor and Human Rights; Ethics; and Sustainable Procurement.

Sustainability management systems are assessed based on the following indicators:

**Policies**
Commitments related to responsible and sustainable business conduct.

**Actions**
Concrete activities that have already been implemented efficiently.

**Results**
Up-to-date key performance indicators.

CDI is committed to further institutionalizing its ESG program as it expands its sustainability services.

---

2 “Ammonia Technology Roadmap”, IEA, 2021
G.S. Precision is a leading provider of complex, highly engineered components and assemblies for the aerospace and defense industry. The company has diverse machining capabilities ranging from computer numerical control ("CNC") Swiss multi-axis lathes to one of the largest installations of 5-Axis machining centers in the industry.

G.S. Precision’s expertise includes the machining of nickel-based aircraft alloys, titanium, stainless steel, and aluminum from bar, plate, and castings. The company has a unique platform with a vertically integrated model that includes multiple National Aerospace and Defense Contractors Accreditation Program ("NADCAP") certified special processes and in-house manufacturing of fixtures and cutting tools. The company has developed numerous dedicated part family manufacturing cells and has robust employee training programs that are the result of its commitment to Continuous Improvement and Lean Manufacturing principles.
ATTRACTING AND RETAINING A QUALITY WORKFORCE

Attracting and retaining skilled, high-quality employees remains a large challenge for manufacturing companies.

The manufacturing industry lost 578,000 jobs during the pandemic year 2020, representing 6 years of job gains. However, job openings in the United States are at a near-all-time high of 800,000. Nearly three-quarters of respondents (74.9%) to The National Association of Manufacturers Q1 2023 Manufacturers’ Outlook Survey listed attracting and retaining a quality workforce as a primary business challenge.

To enhance its talent acquisition pipeline, G.S. Precision started an internal apprenticeship school of manufacturing technology. To support employees/students in putting application behind the theory and to foster career development, G.S. Precision partnered with Vermont Technical College to launch the GSP School of Manufacturing Technology. The accredited program provides apprenticeship certification to candidates classified as full-time employees with G.S. Precision (including benefits) while working towards an Associate Degree.

The program consists of 10 different 8-week shop rotations throughout four different facilities. During the day, the students work an 8-hour shift in their assigned department. Each evening Monday to Thursday, they attend classes to work toward a machinist’s certification/apprenticeship. The school is run internally at the South Plant in Brattleboro, Vermont, and is taught by G.S. Precision engineers. G.S Precision pays for all costs associated with the coursework (tuition, books, materials, etc.) with a 2-year obligation upon completion by the graduates.

In November of 2022, G.S. Precision was approved for a Federal and State approved apprenticeship program as announced by a live press conference from the school by State Governor Phil Scott. In addition to being certified by G.S. Precision, the Federal and State Governments will recognize graduates as fully accredited apprentices. It is a testament to the success of the program that 72.9% of graduates remain at G.S. Precision after finishing their 2-year commitment. The program is currently in its 6th cohort as the school was launched in 2013 as a long-time dream of G.S. Precision’s founder, George Schneeberger.

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3 "Creating pathways for tomorrow’s workforce today", Deloitte, 2021
4 "Manufacturers must keep producing new talent strategies amid labor shortages", Deloitte, 2023
5 "2023 First Quarter Manufacturers’ Outlook Survey", National Association of Manufacturers, 2023
EMISSIONS AND ENERGY MANAGEMENT

G.S. Precision has a strong commitment to sustainability and has implemented initiatives such as:

- Calculating Scope 1 and Scope 2 GHG emissions for 2021 and 2022.
- Instituting a “Shut It Off” campaign to shut equipment, lights, and air compressors during down hours, weekends, and holidays.
- Checking heating ventilation and air conditioning equipment and exploring a long-term strategy for replacement with more efficient and reliable units. G.S. Precision is working with Efficiency Vermont, a local non-profit organization focused on energy efficiency, and Dubois & King, an engineering firm, on this initiative.
- Conducting audits of equipment and machines that use compressed air to identify and repair leaks and replace aging equipment (over 20 years old) with more efficient air compressors.
- Performing energy audits at its plants in collaboration with GMP and Eversource.
- Investing in an off-site solar generation facility which generated 9% of its 2022 electricity consumption.
- Procuring a further 37% of its electricity from renewable sources during 2022.

SCRAP SEPARATION INITIATIVES

G.S. Precision has put in place several initiatives at its Vermont and Keene, New Hampshire plants to improve methods by which it separates scrap metal commodities to sell to scrap buyers for recycling such as:

- Running a plant-wide operator awareness campaign on the value of scrap and how it is sold.
- Developing metrics and metric collection templates to measure improvements.
- Installing changeovers for machines related to different material types to include clean-out procedures.
- Educating supervisors and operators on how to make improvements.

After implementing the scrap separation initiatives, on average, G.S. Precision saw an increase in scrap revenue of roughly $40,000 per month while maintaining constant production.
Performance
AEI partnered with ESG Base to develop a proprietary VCA scorecard that evaluates how portfolio companies are:

1. Performing on topics such as reducing emissions, increasing energy efficiency, promoting occupational health and safety, improving data security, and ensuring product safety, where applicable and material to their business.

2. Maintaining appropriate oversight by establishing an ESG lead and an ESG committee as well as aligning with AEI’s Responsible Investment Policy.

Material topics and corresponding standardized metrics were informed by peer and LP research as well as leading frameworks and standards.

AEI leverages the scorecard to measure portfolio companies’ performance across standardized metrics. The scorecard further allows AEI to benchmark and monitor progress against topic-specific targets set for each portfolio company.
AEI provides training for portfolio companies on the scorecard and communicates its oversight expectations.

The scorecard is integrated into annual VCA meetings with the portfolio company board and management teams. During the VCA meetings, AEI’s board discusses progress toward goals and, in collaboration with portfolio companies, sets action plans.
PORTFOLIO-LEVEL PERFORMANCE

We are engaging with portfolio companies to complete a comprehensive Scope 1 and Scope 2 emissions calculation. In addition, we have begun strategically prioritizing and supporting portfolio-level initiatives such as reducing and/or managing emissions as well as establishing reduction targets.

### 2022 PORTFOLIO PERFORMANCE ON VCA SCORECARD

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<th>24</th>
<th>94</th>
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<tr>
<td>Scope 1 and Scope 2 tCO2e per $1m revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MWh consumed per $1m revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Days lost to injury per 1,000 FTEs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Number of data breaches</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category 1 customer escapes</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Note: The above calculations/numbers exclude non-control investments and investments realized in 2022.

### PORTFOLIO PERFORMANCE ON ESG OVERSIGHT AS OF OCTOBER 2023

<table>
<thead>
<tr>
<th></th>
<th>95%</th>
<th>100%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have an ESG committee in place</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have an ESG Lead</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Align with AEI’s Responsible Investment Policy*</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*100% Responsible Investment Policy alignment for control investments that are not publicly traded.
## Firm-Level Performance

### Workplace Demographics**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Female</strong></td>
<td>30%</td>
</tr>
<tr>
<td><strong>Diverse</strong></td>
<td>21%</td>
</tr>
</tbody>
</table>

**As of 10/31/23

### AEI GHG Emissions***

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 my CO2e</td>
<td>0 mt CO2e</td>
<td>50,672 mt CO2e</td>
</tr>
</tbody>
</table>

*** January - December 2022
This Investor Update includes information on AEI’s program for incorporating ESG considerations across AEI’s operations, strategies, and funds. Such program is subject to AEI’s fiduciary duties and applicable legal, regulatory, and contractual requirements and is expected to change over time. Additionally, the act of selecting and evaluating material ESG factors is subjective by nature, and the criteria utilized or judgment exercised by AEI may not align with the views, beliefs or values, internal policies, or preferred practices of any particular investor or other asset manager or with market trends. There are a variety of ESG principles, frameworks, methodologies, and tracking tools; AEI’s adoption and adherence to those discussed herein or to any others is expected to vary over time as ESG practices evolve.

While AEI intends to include ESG as a component of its investment process, as described herein, there can be no assurance that AEI’s ESG initiatives, policies, and procedures as described herein will be applied to a particular investment. AEI is permitted to determine in its discretion, taking into account any applicable contractual commitments or regulatory requirements, that it is not feasible or practical to implement or complete certain of its ESG initiatives, policies, and procedures based on cost, timing, or other considerations; such ESG initiatives, policies, and procedures are not necessarily (and are not purported to be) deployed in connection with each investment. Statements about ESG practices related to portfolio companies also do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG initiative to or within the portfolio company; the nature and/or extent of investment in, ownership of, or control or influence exercised by AEI with respect to the portfolio company; and other factors as determined by investment and operation teams and/or portfolio company teams on a case-by-case basis.

Additionally, ESG factors are only some of the many factors AEI considers with respect to investments, and there is no guarantee that AEI’s implementation of its ESG program, which depends in part on qualitative judgments, will enhance long-term value and financial returns for limited partners. To the extent AEI engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the performance of the investment, and the market or society may not view any ESG results as desirable. Additionally, there can be no assurance that AEI or its investments will be able to achieve any ESG-related objectives (in the time or manner set forth herein or at all), that their actions will not result in outcomes that could be viewed as having a negative ESG effect, or that any historical trends will continue to occur. Actual results may be significantly different from the forward-looking statements herein.

Certain information contained herein relating to ESG goals, targets, intentions, or expectations reflect current thinking and may be subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met. Further, statistics and metrics relating to ESG matters may be estimates and subject to assumptions or developing standards (including AEI’s internal standards and policies).

There is no guarantee that AEI will remain a signatory, supporter, or member of any ESG initiatives or other similar industry frameworks.

The United Nations Sustainable Development Goals (“SDGs”) are aspirational in nature. The analysis involved in determining whether and how certain investments may contribute to or support the SDGs is inherently subjective and dependent on a number of factors. AEI makes no commitment or guarantee that it is investing in companies that have a formal commitment or plan or take specific actions to contribute to, be aligned with, or support progress towards the SDGs. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments contribute to, support or be aligned with a particular SDG or related real world outcome. Accordingly, investors should not place undue reliance on the AEI’s application of the SDGs, as any such application is subject to change at any time and in AEI’s sole discretion.
AEI's case studies presented herein have been selected in order to provide illustrative examples of AEI's application of its ESG program. Descriptions of any ESG achievements or improved practices or outcomes are not necessarily intended to indicate that AEI has substantially or directly contributed to such achievements, practices, or outcomes. For instance, AEI's ESG efforts may have been one of many factors — including such other factors as engagement by portfolio company management, advisors, and other third parties — contributing to the success described in each of the selected case studies. References to these particular portfolio companies should not be considered a recommendation of any particular security, investment, or portfolio company or be used as an indication of the current or future performance of AEI’s investments.

In gathering and reporting upon the ESG information contained herein, AEI may depend on data, analysis, or recommendations provided by investments of the AEI or by third-party advisors or data sources, which may be incomplete, inaccurate, or out of date. None of the figures included in this document were audited, assured, or independently verified by auditors or third-party assurance providers. AEI does not independently verify all ESG information it receives from investments or third-party advisors or data sources, and it may decide in its discretion not to use certain information or accept certain recommendations. AEI makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness, fitness for use, or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor.

Where data is obtained directly from a portfolio company, this data may be inaccurate and the collection of such data may be limited due to human error and/or rounding errors when processing the data. In these situations, the quality and/or consistency will vary between portfolio companies based on potentially diverging approaches. Statistics and metrics relating to ESG matters, including greenhouse gas metrics, are estimates and may be based on estimates and assumptions (which may be inaccurate) or developing standards (including AEI’s internal standards and policies). The accuracy of such statistics and metrics is therefore subject to variance. In addition, such statistics and metrics are provided on an ex-post basis and for informational purposes only, and the provision of such, in relation to an investment, should not be taken to mean that AEI took such information into account in making the decision to make an investment. To the extent AEI made use of such information, it was for risk management purposes.

There can be no assurance that the list of material ESG topics is exhaustive, and additional topics may be identified as material on an investment-by-investment basis. There is no guarantee that any of the steps taken by AEI and/or third parties to mitigate, prevent, or otherwise address material ESG topics will be successful in preventing or mitigating impacts on returns, completed as expected or at all, or will apply to or continue to be implemented in the future.

AEI’s proprietary VCA scorecard applies to investment companies, where deemed relevant.

The inclusion of any third-party firm and/or company names, brands, and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies have endorsed AEI, or any of their respective affiliates. Unless otherwise stated, the information in this report has been compiled as of October 27, 2023.

There is no guarantee that any ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits will be implemented or applicable to the assets held by funds advised or managed by AEI, and any implementation of such ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits may be overridden or ignored at the sole discretion of AEI at any time and in accordance with relevant sectoral legislation unless otherwise specified in the relevant fund documentation or regulatory disclosures made pursuant to Regulation (EU) 2019/2088 ("SFDR"), as applicable. Any ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits referenced are not promoted to investors and do not bind any investment decisions or the management or stewardship of any funds advised or managed by AEI for the purpose of the SFDR unless as otherwise specified in the relevant fund documentation or regulatory disclosures, as applicable. References to “sustainable”, “sustainability” “environmentally sustainable practices” or variations thereof are not intended to reflect the meaning of “sustainable investment” under the SFDR.