

## **AIP: ESG Policy Overview**

### ***ESG Philosophy***

American Industrial Partners is committed to assessing material ESG risks and opportunities for the investments we make. Material ESG factors can be important to the value of our investments, and ultimately to the value we return to our investors. We believe that integrating ESG considerations throughout our investment process is aligned with our responsible stewardship of industrial assets.

### ***ESG Approach***

AIP seeks to incorporate the thoughtful management of ESG factors throughout the lifecycle of each investment:

- **Deal Screening**: We screen for material ESG risks and opportunities.
- **Diligence**: Investment professionals seek to further identify potential material ESG risks and opportunities. As part of this effort, AIP aims to understand a target company's current efforts related to addressing ESG risks, including their level of awareness and the maturity of any processes related to addressing, reporting on, or mitigating these risks.
- **Portfolio management**: Following investment, AIP's ESG reporting process is introduced, and ESG priorities and actions are incorporated into the company's ESG Operating Agenda. We monitor progress against major ESG priorities during the investment lifecycle.

### ***Use of Specialists***

AIP uses third-party specialists to support our approach to ESG integration. These specialists provide guidance and advice with respect to potentially material ESG risks and opportunities that our portfolio companies face.

### ***ESG Governance***

ESG is one of AIP's Operating Pillars and members of our senior leadership oversee our ESG policy. Our ESG policy undergoes annual review and we hold ESG-related trainings no less than annually.

### ***ESG Reporting***

AIP periodically reports on our ESG initiatives to our investors.

### ***Industry Engagement***

AIP views involvement with industry organizations that are leaders in ESG efforts as important to enhancing and driving the Firm's ESG program forward. AIP is a member of the Institutional Limited Partners Association (ILPA) Data Convergence Initiative focused on standardizing ESG metrics and measurement across the industry. Further, AIP has committed to the ILPA Diversity in Action Initiative as part of its efforts to further diversity in the private equity industry.