# Sustainability Report

2025

IIP | Institutional Investment Partners



SUSTAINABILITY REPORT

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01

# Introduction

Why we are publishing this report and the perspectives that shape it

# Welcome

A MESSAGE FROM OUR MANAGING PARTNER

## Private equity investors can help raise the floor for ESG practices. At IIP, we want to contribute by setting clear expectations and engaging with managers across different levels of ESG maturity.

I am pleased to introduce IIP's first public Sustainability Report. Over the past several years, ESG has become an increasingly integrated part of IIP's investment activities. What began as a focus on investment restrictions and risk assessments has evolved into a more structured approach covering manager selection, due diligence, monitoring and reporting, with a focus on managing material risks and identifying opportunities to support long-term value creation.

At IIP, we see ESG as part of being a disciplined, long-term investor. We look for managers with strong ESG practices, but we do not believe that progress depends on investing only with those already leading the field. Private equity also provides an opportunity to bring ESG expectations into discussions with managers that are less advanced in their approach. While our level of influence varies across investments, we set clear expectations for the managers we invest with and engage actively with them to improve practices over time. Where relevant, we also share our experience, insights and practical resources to help managers strengthen their ESG approach.

In 2025, several initiatives helped build a stronger foundation for our work with ESG. We launched our first Article 8 fund, established a Sustainability Committee, updated our ESG Investment Policy and strengthened our approach to ESG data collection and monitoring.

This report marks the next step in the development of IIP's ESG approach. It outlines how ESG considerations are integrated into our investment activities and presents observations across our managers and their underlying portfolio companies. It also highlights the challenges and limitations we encounter, while identifying opportunities for further development.



Maria Hjorth

*Managing Partner*

# Three observations from 2025

The 2025 review confirms a familiar but uneven picture across IIP's portfolio. Managers differ in how far ESG is embedded in their investment and ownership processes, while portfolio-level conclusions remain constrained by the quality and coverage of reported data.

01

### Managers are at different stages of ESG maturity

Formal policies and governance structures are increasingly common, but the depth of ESG processes still varies across strategies, markets and manager size.

02

### Policies are only part of the picture

More developed approaches connect ESG policies and due diligence findings with action plans, monitoring and LP reporting. However, this link is not yet consistently established.

03

### Data remains the key constraint

Portfolio company data is self-reported and coverage varies across managers and portfolio companies. Differences in definitions, methodologies and source controls affect comparability, while gaps in coverage continue to limit the completeness of some portfolio-level indicators.

**STRENGTHENING THE DATA FOUNDATION**

In 2026, IIP used Harvest by Dasseti for its annual ESG data collection for the first time. The platform provides a structured workflow, validation checks and an audit trail, making it easier to identify gaps and inconsistencies and follow up with managers. While this strengthens the integrity of the collection process and supports improved coverage over time, it cannot fully address limitations in the underlying source data.

# IIP at a glance

02

Our organisation, investment activities and ownership

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# IIP at a glance

IIP is a Danish private equity fund-of-funds manager investing on behalf of institutional and private wealth investors, primarily through fund commitments and selected co-investments alongside fund managers (GPs).

ASSETS UNDER MANAGEMENT AND ADMINISTRATION

## ~DKK 110bn

As of publication

**Primary investment exposure**
**Europe and North America**

INVESTMENT MODEL

## Fund-of-funds investor with selected co-investments

THREE INVESTMENT STRATEGIES

| Buyout | Co-investments | Venture |
|---|---|---|
| Fund commitments | Alongside GPs | Fund commitments |

# Scale, experience and a long-term approach

IIP's investment activities are supported by an experienced organisation and a long-term approach to sustainability.

IIP IN NUMBERS

**11** INVESTMENT FUNDS MANAGED

**~40** EMPLOYEES

**~300** FUND COMMITMENTS AND CO-INVESTMENTS

As of publication

SUSTAINABILITY AT IIP

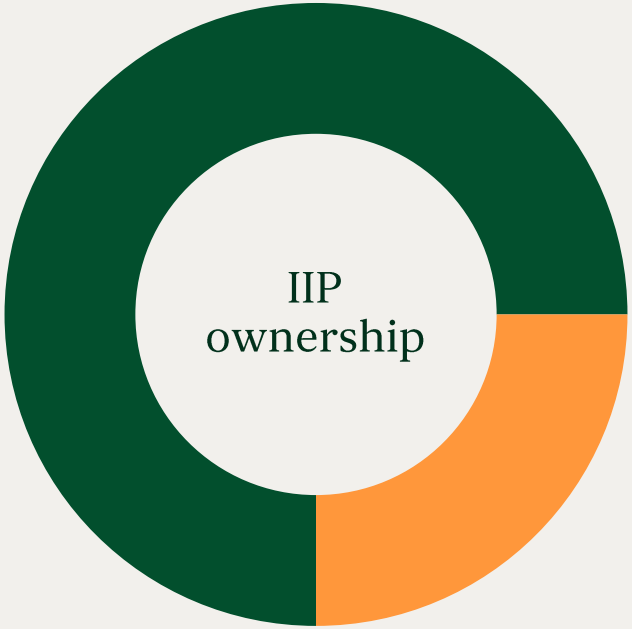
## A systematic approach to sustainability supports long-term value creation and effective risk management

IIP considers sustainability throughout the investment process, from manager selection to ongoing monitoring and dialogue. The approach focuses on material risks and opportunities and is guided by internationally recognised standards.

# A long-term ownership structure

IIP is owned by PKA and Lars Larsen Group, two Danish owners with a long-term commitment to private equity.

OWNERSHIP OF IIP




75% PKA

Danish labour-market pension fund and IIP's majority owner

25% Lars Larsen Group

Danish family office and shareholder in IIP since 2025

IIP MANAGES FUNDS ON BEHALF OF

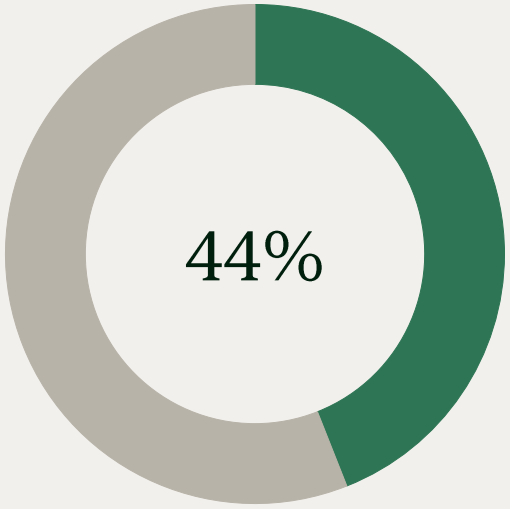
Pension funds • Family offices • Foundations • High-net-worth individuals

# Gender representation at IIP

Gender diversity in private equity remains low, particularly in investment roles and at senior levels. IIP seeks to be an inclusive and equal-opportunity employer and encourages greater attention to diversity across the industry.

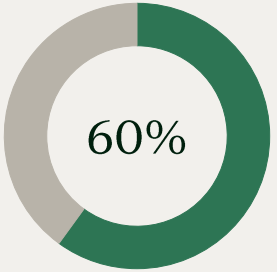
*Figures as of 31 December 2025*

## IIP overall



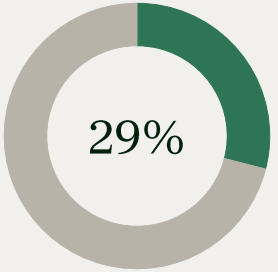

17 women / 22 men

## Executive management




3 women / 2 men

## Investment team




4 women / 10 men · excl. management

### One dimension of diversity

Gender representation provides one view of diversity. These figures do not capture differences in background, experience or identity, which also contribute to an inclusive organisation.

● WOMEN ● MEN

03

# Our sustainability approach

How ESG considerations are integrated across IIP's investment activities

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# Navigating ESG in private equity

IIP invests both through private equity funds and in co-investments alongside GPs. Our access to information and ability to influence ESG practices vary depending on the investment structure and our role in the investment. This shapes both the information available to us and the way we can influence ESG practices.

## STRUCTURAL CONSIDERATIONS SHAPING OUR APPROACH

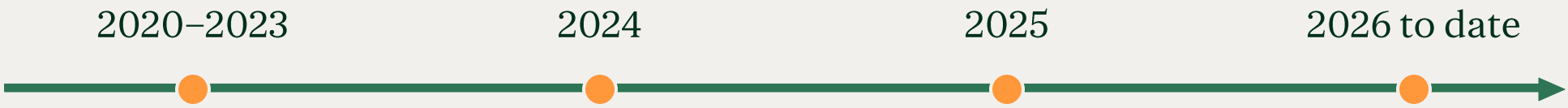
| | | |
|---|---|---|
| 01 | **INDIRECT OWNERSHIP** | As a fund-of-funds investor, IIP does not, in most cases, have direct ownership or control of the underlying portfolio companies. Our influence is primarily exercised through manager selection, clear expectations and ongoing dialogue with GPs. |
| 02 | **VARYING ESG MATURITY** | ESG practices vary across private equity managers, strategies and markets. Reporting and processes are often less consistent than in other asset classes, and some managers are still building ESG expertise. Smaller portfolio companies may also have limited resources and formal structures. IIP therefore expects ESG practices to reflect company size and maturity and to develop as companies grow. |
| 03 | **ACCESS AND EXPECTATIONS** | Access to sought-after funds is competitive, and successful managers can choose between LPs. IIP must therefore remain an attractive and constructive investment partner while setting clear and proportionate ESG expectations. This requires careful judgement about which issues to prioritise and how expectations are pursued in practice. |

**IMPLICATIONS FOR IIP**

IIP focuses on material risks, sets expectations early and uses dialogue to encourage progress. Requirements and follow-up are adapted to the strategy, market and maturity of the manager and underlying companies, while maintaining clear minimum standards.

# Strengthening IIP's sustainability approach over time

IIP has progressively strengthened its sustainability approach across due diligence, governance, data collection and reporting.




### FOUNDATION

- IIP began strengthening its ESG approach
- ESG assessments formalised as part of due diligence across buyout, co-investments and venture, including IIP's 1-5 rating scale

### DEDICATED CAPACITY

- Head of Sustainability appointed
- First internal ESG report
- Expanded ESG data collection from GPs introduced

### GOVERNANCE & INFRASTRUCTURE

- First SFDR art. 8 fund launched (IIP Co-Invest I)
- Sustainability Committee established and ESG policies updated
- A strategic review identified key areas to strengthen IIP's sustainability approach

### FURTHER INTEGRATION

- Three new SFDR art. 8 funds launched (IIP PF V, IIP Venture III and IIP Europe I)
- New ESG data platform used for the first time, strengthening the annual data collection process
- First public Sustainability Report

# ESG governance

Defined roles support accountability and the consistent integration of sustainability considerations into IIP's investment and risk-management processes.



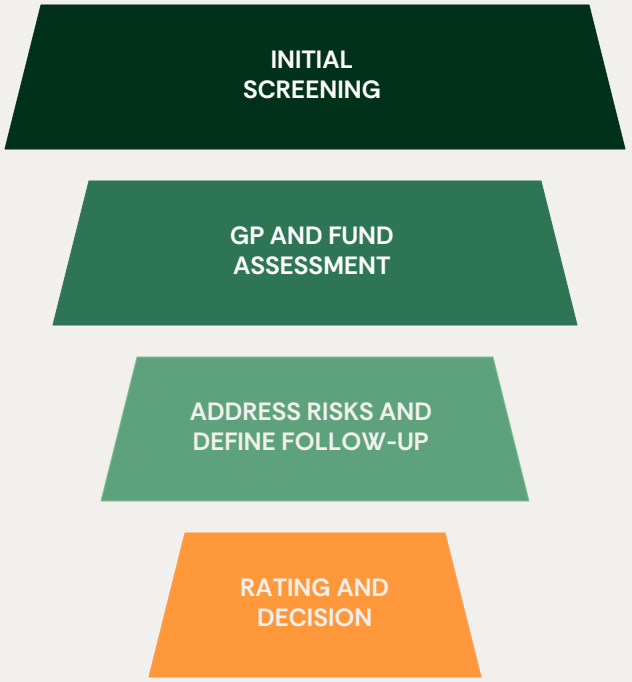

**From policy to practice**

These roles help put IIP's policies into practice throughout the investment process. IIP considers both how sustainability issues may affect financial performance and how investments may affect people, society and the environment.

# ESG due diligence before investment

IIP applies a structured ESG assessment to fund commitments. For co-investments, the same principles are adapted to the company, sector and ownership structure.

THE DECISION PATH




### Screen for fit and non-negotiable restrictions

- Fund mandate, strategy and relevant prior investments reviewed
- Alignment with IIP's exclusions, sanctions and tax requirements assessed
- Investment opportunities that do not meet IIP's requirements do not proceed

### Assess the GP, fund and material risk context

- Material sector and country risks identified
- The GP's ESG policy, resources and integration assessed
- The GP's monitoring, reporting and improvement plans reviewed

### Address risks and define follow-up

- Material findings discussed and clarified with the GP
- IIP's ESG restrictions reflected in the side letter or LPA
- Monitoring items identified for inclusion in the decision material

### Integrate the assessment into the investment decision

- GP assigned an ESG rating using IIP's 1–5 scale
- Material sustainability risks and identified monitoring items included in the Investment Committee material
- Lower maturity may be acceptable where commitment to improve is credible

# Monitoring after investment

IIP monitors material ESG matters throughout the investment period and follows up with GPs when concerns arise or further information is needed.

**137**

**ACTIVE LPAC SEATS**

**IIP holds LPAC seats across ~82% of IIP's buyout funds**

## HOW IIP MONITORS

01

### MONITORING PRIORITIES

Monitoring covers both material ESG matters identified during due diligence and relevant developments after investment, including incidents and changes in the GP's ESG practices.

02

### INFORMATION AND FOLLOW-UP

Monitoring draws on annual ESG data from managers and portfolio companies, fund reporting and incident notifications. IIP supplements this information through ongoing dialogue with GPs and participation in annual general meetings and LPACs. Where concerns or information gaps are identified, IIP seeks clarification and follows up with the GP.

**WHAT IS AN LPAC?**

Participation in Limited Partner Advisory Committees – investor committees that advise GPs on selected fund matters – gives IIP access to fund-level governance, information and dialogue with managers.

# Engagement and escalation

If IIP becomes aware of a material ESG issue, it seeks to understand the circumstances and assess the GP's response. Further steps depend on the nature and severity of the issue and whether the GP's response is adequate.

| | | |
|---|---|---|
| 01 | UNDERSTAND THE ISSUE | Seek relevant information and assess the materiality of the issue and the GP's response |
| 02 | ENGAGE WITH THE GP | Communicate IIP's expectations, discuss appropriate action and follow the GP's handling of the issue |
| 03 | INCREASE LEVERAGE | Where relevant, engage alongside other investors or use available LP rights |
| 04 | CONSIDER FURTHER ESCALATION | If repeated engagement does not lead to adequate action, the response may affect future commitments. Divestment may be considered in severe cases |

| | |
|---|---|
| CO-INVESTMENTS | For co-investments, IIP generally engages through the GP, which acts as the active owner and is typically better placed to influence the portfolio company. |

04

# Manager review

What the 2025 data tells us about ESG practices across our managers

# Why a manager-level ESG review matters

THE FUND-OF-FUNDS CONTEXT

As a fund-of-funds investor, IIP generally does not have direct ownership or control of the underlying portfolio companies.

IIP's ability to understand and influence ESG practices across the portfolio therefore depends on the managers it selects and works with.

THE IMPLICATION FOR IIP

An annual manager-level ESG review provides a structured basis for assessing managers' ESG capabilities, identifying relevant follow-up areas and informing ongoing dialogue.

HOW THE REVIEW SUPPORTS IIP'S APPROACH

01 MANAGER SELECTION

The review complements pre-investment due diligence and provides evidence that can inform future manager-selection decisions. It helps IIP assess whether ESG is embedded in governance and investment practices.

02 ONGOING MONITORING

A consistent annual review improves year-on-year comparability across the portfolio and helps IIP identify key developments, areas requiring attention and specific points for follow-up.

03 ENGAGEMENT

The findings provide a concrete basis for dialogue with GPs. Where approaches are developing, IIP can use its position as an investor to encourage stronger practices and follow progress over time.

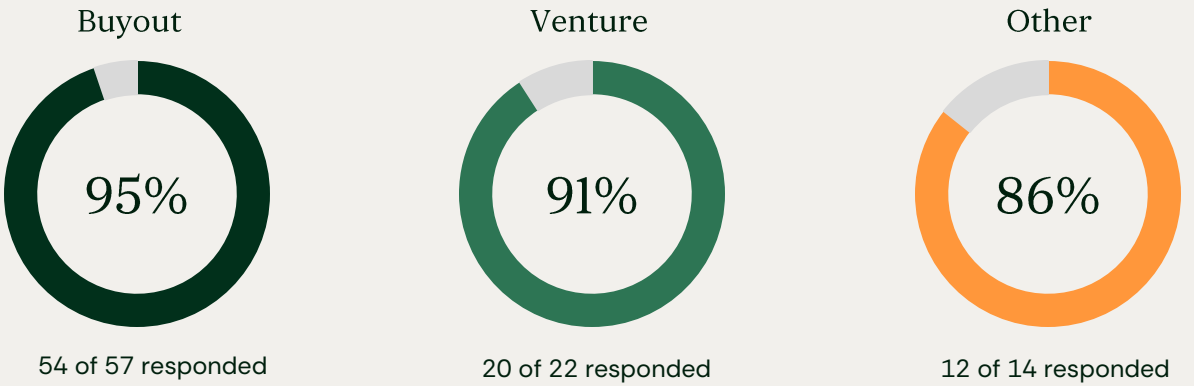
# First annual manager-level ESG review

In 2026, IIP conducted its first annual collection of manager-level ESG data, covering the 2025 reporting year. The resulting review provides a more systematic view of ESG practices across IIP's managers and supports ongoing monitoring and follow-up.

**93**

GPs included in the review

## Response rate by GP category




## Value of the review

**Broad participation**
86–95% response across GP categories

**Comparable information**
A more consistent view across managers

**Basis for follow-up**
Identify gaps and focus dialogue with GPs

Note: Response rates are based on the number of GPs contacted, not NAV coverage. Information is self-reported and has not been independently verified. 'Other' includes infrastructure and other legacy investments that are no longer active IIP strategies.

# ESG policies are widely established

The annual manager review considered whether GPs had an ESG policy in place. The results below show responses by strategy but do not assess the content or implementation of the policies.




WHAT THE RESULT SHOWS

**KEY TAKEAWAY**

Most GPs report having an ESG policy, although the share is lower among venture managers. The result shows whether a policy is in place, but not its scope, maturity or implementation in practice. Experience shows that the level of maturity varies significantly across managers.

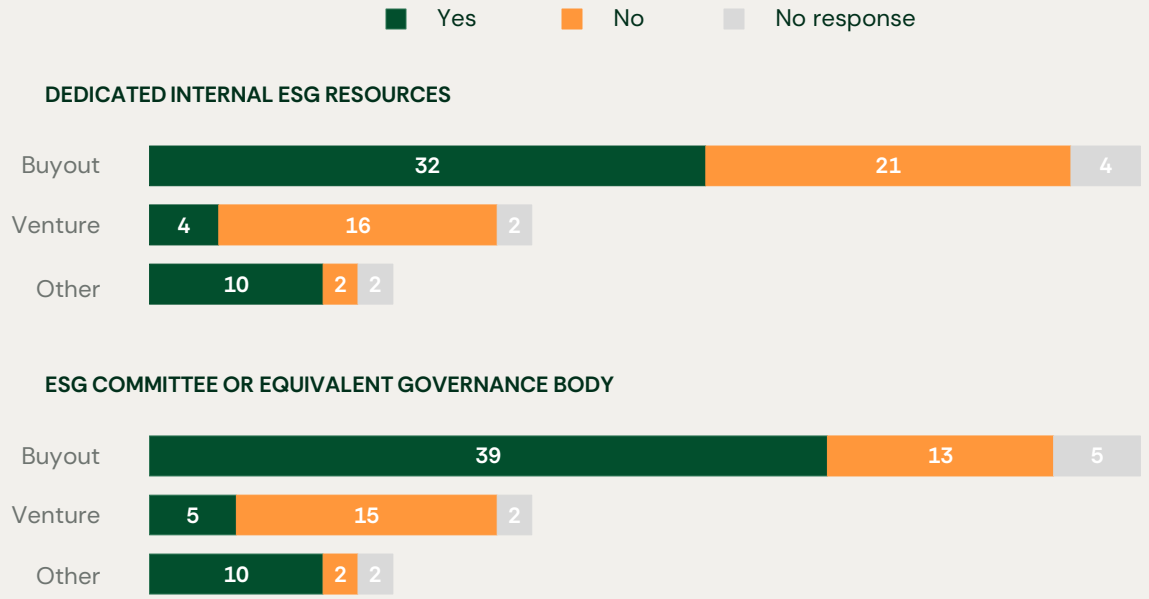
**IIP FOLLOW-UP**

As part of the ongoing update to its pre-investment ESG due diligence, IIP is strengthening its assessment of GPs' ESG policies, looking beyond whether a policy exists to consider the maturity, including the scope, governance, review, level of detail, etc.

Note: Bar length reflects the number of GPs contacted. Percentages are calculated against all GPs contacted within each strategy. 'No response' is shown separately and is not treated as 'No'. 'Other' includes infrastructure and other legacy investments that are no longer active IIP strategies.

# How managers organise ESG governance

The review assesses whether managers have dedicated internal ESG resources and a formal ESG committee or equivalent governance body. Results are shown as counts by strategy, with missing responses presented separately.




INTERPRETATION

**KEY TAKEAWAY**

While most GPs have an ESG policy, fewer have dedicated ESG resources or formal oversight in place. This difference is most pronounced among venture managers but is also significant among buyout managers.

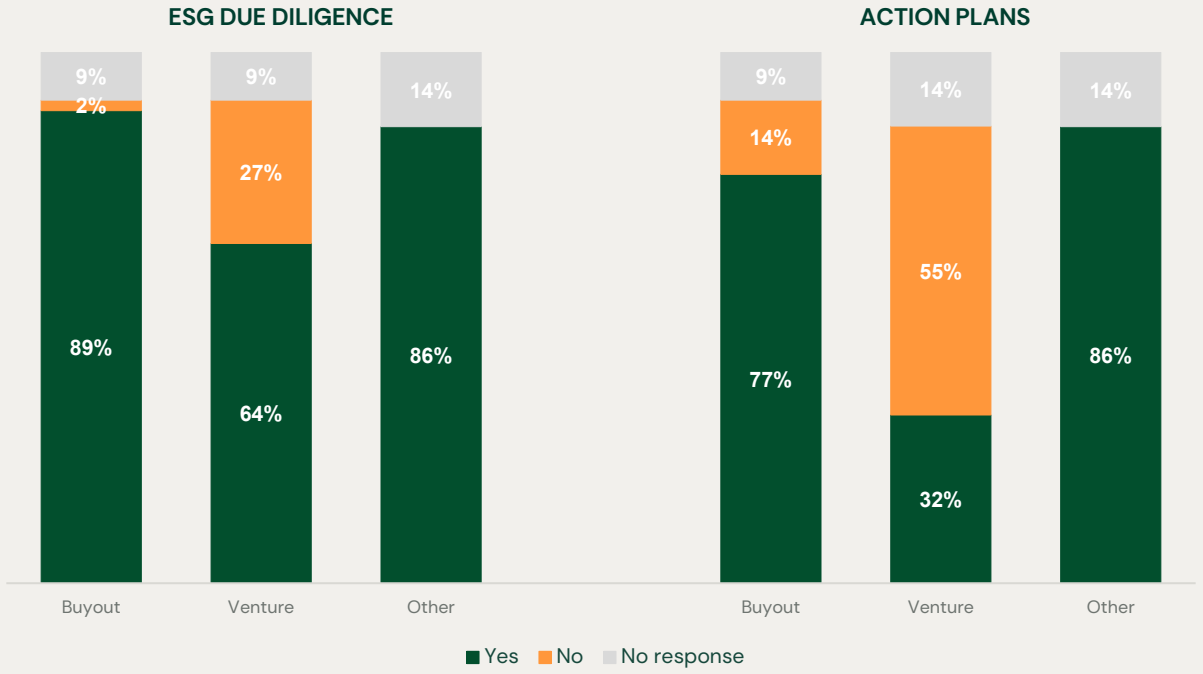
**IIP FOLLOW-UP**

For GPs without dedicated ESG resources or a formal governance body, these remain important areas for IIP's monitoring and dialogue. IIP encourages managers to establish appropriate ESG responsibilities and oversight, taking account of their size, strategy and organisational structure.

Note: Bars show the number of GPs contacted. "No response" is presented separately and is not treated as "No". 'Other' includes infrastructure and other legacy investments that are no longer active IIP strategies.

# From ESG assessment to action plans

The two indicators show whether managers conduct ESG due diligence before investment and translate material findings into structured action plans for the ownership period.




INTERPRETATION

**KEY TAKEAWAY**

ESG due diligence is more widely established than formal action plans. The gap is most pronounced among venture managers, suggesting that identified ESG matters are not always converted into structured ownership priorities.

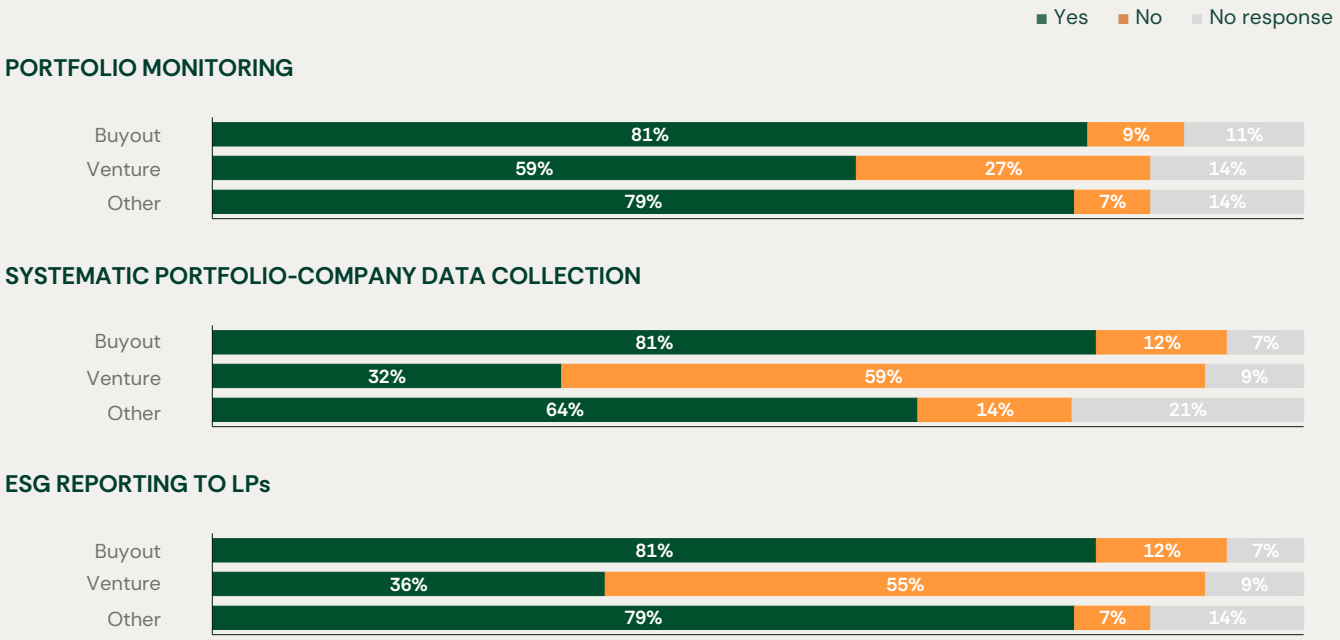
**IIP FOLLOW-UP**

Where IIP finds that a GP's ESG due diligence is insufficient or that material ESG risks are not reflected in action plans, these become important areas for monitoring and dialogue. IIP encourages managers to identify material ESG matters before investment and take a structured approach to addressing them during the ownership period.

Note: Percentages are rounded to the nearest whole number and may therefore not sum to 100%. Percentages are calculated based on all managers contacted for each strategy, including managers that did not respond. 'Other' includes infrastructure and other legacy investments that are no longer active IIP strategies.

# How managers monitor and report ESG performance

The three indicators show whether managers monitor ESG during ownership, systematically collect portfolio-company data and report ESG performance to LPs.




INTERPRETATION

**KEY TAKEAWAY**

Most Buyout and Other managers report monitoring ESG, systematically collecting portfolio-company data and reporting ESG performance to LPs. Venture managers appear significantly more challenged in these areas, particularly in relation to systematic data collection and LP reporting.

**IIP FOLLOW-UP**

Where a GP does not systematically monitor ESG, collect portfolio-company data or report ESG performance to LPs, these become important areas for IIP's monitoring and dialogue. IIP encourages managers to establish processes for tracking material ESG matters, collecting relevant data and providing appropriate information to LPs.

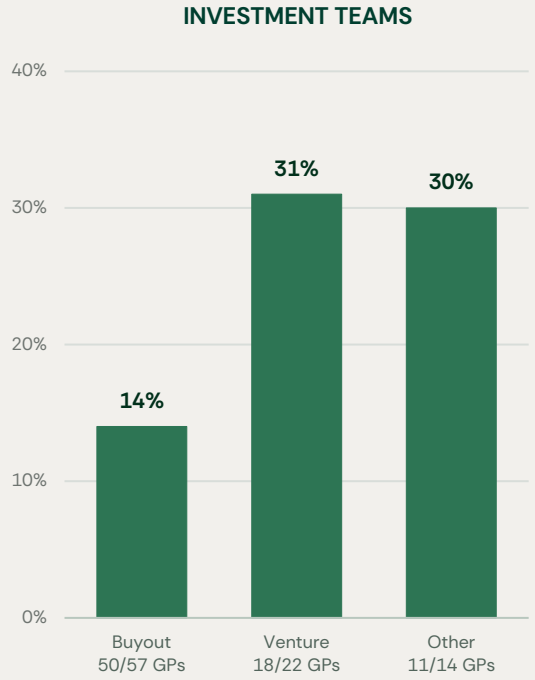
**REPORTED INCIDENTS**

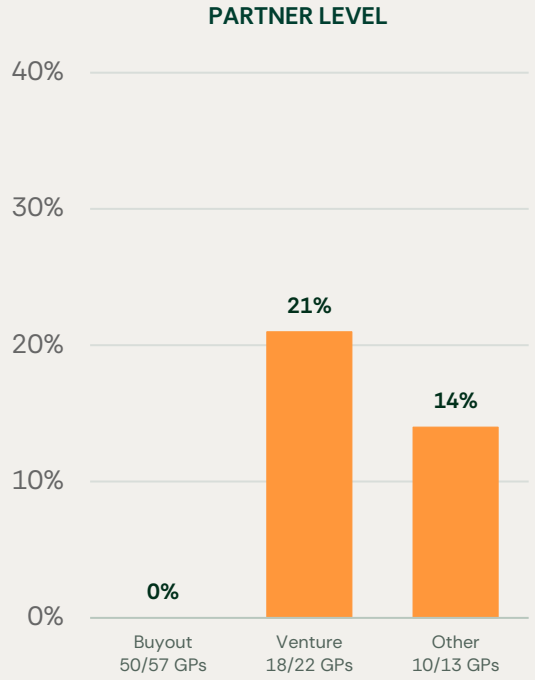
A small number of managers reported material ESG incidents as part of IIP's ESG data collection and portfolio review. The disclosures provide valuable insight into how managers identify, escalate and respond to ESG-related issues. IIP reviews each incident individually, including the manager's response and any remedial actions taken.

Note: Percentages are rounded and may not sum to 100%. 'Other' includes infrastructure and other legacy investments that are no longer active IIP strategies.

# Female representation narrows with seniority

Across all three strategies, the median reported female share is higher in investment teams than in partner groups. Each GP is weighted equally.




INTERPRETATION

**KEY TAKEAWAY**
Female representation is higher in investment teams than in partner groups across all three strategies. Among buyout managers, the median female share at partner level is 0%, reflecting that 30 of 50 reporting GPs have no female partners.

**IIP PERSPECTIVE**
A broader pipeline of women in investment teams is an important foundation for improving diversity at senior levels. Recruitment alone is not sufficient: retention, promotion and succession also determine whether female talent progresses into the partnership.

Note: Bars show the median female share reported by each GP. Each GP is weighted equally. For the partner level, one Other GP is excluded because it does not have a partner structure. 'Other' includes infrastructure and other legacy investments that are no longer active IIP strategies.

# Female representation in GP senior leadership

Senior leadership is assessed as whether a GP has at least one woman as CEO, Managing Partner or equivalent. This is a presence measure, not a female headcount share.

## GPs with a female Managing Partner, CEO or equivalent

| Buyout | Venture | Other |
|---|---|---|
| 1 | 6 | 0 |
| 2% | 27% | 0% |
| of 57 GPs | of 22 GPs | of 14 GPs |

**KEY TAKEAWAY**

Women remain rare in the most senior GP roles. Only 7 of 93 managers assessed have a woman as CEO, Managing Partner or equivalent: one buyout manager, six venture managers and none in Other.

**IIP FOLLOW-UP**

Female representation remains low across private equity, including among many of the managers IIP invests with. To identify practical ways of contributing to improvement, IIP will review how gender diversity can be addressed more systematically through our investment activities and dialogue with managers.

# Portfolio review

05

Selected sustainability indicators across underlying portfolio companies

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# How to read the portfolio review

PORTFOLIO COMPANY DATA

## Current data provides an initial view — not a full portfolio assessment.

Portfolio company ESG data remains uneven across private equity. Many underlying companies are small and have limited resources and less mature ESG reporting systems. Managers may therefore report for only part of their portfolios or for a limited set of indicators.

**93**

**GPs asked to provide portfolio company ESG data in 2025**

**Coverage varied significantly across managers and indicators.**

### The following portfolio indicators should be read with three points in mind

01 **Participation is not coverage**

A GP is counted if it reported at least one portfolio company KPI. This does not mean that all companies or all indicators were reported.

02 **Coverage limits interpretation**

The figures describe the companies for which data was available. They should not be read as complete portfolio performance.

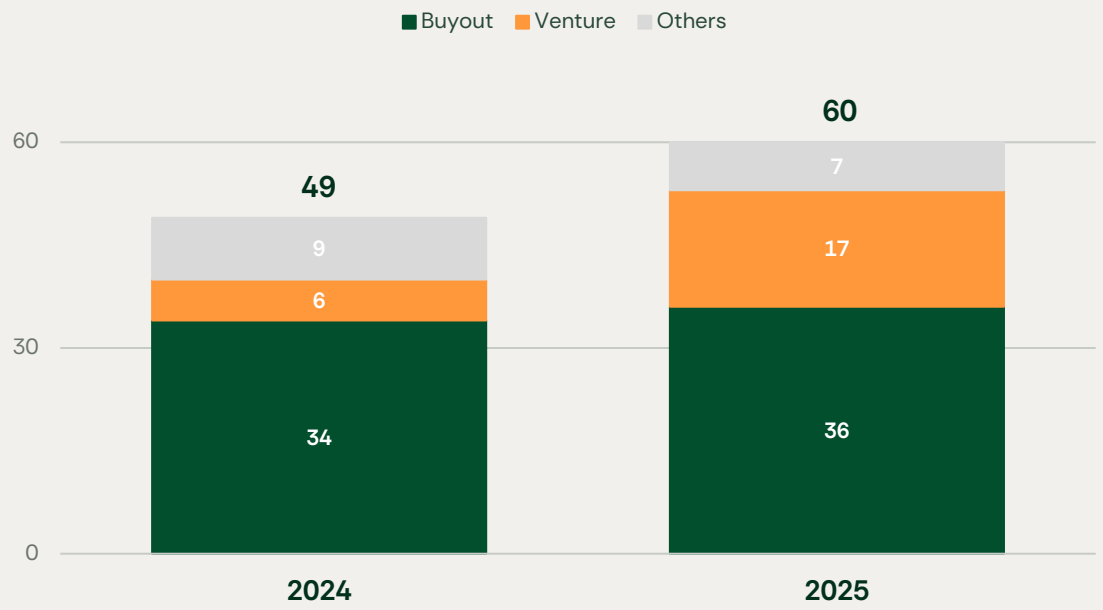
03 **Use as reference points**

The results help build visibility and provide a starting point for improving data quality and future year-on-year assessment.

# Portfolio company reporting increased in 2025

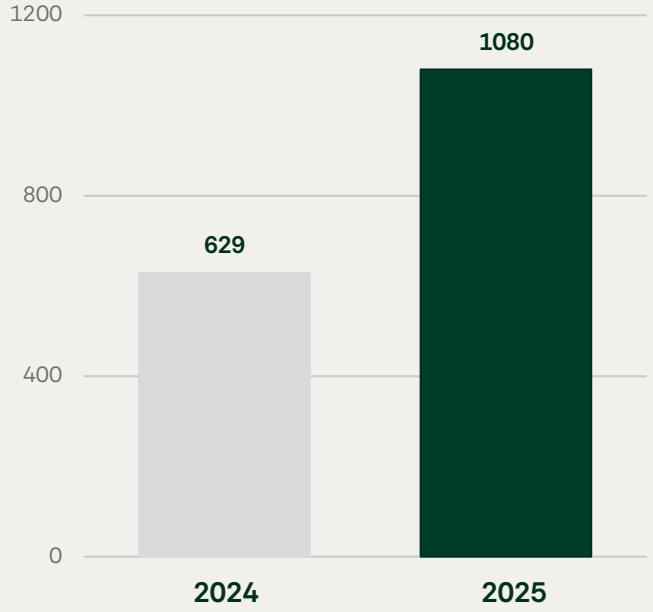
## GPs providing portfolio company data

Number of managers, by strategy




## Portfolio companies reported

Number of companies




### A more hands-on collection process in 2025

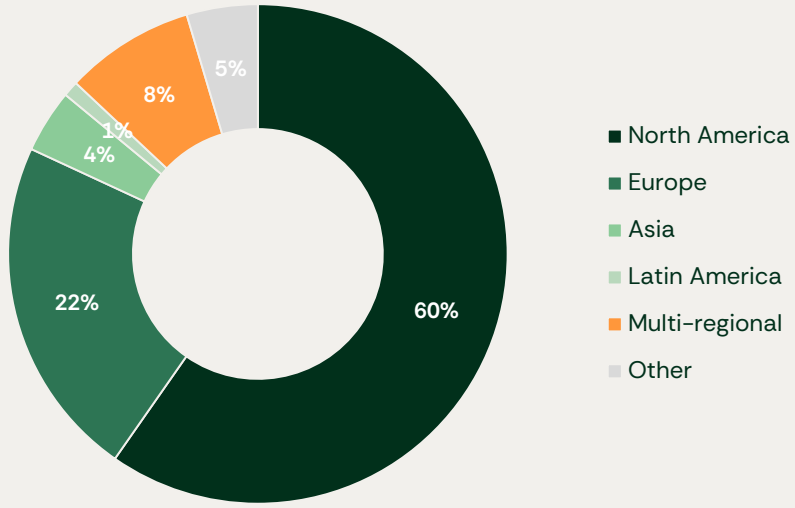
IIP combined its first use of the ESG data collection platform, Harvest by Dasseti, with targeted follow-up and practical support, particularly for venture managers that had not previously reported portfolio company data. These efforts have helped increase the the number of reporting GPs.

# Portfolio composition

Unrealised portfolio composition based on the latest available data, weighted by unrealised value

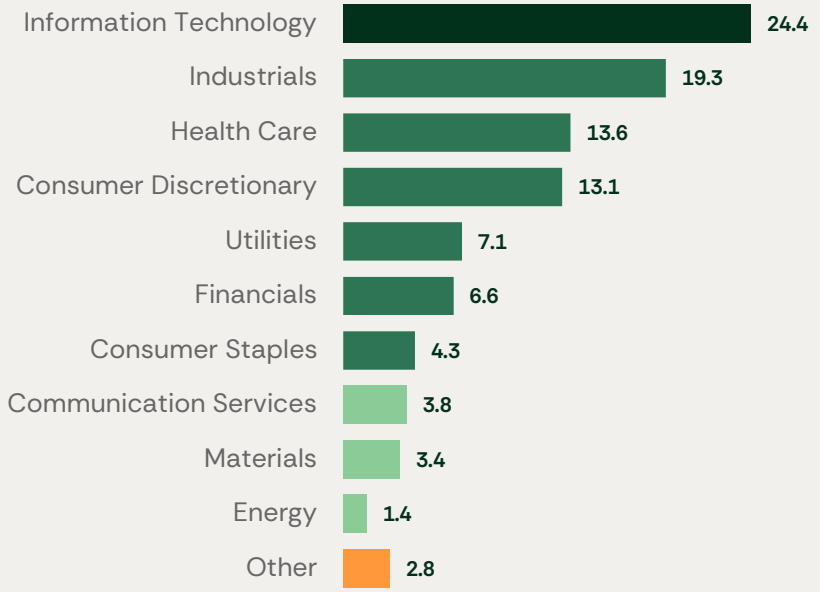
## Geography

Primary country of operations




## Sector

Primary sector of operations

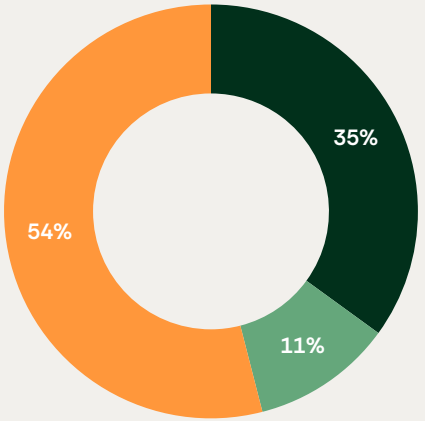



Note: Geography and sector exposure are weighted by the unrealised value of underlying portfolio investments. Geography is based on primary country of operations; sector is based on primary sector of operations. Percentages may not sum to 100% due to rounding.

# Reported GHG emissions by scope

The figures aggregate greenhouse gas emissions reported by underlying portfolio companies. The chart shows how the reported total is distributed across Scope 1, Scope 2 and Scope 3 emissions.

### SHARE OF TOTAL REPORTED EMISSIONS




### SHARE OF GPs PROVIDING AT LEAST ONE GHG DATAPOINT

**49%** EUROPE · 17/35 **27%** US · 14/51

### TOTAL GHG EMISSIONS

## 619,768

$tCO_2e$

**Data coverage: 10.22% of portfolio value**

| | | |
|---|---|---|
| ■ | **Scope 1** | 216,212 $tCO_2e$ \| 10.22% |
| ■ | **Scope 2** | 66,038 $tCO_2e$ \| 10.22% |
| ■ | **Scope 3** | 337,518 $tCO_2e$ \| 10.22% |

### HOW TO READ THE RESULT

Scope 3 accounts for the largest share of reported emissions. As data coverage is currently limited to 10.22% of portfolio value, the figures describe the companies for which data was available and should not be read as the portfolio's complete emissions footprint. Continued annual data collection will provide a basis for tracking developments through year-on-year comparisons. Such comparisons will need to be interpreted in light of changes in data coverage and portfolio composition.

Note: GHG emissions and data coverage are calculated in accordance with the SFDR PAI methodology.

# Selected climate-related portfolio indicators

The indicators provide complementary perspectives on portfolio-company emissions and exposure to fossil fuel activities. Reported results should be read in light of the coverage shown; IIP's own estimate provides a full-portfolio view of fossil-fuel exposure.

### CARBON FOOTPRINT

74.05

$tCO_2e$ / €M invested

**DATA COVERAGE**

10.22% of portfolio value

### HOW TO READ THE RESULT

Carbon footprint measures attributable Scope 1, 2 and 3 emissions relative to portfolio value. It provides an early reference point for future comparison, but current coverage is too limited for firm conclusions.

### EXPOSURE TO THE FOSSIL FUEL SECTOR

3.50%

**DATA COVERAGE**

29.95% of portfolio value

### HOW TO READ THE RESULT

The reported SFDR PAI result measures the share of investments in companies active in the fossil fuel sector. With coverage of 29.95%, it should be read as a directional indication.

### IIP'S PORTFOLIO ESTIMATE

Based on the latest available data, IIP estimates that **1.6%** of unrealised portfolio value is exposed to the fossil fuel sector. This provides a broader portfolio view but draws on a different data source and is therefore not directly comparable with the reported figure above.

**IIP FOLLOW-UP** IIP will continue to improve data coverage and monitor emissions and fossil-fuel exposure using portfolio analysis.

The reported indicators and coverage figures follow the SFDR PAI methodology. IIP's 1.6% estimate is based on its own assessment of the full unrealised portfolio.

# Selected social and governance indicators

The indicators provide selected perspectives on board representation and social safeguards across the portfolio. Each result reflects reported data and should be read together with its individual coverage.

### BOARD GENDER DIVERSITY

## 10.89%

**DATA COVERAGE**
21.55% of portfolio value

**HOW TO READ THE RESULT**

The indicator measures the investment-weighted average share of women among board members in the companies covered. It provides an initial view of board representation, but current coverage is too limited for firm portfolio-wide conclusions.

### EXPOSURE TO CONTROVERSIAL WEAPONS

## 0.00%

**DATA COVERAGE**
29.50% of portfolio value

**HOW TO READ THE RESULT**

The indicator measures the share of covered portfolio value invested in companies reported as involved in controversial weapons. No exposure was identified, but the result is a directional indication rather than a complete portfolio-wide verification.

**IIP FOLLOW-UP** The 0% result applies only to covered data and does not replace IIP's restrictions or portfolio-wide verification.

Note: Figures and data coverage are calculated using the SFDR PAI methodology. Results reflect only companies for which data was available.

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# Market trends and emerging topics

Developments shaping ESG in private equity

# Responsible AI – an emerging investment issue

AI is moving quickly into companies' products and day-to-day operations. For investors, the question is not only where AI may create value, but also what new risks follow when it is introduced without adequate controls.

## 01 IMPACT ON INVESTMENTS

AI may strengthen some business models and weaken others. It can improve efficiency, support new products and change how companies compete. It may also leave companies exposed if they lack the skills, data or systems needed to use the technology well. The investment impact extends beyond AI developers: companies across sectors may be affected as the technology changes customer expectations, cost structures and the role of employees.

### AREAS TO CONSIDER

- Effects on existing portfolio companies
- New products and investment opportunities
- Changes to business models and competitive positioning, including the risk of falling behind peers
- Implications for costs, skills and employment

## 02 RISKS FROM THE USE OF AI

The risks depend heavily on how AI is designed and used. Poor data, weak oversight or unclear responsibility can lead to privacy breaches, biased outcomes, security incidents and harm. Risks should be considered from the design stage, when decisions about data, safeguards and human oversight are made. In high-risk uses, including defence, limited human oversight can increase the risk of serious harm and make responsibility for decisions less clear.

### AREAS TO CONSIDER

- Risk assessment and safeguards from the design stage
- Data protection and cybersecurity
- Bias and human rights impacts
- Accountability, transparency and human oversight
- Energy use and environmental impact

**IIP'S FOCUS**

IIP is building its understanding of how AI may affect investments and how GPs are addressing the issue. Where relevant, AI-related questions is part of our due diligence and our ongoing dialogue with managers.

# Navigating a diverging ESG landscape

THE CHALLENGE

IIP invests across Europe and the US, where ESG is approached differently. IIP must meet European requirements and assess material risks while remaining a constructive and attractive partner to sought-after US managers. Both considerations are part of IIP's fiduciary duty.

EUROPE

European regulation and investor expectations have made ESG a more established part of investment decision-making, risk management and reporting. While the regulatory framework continues to evolve, ESG is increasingly viewed as a component of long-term value creation.

UNITED STATES

In parts of the US, ESG terminology has become politically contested. Some managers continue to address the underlying issues under other headings, while others have slowed further development in response to political pressure.

IIP'S APPROACH

IIP looks beyond terminology and assesses how material issues are managed in practice. It adapts engagement to the manager's context without lowering expectations and uses its position as an investor to encourage stronger practices and follow progress.

# Looking ahead

Priorities for the remainder of 2026 and beyond

The priorities build on IIP's ongoing work to strengthen its sustainability approach and on insights from the 2025 reporting and manager-review cycle. The focus is on embedding these developments in due diligence, monitoring and engagement with managers.

**2026+ workstreams**

| | | |
|---|---|---|
| 01 | Strengthen ESG due diligence, monitoring and incident response | Continue updating pre-investment ESG due diligence and monitoring, including processes for identifying, assessing and responding to material ESG incidents and ensuring consistent follow-up on monitoring priorities. |
| 02 | Improve data quality, coverage and benchmarking | Use findings from the 2025 reporting cycle to benchmark data quality and coverage across managers and provide structured feedback on reporting gaps. |
| 03 | Turn manager-review findings into engagement | Use the annual manager review to prioritise targeted follow-up on ESG governance, integration, portfolio monitoring, data collection and reporting. |

Alongside these priorities, IIP will continue to build its understanding of emerging sustainability-related issues, including responsible AI.

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# Appendices

Supplementary information

# Appendix 1: Principal adverse impacts – entity level

Reference period: 1 January – 31 December 2025

This overview summarises IIP's entity-level principal adverse impact indicators for 2025. Reported impacts should be read together with data coverage; the full PAI statement is available on IIP's website and provides the underlying definitions, methodology, explanations and actions.

| PAI indicator | Impact 2025 | Coverage |
|---|---|---|
| **MANDATORY INDICATORS** | | |
| GHG emissions | Scope 1: 216,211.80 $tCO_2e$<br>Scope 2: 66,038.06 $tCO_2e$<br>Scope 3: 337,517.78 $tCO_2e$<br>Total: 619,767.64 $tCO_2e$ | 10.22% |
| Carbon footprint | 74.05 $tCO_2e$ / €M invested | 10.22% |
| GHG intensity | 6,363.25 $tCO_2e$ / €M revenue | 11.19% |
| Exposure to the fossil fuel sector | 3.50% of AUM | 29.95% |
| Non-renewable energy consumption and production | 65.64% | 13.97% |
| Energy consumption intensity per high impact climate sector[1] | D: 7.54; E: 0.16; F: 0.32;<br>G: 0.02; H: 2.73; L: 0.001 | 5.87% |
| Activities affecting biodiversity-sensitive areas | 0.37% of AUM | 21.24% |
| Emissions to water | 3.93 tonnes / €M invested | 12.28% |
| Hazardous and radioactive waste | 0.67 tonnes / €M invested | 16.11% |
| **SELECTED ADDITIONAL INDICATORS** | | |
| Companies without carbon reduction initiatives | 18.09% of AUM | 22.96% |
| Operations affecting threatened species | 0.00% of AUM | 15.10% |
| Companies without a biodiversity protection policy | 12.56% of AUM | 15.82% |

| PAI indicator | Impact 2025 | Coverage |
|---|---|---|
| **MANDATORY INDICATORS** | | |
| UNGC/OECD Guidelines violations | 0.03% of AUM | 27.30% |
| Lack of UNGC/OECD monitoring processes | 1.79% of AUM | 18.77% |
| Unadjusted gender pay gap | 3.09% | 12.44% |
| Board gender diversity (average female board representation) | 10.89% | 21.55% |
| Exposure to controversial weapons | 0.00% of AUM | 29.50% |
| **SELECTED ADDITIONAL INDICATORS** | | |
| Companies without accident prevention policies | 0.00% of AUM | 6.93% |
| Companies without a human rights policy | 10.15% of AUM | 18.07% |

[1] A: Agriculture, forestry and fishing; B: Mining and quarrying; C: Manufacturing; D: Electricity, gas, steam and air conditioning supply; E: Water supply, sewerage, waste management and remediation activities; F: Construction; G: Wholesale and retail trade and repair of motor vehicles and motorcycles; H: Transportation and storage; and L: Real estate activities

# Appendix 2: Manager-level metrics

Metrics included in IIP's manager review data collection for reporting year 2025

## POLICIES

- ESG policy (Y/N) - year of latest update – provide latest version
- Code of Conduct (Y/N)
- Diversity & inclusion policy (Y/N)
- Anti-discrimination and equal opportunities policy (Y/N)
- Anti-corruption and anti-bribery policy (Y/N)
- Cybersecurity & data management policy (Y/N)

## DIVERSITY

- Total number of employees
- Number of male employees
- Number of female employees
- Number of non-binary employees
- Number of other employees (prefer not to disclose gender)
- Total number of partners
- Number of male partners
- Number of female partners
- Number of non-binary partners
- Number of other partners (prefer not to disclose gender)
- Total number of employees in the investment team
- Number of male employees in the investment team
- Number of female employees in the investment team
- Number of non-binary employees in the investment team
- Number of other employees (prefer not to disclose gender) in the investment team
- Annual FTE turnover

## ESG INTEGRATION, PROCESSES & TRANSPARENCY

- Membership of any ESG initiatives or organisations
- Dedicated internal ESG resources (FTEs)
- ESG committee or equivalent governance body (Y/N) – who sits on the committee
- ESG due diligence on new investments to identify potential ESG risks and opportunities (Y/N) – describe process
- Are ESG priorities supported by action plans for the portfolio companies during the ownership period (Y/N) – describe process
- Monitoring of the portfolio companies' progress on ESG (Y/N) – describe process
- Ambitions to improve ESG practices within the next two years (Y/N) – describe ambitions
- Reporting on ESG performance to LPs (Y/N) – describe reporting means
- Systematic collection of ESG data from portfolio companies (Y/N)
- Material ESG-related incidents or controversies involving the GP or any portfolio company (Y/N) – describe the issue
- Remediation efforts undertaken in relation to ESG-related incidents or controversies

## TAX GOVERNANCE & COMPLIANCE

- Investments in, or routed through, jurisdictions listed on the EU's non-cooperative tax jurisdictions list (Y/N) - identify investment, tax jurisdiction and relevant circumstances
- Ongoing or pending material tax disputes involving legal entities in which IIP has invested, directly or indirectly (Y/N) - describe the issue
- Remediation efforts undertaken in relation to tax disputes

# Appendix 3: Portfolio company metrics

Metrics included in IIP's portfolio company data collection for reporting year 2025

## COMPANY FUNDAMENTALS

- Portfolio company name
- Reporting year
- General Partner name
- Fund name
- Year of initial investment in the company
- GP ownership (%)
- Fund ownership (%)
- Country of domicile / headquarters
- Primary country of operations
- Primary sector of operations
- Primary industry of operations
- Primary sub-industry of operations
- Currency
- Revenue
- Enterprise value
- Current value of all investments in the fund
- Operations and/or revenue in sanctioned countries

## DIVERSITY

- Total number of board members
- Number of women board members
- Number of board members from under-represented groups
- Total number of C-suite employees
- Number of women C-suite employees
- Unadjusted gender pay gap (%)

## GHG EMISSIONS

- Scope 1 emissions ($tCO_2e$)
- Scope 1 predominant methodology
- Scope 2 emissions ($tCO_2e$)
- Scope 2 predominant methodology
- Scope 3 emissions ($tCO_2e$)
- Scope 3 predominant methodology

## CLIMATE & ENVIRONMENT

- Decarbonisation strategy or plan in place (Y/N)
- Total energy consumption (kWh)
- Renewable energy consumption (kWh)
- Active in fossil fuels (Y/N)
- Business operations in a high-impact climate sector (Y/N)
- Policy regarding biodiversity (Y/N)
- Activities negatively affecting biodiversity-sensitive areas (Y/N)
- Pollution of water (tonnes)
- Hazardous waste generated (tonnes)
- Activities affecting threatened species (Y/N)

## WORK ENVIRONMENT

- Number of work-related injuries
- Number of work-related fatalities
- Days lost due to injury
- Total FTEs at the end of the current year
- Total FTEs at the end of the previous year
- Net change in FTEs due to M&A during the year
- Annual FTE turnover (number)
- Employee survey conducted regularly (Y/N)
- Employees responding to the survey (%) — optional

## HUMAN RIGHTS & BUSINESS CONDUCT

- Violations of UN Global Compact principles or OECD Guidelines for MNEs (Y/N)
- Lack of processes and compliance mechanisms for monitoring UNGC and OECD Guidelines compliance (Y/N)
- Involvement in manufacturing or selling controversial weapons (Y/N)
- Human rights policy in place (Y/N)
- Workplace accident prevention policy in place (Y/N)

*Disclaimer*

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