



OCTOBER 2022

ESG Investor Update

ae | Industrial
Partners

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About AE Industrial Partners

AE Industrial Partners (“AEI”) is a private equity firm specializing in Aerospace, Defense & Government Services, Space, Power & Utility Services, and Specialty Industrial markets. AEI invests in market-leading companies that benefit from our deep industry knowledge, operating experience, and relationships throughout our target markets. AEI is a signatory to the United Nations Principles for Responsible Investment and the ILPA Diversity in Action initiative.

Learn more at www.aeroequity.com.

Private Investment Firm Specializing in Highly Technical Target Markets



\$5.2B*

Assets Under Management



70

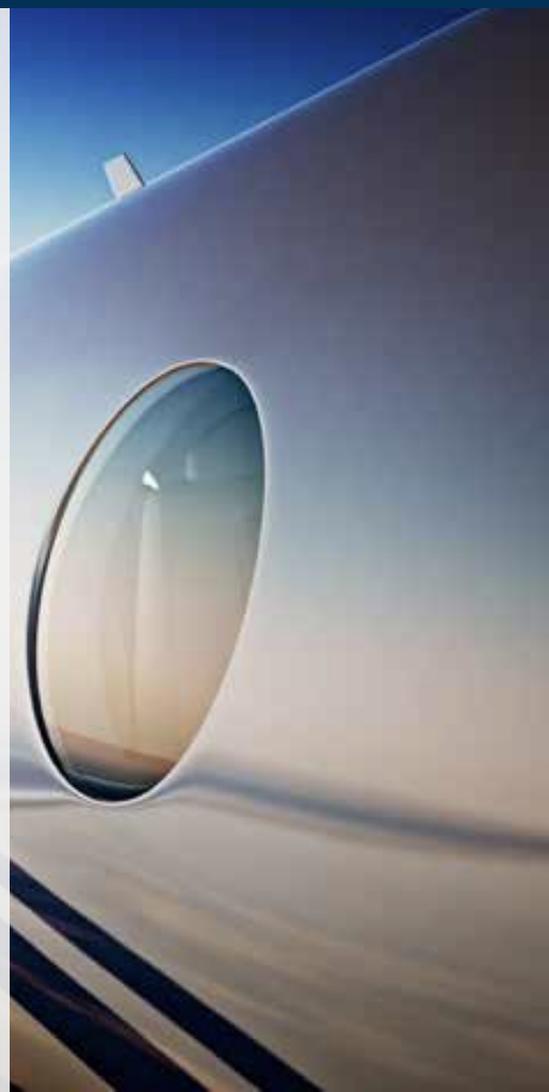
Professionals



100+

Investments Closed Since 2015

*As of 6/30/22



Letter to Stakeholders



Dear Investors and Stakeholders,

On behalf of the AEI team and our cross-functional Environmental, Social, and Governance (ESG) Committee, we are pleased to share our inaugural ESG Investor Update.

It is a time of exciting technological innovations that are advancing the sustainability agenda in our target markets. The continued improvement in aircraft efficiency, expansion of the electric vehicle (EV) charging infrastructure, and decarbonization of the grid are just a few ESG-aligned opportunities where our team has leveraged our operational experience and industry connectivity to invest in and scale.

As investors in middle-market enterprises operating in the Aerospace, Defense & Government Services, Space, Power & Utility Services, and Specialty Industrial markets, we recognize the increasingly self-evident imperative of better ESG practices that align to our goal of maximizing investor value. In recent years, ESG process development and enhancement have become an integral component of our value-creation initiatives. As strategic investors looking to capitalize on the long product lifecycles within our target markets, **we are bullish on the ESG market opportunities that will be unlocked as decarbonization and resource efficiency become even bigger global trends.**

In this ESG Investor Update, we have outlined our ESG integration in the investment process and spotlighted our portfolio companies that are committed to making progress on ESG management. **We are determined to institute a best-in-class ESG integration program at AEI.** With that goal in mind, we are deepening our capabilities with a focus on enabling portfolio companies to build robust, strategic ESG corporate programs that aid business growth. ESG is a key part of our firm's growth plan, and we look forward to sharing updates and progress on our ESG program in subsequent reports.

We operate in complex, highly technical, interdependent ecosystems, and to move the needle on our shared ESG goals, we need participation from a wider set of industries and players. Going beyond the ESG focus areas of our firm, as one of the leading investors in our target markets, we recognize that we have a unique responsibility to facilitate broader ESG education and adoption in the space. In the coming months, we will be launching a thought leadership effort that articulates the ESG and sustainability opportunities of our target markets, with the goal of spurring further innovation and collaboration.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Rowe".

David Rowe
Managing Partner, AE Industrial Partners

A handwritten signature in blue ink, appearing to read "Michael Greene".

Michael Greene
Managing Partner, AE Industrial Partners

ESG Program

ESG Policy

AEI recognizes that the implementation and effective monitoring of a comprehensive ESG policy will be key to assessing and mitigating investment risk and driving value creation across the investment cycle. Our ESG Policy governs our approach to ESG and provides a framework for how AEI assesses and addresses ESG considerations, both at the firm and the portfolio level. The Policy draws upon ESG frameworks and best practice guidelines, including the United Nations Principles for Responsible Investment (UN PRI) and the American Investment Council's Guidelines for Responsible Investment. The Policy also conforms to AEI's existing Compliance Manual which covers a subset of ESG issues addressed in the Policy, such as anti-money laundering and anti-bribery.



ESG Oversight

Senior executives at AEI champion and closely monitor the implementation of ESG integration. AEI's ESG Committee is responsible for oversight, modification, and effective implementation of the ESG Policy. The Committee meets on a quarterly basis and comprises the following senior professionals:



Leanne Erickson
Chief Compliance
Officer



Jennifer Essigs
Director of ESG and
Human Capital



Dan Fermon
Vice President,
Portfolio Strategy
& Optimization



William Fernandez
Director of IT



Katie Folmar
Vice President,
Investor Relations



Michael Greene
Managing Partner



Bryan McElwee
Principal



Carla Monti
Coordinator
ESG/Leasing



Jon Nemo
Senior Partner



Brian Schettler
Partner, Head of
AEI HorizonX



Tess Sprechman
Head of
Investor Relations



**Laurence
Vigeant-Langlois**
Managing Director

Our ESG Committee is directly overseen by our Valuation, Risk & Operations Committee (VROC), our governing committee, which ultimately approves material policy modifications or significant new ESG-focused initiatives at the firm and the portfolio level.

Our Director of ESG and Human Capital has the responsibility for the day-to-day management and execution of our ESG process and initiatives.

ESG at AEI

At the firm-level, AEI is implementing and formalizing ESG practices.

Capacity Building

AEI will:

- Provide periodic training on how to effectively manage material ESG issues throughout the investment process, ownership period, and exit readiness preparation.
- Continue to implement corporate policies to manage firm-level material ESG risks and opportunities, including those concerning data privacy and security, anti-bribery and corruption, business ethics, conflicts of interest, and workforce diversity.

Office Sustainability

AEI is moving into a retrofitted, high-performance new corporate office by year-end 2022. In its new corporate office, AEI has installed a high-efficiency heating, ventilation, air conditioning (HVAC) system, electric vehicle charging stations, and LED lighting and lighting controls. In addition, AEI is exploring solar feasibility to be implemented as part of a future roof replacement.

Diversity, Equity, and Inclusion (DEI)

Investment management is a talent business, and we invest in our people to deepen our competitiveness. We believe that a diverse team and an inclusive culture are foundational to the success of our firm and portfolio. Diversity of background, ethnicity, gender, race, culture, sexual orientation, and thought fosters innovative perspectives that add value to our investment decisions and operations.

In recent years, we have doubled down on our diverse recruitment and retention initiatives. We recognize that commitment to diversity is a work-in-progress, and we will continue to focus on building diverse teams across seniority levels and functions.

We have implemented initiatives outlined on the following page to advance DEI within our firm and the broader private equity industry.



ESG at AEI

DEI Initiatives and Activities

- Launch of DEI Committee that is responsible for reviewing progress on DEI initiatives and implementing new initiatives as necessary.
- Ongoing measurement and monitoring of diversity recruitment and retention metrics and course correction, if necessary.
- Sponsorship and engagement with outreach organizations such as Girls Who Invest, 100 Women in Finance, and Women in Aviation to build a pipeline of diverse candidates and improve retention of diverse groups.
- Firm-wide and portfolio company-wide unconscious bias training to raise awareness regarding employee retention and promotion.
- AEI Women's Affinity Group, focused on creating an inclusive work environment for diverse groups.
- AEI Annual Women's Retreat, an annual retreat that promotes cross-departmental interaction, team building, and inclusion.
- Annual 'Intro to Private Equity Day', offering diverse college students a platform to learn about various aspects of the private equity industry, including interview preparation.
- Employee engagement surveys and 360 review process.
- Mentoring program with active participation from senior team members.



Industry ESG Engagement

AEI participates in a number of ESG networks and initiatives to gain industry insights, engage with peers, and contribute to knowledge building.



PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors, and to 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) is a global, practitioner-led community of private equity firms managing over \$2 trillion in assets seeking to understand better and manage the risks associated with climate change. Members commit to sharing knowledge, experience, and best practice, working together to develop resources that will help standardize practices on climate risk mapping, disclosure, and target-setting in private equity.



ILPA Diversity in Action initiative brings together over 260 LPs and GPs who share a commitment to advancing diversity, equity, and inclusion in the private equity industry.



ESG Data Convergence Initiative streamlines the private investment industry's historically fragmented approach to collecting and reporting ESG data in order to create a critical mass of meaningful, performance-based, comparable ESG data from private companies. As of March 2022, over 130 GPs and LPs have committed to the project, representing over \$10 trillion in AUM.

ESG Integration Across the Investment Lifecycle

1. Due Diligence

AEI has built a process to systematically incorporate ESG considerations into due diligence. Our investment team leverages third-party ESG advisors to conduct ESG due diligence on all target platform investments. All investments over \$15 million and any investment where we identify serious ESG risk factors will require formal ESG due diligence.

Findings are summarized in detailed ESG due diligence reports and included in Investment Committee (IC) memorandums for deliberation, helping AEI identify material ESG risks, understand ESG value protection and creation opportunities, and prioritize ESG improvement areas. These reports are also shared with target companies to help drive action and accountability.

During due diligence, a high-level, quantitative assessment is conducted to measure companies' performance against relevant ESG risk metrics, and benchmark against peers and industry standards. The quantitative assessment is complemented by a qualitative, deeper dive into ESG topics of differing risk and opportunity levels.

As part of the investment decision-making process, AEI seeks to identify and debate any red flags and significant ESG risks and potential ownership-stage risk mitigation strategies. AEI does not move forward with target companies where ESG due diligence uncovers significant ESG risks without an actionable mitigation plan. After the completion of the transaction, ESG opportunities and risks are incorporated into the post-investment action plans.



2. Ownership

Given our focus on acquiring control of founder and family-owned businesses, AEI holds considerable influence with our portfolio companies and is committed to leveraging our influence to drive significant ESG improvements.

Post-investment, AEI explores opportunities to integrate ESG considerations into operational activities and ensures that ESG is an ongoing part of our dialogue with portfolio companies. We are committed to overseeing and managing material ESG issues associated with portfolio companies throughout the investment holding period. Insights on specific, actionable ESG improvement areas identified during the due diligence stages are incorporated into post-close strategic plans. AEI engages with the management teams of our portfolio companies to analyze the ESG due diligence findings and provide resources to address material ESG gaps, as applicable, and create value through capitalizing on ESG opportunities.

AEI will support portfolio companies in establishing corporate governance structures including board and appropriate committees that provide adequate checks and balances, including audit and risk management, fair and goal-aligned compensation planning, and conflicts of interest management.

3. Exit

AEI is committed to institutionalizing the integration of ESG considerations into the exit process.

ESG Integration Across the Investment Lifecycle

Enabling Evidence-Based ESG Value Creation During Ownership

AEI has worked with third-party ESG advisor ESG Base to determine a core set of material ESG topics and corresponding metrics, that were informed by ESG frameworks and standards such as the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD), the World Economic Forum (WEF) Stakeholder Capitalism Metrics, the United Nations Sustainable Development Goals (SDGs), and the ESG Data Convergence Initiative, as well as peer and LP research.



As part of the initial Value Creation Assessment (VCA), AEI will evaluate portfolio companies on these ESG topics. As we collect information, we will explore the feasibility of setting targets.

Portfolio companies' ESG performance will be integrated into the semi-annual VCA meetings. AEI's senior leadership and investment team members will discuss progress with the portfolio company board and management team and set action plans as needed. Throughout the value creation process, our internal communication channels facilitate a steady dialogue between AEI's ESG Committee and the portfolio companies.

Furthermore, we are requesting all portfolio companies, where we have control investments, to establish an ESG lead and a board-level ESG committee within the next 12 months.

Material ESG Topics

- Emissions Management
- Energy Efficiency
- Occupational Health and Safety
- Data Security
- Product Safety



ESG Data Convergence Initiative

As a member of the ESG Data Convergence Initiative, AEI is committed to tracking ESG metrics for our platform investments pertaining to six categories – greenhouse gas (GHG) emissions, renewable energy, diversity, work-related injuries, net new hires, and employee engagement. AEI has leveraged our partnership with ESG Base to calculate Scope 1 and Scope 2 GHG emissions and total energy consumption for all portfolio companies in Funds I and II.

novata

Partnership with Novata

Going forward, ongoing data collection for monitoring ESG factors will be performed using the ESG data management platform Novata. Novata will serve as the centralized library of the most up-to-date ESG data on portfolio companies. LPs will be provided access to the Novata platform on request.

Accelerating
Sustainable
Innovation in Our
Target Markets



AEI HorizonX is our synergistic venture capital investment platform formed in partnership with the Boeing Company in 2021. HorizonX gives us the flexibility to invest in innovative businesses transforming the future of mobility, space and connectivity, industrial tech, and enterprise digital solutions, with a broader emphasis on sustainability. **HorizonX perfectly complements our control buyout and leasing platforms by extending our vantage and “cradle to grave” expertise within our target markets, and allows us to invest in the businesses that will define the next chapter of our target markets.**

AEI HorizonX invests in businesses developing technologies that have the potential to positively transform, impact, and sustain the future of our target markets. AEI HorizonX's current portfolio features 51 global investments, including companies that are driving innovations in artificial intelligence and machine learning, developing solutions to reduce aerospace's climate impact, and optimizing data insights across factories, products, and services. The diverse portfolio features startups from across the U.S., Europe, Asia, and Australia.

Aside from providing capital, AEI HorizonX has helped its portfolio companies accelerate their progress by connecting them with Boeing's broad capabilities and global market reach. AEI HorizonX also partners with Boeing on the company's global accelerator – Aerospace Xelerated – a program that supports seed-stage innovation across the aerospace industry.

Case Studies



Modernizing power grids to build resilience and connectivity to renewable power sources.

According to the International Energy Agency, achieving net-zero emissions by 2050 requires annual clean energy investments around the globe to triple by 2030 to around \$4 trillion¹. However, weak power infrastructure can increase vulnerability to extreme weather events and hinder the transition to renewable energy. As per the U.S. Department of Energy, the U.S. grid is aging and hence increasingly susceptible to malfunctions and power outages that could cost the U.S. over \$70 billion annually². As of 2015, 70% of power transformers and transmission lines in the U.S. were over 25 years old³. However, upgrading the grid is a costly exercise. Replacing over 140,000 miles of U.S. transmission lines by 2050 will cost \$700 billion. Additional fixes and upgrades required to make the transmission lines fit for future needs could require over \$1 trillion. However, neither the local and state regulatory bodies nor the grid operators have the full power to effectively modernize and expand the U.S. grid on a national level and enable the shift to renewables⁴. Bridging the infrastructure gap requires active participation from the private sector.

With the aim of generating “energy for the world,” ENERCON is a multiple discipline engineering and environmental services firm,

facilitating stronger, smarter, and more resilient energy generation and distribution. The team operates through four business units – Power Delivery, Energy (Power Generation and Critical Infrastructure), Nuclear, and Environmental Services – to deliver a broad range of professional services to private, public, and government sector clients in the U.S. and across the globe. As the renewable energy industry continues to grow, the ENERCON team is supporting utility customers by developing and executing approaches that enhance decarbonization efforts and support grid modernization initiatives at the local and regional levels.



1. “Net Zero by 2050”, International Energy Agency, 2021

2. “FACT SHEET: The Bipartisan Infrastructure Investment and Jobs Act Advances President Biden’s Climate Agenda”, The White House, 2021

3. “Quadrennial Technology Review 2015”, U.S. Department of Energy, 2015

4. “Creaky U.S. power grid threatens progress on renewables, EVs”, Reuters, May 2022



Energy Generation and Infrastructure Resilience

ENERCON works with utilities to modernize the infrastructure of their electric grids, ensuring the scale-up of secure, resilient, and affordable power, while also accelerating the transition to smarter grids that can effectively handle increased renewable energy sources.

Grid Modernization

Working with the energy provider for the state of Georgia to support infrastructure upgrade.

Delivery included:

- Distribution engineering on 62 miles of overhead to underground conversions.
- 72 miles of overhead hardening (with an additional 105.4 miles currently in design).
- Planning criteria evaluation of distribution circuits following substation upgrades for 15 substations.

Infrastructure Resilience

Storm Protection Plan

Florida

Underground power lines to improve grid resiliency; More efficient and faster restoration times in the event of storms.

Substation Optimization

North and South Carolina

Upgrade of ageing distribution infrastructure to promote improved system reliability and sustainability.

Distribution Hardening/System Improvement/ Turnkey Storm Secure Underground

Florida

Systematic upgrade and enhanced distribution across all Florida Power & Light territories for increased customer reliability and storm resilience.



Renewable Energy Storage and Transmission

ENERCON works on projects related to energy storage and transmission and Electric Vehicles (EV) that bolster the transition to renewable energy.

Designing and Preparing Battery Energy Storage Systems (BESS) Capabilities

Working with a large electric utility as part of a Battery Storage Research Program to install a lithium-ion BESS and interconnect to 69kV power lines that serve as the backbone of a neighborhood electrical system.

Charging Installations for a Major Logistics Organization

Supporting a major global logistics organization's objective to reach net-zero emissions by 2040 through the design and installation of nearly 3,000 EV fleet charging stations across 12 eastern distribution centers.



Environmental Services During Site Identification

ENERCON helps developers identify the best sites for building renewable energy projects. To arrive at the best project route or location, ENERCON leverages big data and evaluates potential environmental or regulatory risks. The company also identifies sensitive natural resources and recommends site design measures to preserve the habitat.

Supporting Solar and Wind Farm Developments

Marshall Wind Energy

- 7,000-acre wind farm
- 72 MW generating capacity

PacifiCorp Winds Farms

- 32,238-acre wind farms
- 334 MW generating capacity

RWE/E.ON, Stella Wind Farm

- 35,000-acre wind farm
- 201 MW generating capacity
- Ability to power >60,000 homes

Solar Farm Project

- 600-acre solar farm
- Energy generated for 30,000 homes

Acquisition of Ardent Environmental Group

In July 2022, ENERCON acquired Ardent Environmental Group, an environmental consulting firm providing technical expertise to clients in support of real estate acquisitions, sales, and management. The company has joined ENERCON's Environmental Services Group, which provides services across complex, multisite environmental programs for customers in power and energy end markets.



Case Studies

ESG Management at
Portfolio Companies

Applied Composites (“AC”) supplies complex composite components, assemblies, engineering, and tooling to the aerospace, defense, and space systems markets.



Enabling Energy Efficiency

Aerospace, defense, and space system manufacturers are increasingly replacing metal content in their equipment with composites. Composites perform better than their metal counterparts across multiple aspects including fuel efficiency, weight reduction, thermal stability, corrosion and fatigue resistance, durability, reparability, design flexibility, and safety.

AC is competitively positioned to fulfill this growing demand for composites and help its consumers build more energy-efficient equipment through its build-to-print and build-to-spec services.



Diversity, Equity, and Inclusion (DEI)

- AC is committed to building a diverse and inclusive workforce. The company launched its Leading Ladies of Applied (LLA) program in 2021 (pictured below). LLA hosts 30 women across the business and focuses on female empowerment, growth, and development within the organization. The LLA represents a diverse array of careers and backgrounds.
- AC also runs a veterans program, helping men and women successfully transition from the military into civilian careers and explore leadership opportunities.





Environment, Health, and Safety (EHS)

AC is implementing sound EHS practices at its sites through baseline safety audits, environmental programs, key safety programs review and training, equipment assessments, and business continuity plans.

100% reduction in non-compliant findings and **80%** reduction in partially compliant findings as per 2021 baseline safety audits.

28% reduction in overall Total Recordable Incident Rate (TRIR) owing to 2022 safety activities.

Annual sustainability audit conducted in Q1 2022.

AC leverages several workplace tools, practices, and methodologies such as the 5S (Sort, Set, Shine, Standardize, and Sustain) methodology, the Leader Standard Work program, and town hall meetings to foster continuous improvement at the workplace. Through Daily Communication & Accountability (DCA), a series of daily “Tier” meetings across the sites, AC provides employees an opportunity to voice safety concerns and actions, review weekly safety topics, and evaluate their performance on the dimensions of safety, quality, delivery, inventory, and productivity.

AC’s EHS initiatives include standardizing EHS-related forms, sharing 4-Blocker Root Cause and Corrective Action (RCCA) analysis for all injuries across the group, conducting weekly EHS calls and monthly safety committee meetings, and performing evacuation, shelter-in-place, and business continuity plan scenario drills. Executives review various safety metrics and indicators on a monthly basis related to safety audits, TRIR, injuries/incidents, safety calendar, and business continuity plan.

Hazardous Waste Management

AC implemented the following initiatives as part of its Hazardous Waste Program in 2021:

- Eliminated compliance risk
- Provided awareness training to all employees
- Reduced 44% waste from 2018 to 2019 by defining segregation criteria
- Reduced 24% waste from 2019 to 2020 by utilizing Carbon Fiber Recycler

In 2022, AC conducted a third-party hazardous waste profiling and identified 80% of its waste as non-hazardous.



Improving ESG Practices at North Coast Cleveland Facility

In April 2022, AC acquired North Coast - comprising North Coast Composites and North Coast Tool & Mold based in Cleveland, Ohio - from Unitech Holdings.

Post-acquisition, AC evaluated North Coast on several ESG dimensions including employee turnover, gender diversity, discrimination, safety, and environmental measures, and accordingly started implementing targeted ESG practices. As part of the environmental program, AC is prioritizing the air emissions permit, spill prevention control & countermeasures (SPCC), stormwater discharge permit or exemption, and hazardous waste generator registration for North Coast. AC implemented several initiatives such as new hire and exit surveys and a formal recruitment process to enhance employee engagement and workplace diversity.



The Atlas Group (“Atlas”) provides complex aerospace products and services for commercial, business, and defense clients across the globe.

Atlas focuses on vertical integration, innovative practices, and lean manufacturing. Vertical integration allows Atlas to deliver a broad range of complex aircraft assemblies, including complete aircraft doors, escape hatches, wing structures, and flight control assemblies for a growing list of leading aerospace OEMs.



Renewable Energy

Atlas is working to ensure environmentally responsible operations through renewable power sourcing.

Renewable Energy Sourcing at the Wichita, Kansas Site

Over 75% of Atlas’ energy supply at its Wichita, Kansas site – where most of its employees are based - is powered by local, renewable wind sources. The Wichita facility’s suite of capabilities includes complex assembly, precision machining, and sheet metal fabrication. In agreement with energy supplier Evergy since 2019, Atlas has sourced its wind power from the Oklahoma-based Ponderosa Wind Energy Center - a subsidiary of NextEra Energy Resources LLC, the world’s largest generator of renewable energy from the wind and sun. The contract with Ponderosa Wind Energy Center is helping Atlas ensure site efficiency, build competitiveness for renewable energy, and support local economies, jobs, and revenue for local communities.





Leadership Development

Atlas actively promotes leaders from within its workforce and assembly/manufacturing lines through its Leadership Development Program. Aspiring leaders are identified through company-wide performance assessment, and top performers are encouraged to join the program. Every year, over 10% of the workforce is exposed to training, role-playing, and mentorship, helping them prepare to grow into roles of increased leadership. From 2018 to 2021, Atlas's employee turnover decreased by over 50% to currently stand at 14%.



Cybersecurity

As the aerospace and defense industry looks for ways to drive efficient, faster-moving methods of production through digitization - including the use of robotics and greater integration of operational technologies - the risk of cyber threats is rapidly growing. As regulatory requirements grow stringent, theft of sensitive data is a key area of concern.

Cyber risk management is integral for Atlas. Upon joining, all Atlas employees receive cybersecurity training as well as technology security infrastructure to support cyber resilience. Atlas's information security team manages an array of assets that are prone to cyber-attacks and keeps up-to-date with the latest technology to help detect and foil potential threats. Atlas utilizes Barracuda, SonicWall Next-Generation security, and Binary Defense Systems to build cyber resilience.

Compliance

- U.S. Department of Defense external certificate
- Authorized user of the DIB.net cyber security reporting system
- DFARS 252.204-7012 complaint
- Cybersecurity Maturity Model Certification (CMMC) expected by the end of 2024



Disclaimers

The data and information in this report ("Report"), which has been prepared by AE Industrial Partners (together with its affiliates, "AEI"), are presented for informational purposes only. This Report shall not constitute an offer to sell or the solicitation of any offer to buy any interest, security, or investment product. The information in this Report is only as current as the date indicated, and may be superseded by subsequent market events or for other reasons, and AEI assumes no obligation to update the information herein. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision. This Report should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

Certain information contained in this report constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "seek," "expect," "anticipate," "project," "estimate," "intend," "continue," "target," "plan," "believe," "strive," "could," "would," "approximate," the negatives thereof, other variations thereon, or comparable terminology. Furthermore, any projections or other estimates in this report, including estimates of returns or performance or relating to any goals, targets, intentions or expectations, are "forward-looking statements" and are based upon certain assumptions that may change. More broadly, statements that do not relate strictly to historical or current facts are based on current expectations, estimates, projections, opinions or beliefs of AEI and its affiliates or its sources of information as of the date of this report. Due to various known and unknown risks, assumptions, and uncertainties related to the forward-looking statements in this report, including the ongoing impact of the COVID-19 pandemic, actual events or results or actual performance could differ materially and adversely from those expressly or implicitly reflected, or contemplated, in such forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results or actual performance. Additional risks of which AEI is not currently aware could cause actual results to differ. The risks and uncertainties that may affect the operations, performance and results of AEI's business and forward-looking statements include, but are not limited to, those set forth in this report and in the documents AEI files from time to time with the Securities and Exchange Commission. In addition, unless the context otherwise requires, the words "include," "includes," "including" and other words of similar import are meant to be illustrative rather than restrictive. Any forward-looking statement speaks only as of the date on which such statement is made, and AEI assumes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

There can be no assurance that AEI's ESG policies and procedures as described in this report will continue; such policies and procedures could change, even materially. AEI is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations. Statements about ESG initiatives or practices related to portfolio companies 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 teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case-by-case basis. ESG factors are only some of the many factors AEI considers in making an investment, and there is no guarantee that AEI will make investments in companies that create positive ESG impact or that consideration of ESG factors 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 financial or ESG performance of the investment. In addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by AEI will reflect the beliefs or values, internal policies or preferred practices of investors, other asset managers or with market trends. Further, statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards (including AEI's internal standards and policies).

Case studies presented herein are for illustrative purposes only, and are not intended to be a representative reflection of all portfolio companies or used as an indication of the current or future performance of AEI's portfolio companies, and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Unless otherwise stated, references to ESG initiatives and performance at portfolio companies are not intended to indicate that AEI has materially contributed to such initiatives or performance. Further, references to the investments included in the illustrative case studies should not be construed as a recommendation of any particular investment or security. Certain information was provided by third parties and certain statements reflect AEI's beliefs as of the date hereof based on prior experience and certain assumptions that AEI believes are reasonable, but may prove incorrect. Past performance is not necessarily indicative of future results.

Materiality is used within this document to describe issues relating to ESG strategies that we consider to be of high or medium importance in terms of stakeholder interest and potential business impact. Materiality, for the purposes of this document should not, therefore, be read as equating to any use of the word in other AEI reporting or filings. No part of this Report shall be taken to constitute an invitation or inducement to invest in AEI, nor should this Report be relied upon in making investment decisions.

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