



2025 Sustainability
Report

Palladio Partners Sustainability Report

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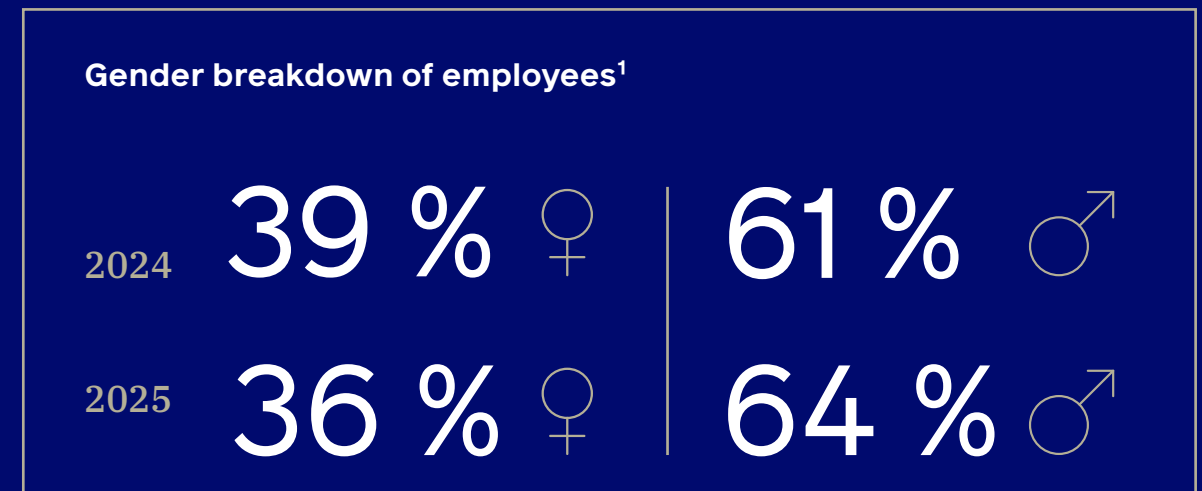
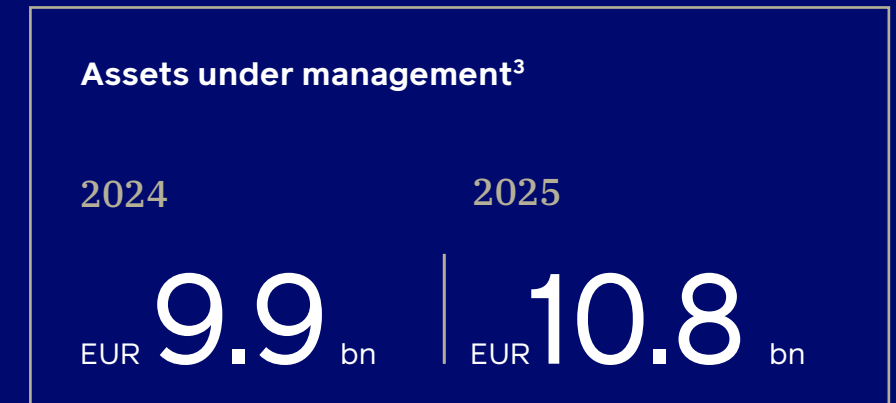
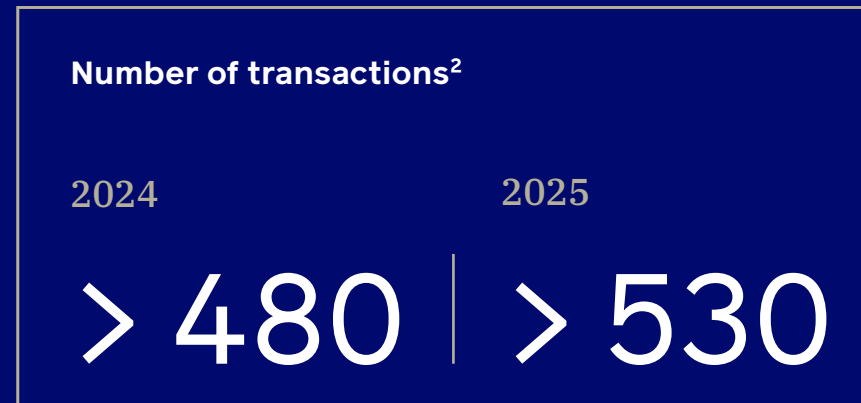
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Note on classification

This sustainability report is a voluntary publication. It does not constitute sustainability reporting within the meaning of the Corporate Sustainability Reporting Directive (CSRD) and is not a non-financial report within the meaning of section 289 b(3) in conjunction with section 289 c(2) of the German Commercial Code (Handelsgesetzbuch, HGB). The report is primarily aimed at institutional investors and is for information purposes only. The case studies contained within it are not representative of the entire investment portfolio or of individual strategies and are intended solely to provide an illustration. No assurance or guarantee is provided that comparable investment opportunities will be available or can be exploited in future. Please note the detailed legal information at the end of this report.



Palladio Partners at a Glance



¹ As of January 1, 2026. The total number of employees at Palladio Partners is made up of all employees, including working students.
² As of September 30, 2025, updated January 2026. Excluding transactions of Palladio Partners strategies.
³ As of December 31, 2025, including investment advisory mandates
 (The same applies to any subsequent references to AuM, unless other information is added when AuM are subsequently mentioned.)

Looking to the Future

In 2025 we reached the important milestone of EUR 10 billion in assets under management and further strengthened our position as a specialist investment boutique for private markets.

Our ambition is to continue investing in projects that will advance the long-term transformation in Germany and beyond. Alongside national initiatives such as the opening of the energy-efficient YEXIO data center in Heiligenhaus in collaboration with HOCHTIEF, the start of our cooperation with Voltfang in the area of energy storage and our investment in hylane, a leading European zero-emission truck leasing company, we also continue to focus on international partnerships. One example of such a long-term partnership is Meridiam – a global infrastructure investor that, as a 'société à mission', makes environmental and social goals an integral part of its corporate strategy. In this way, we are deploying the funds entrusted to us where we can generate stable returns while simultaneously achieving a long-term impact.

We are in the midst of a global transformation that is being driven by developments such as digitalization and the challenges posed by climate change. Many countries require substantial investment, and

the public sector cannot meet this need alone. The mobilization of private capital is therefore a prerequisite for progress, with institutional investors such as pension schemes and insurers playing a key role.

We are driven by the conviction that long-term investment is the basis for creating lasting value.

We do not see sustainability as an extra dimension, but an integral part of our investment approach. Consideration of ESG issues in accordance with the Principles for Responsible Investment (PRI) is essential to our identity. We firmly believe that this integration will reduce risks and create value in the long term.

This ambition has its roots in our founding concept of making economies future-proof. We believe that the transformation of the global economy is possible, if capital is used responsibly and with a view to the future. This conviction continues to shape our approach to this day.

This is reflected not only in our investments, but also in our commitment. By actively participating in a wide range of initiatives and associations, we support sustainable development and responsible financial markets. As co-author of the position



The executive team: Dr. Bernd Kreuter, Dennis Schnutenhaus and Markus Polarczek (left to right)

paper "Impact Investing & Infrastruktur" ["Impact Investing & Infrastructure"] by BAI and BIII, our colleague Barbara Treusch helped to define standards for sustainable infrastructure investments and thus to strengthen the role of private investors in Germany's transformation.

The motto of our investors' conference, "Looking to the Future", is not simply an empty phrase – it is a guiding principle. We invest today in the structures we will need tomorrow.

This sustainability report shows where we currently stand and how we will continue to look to the future.

Dr. Bernd Kreuter
Dr. Bernd Kreuter

Dennis Schnutenhaus
Dennis Schnutenhaus

Markus Polarczek
Markus Polarczek

Company Level



A Look Back

2025



MARCH

Extension of our premises
Dennis Schnutenhaus and Oliver Sauer are appointed partners



APRIL

Construction work begins on a YEXIO data center in Bad Lippspringe in cooperation with HOCHTIEF PPP Solutions



MAY

At the investors' conference, we announce that we have over EUR 10 billion in assets under management



SEPTEMBER

Opening of the first YEXIO data center in Heiligenhaus in cooperation with HOCHTIEF
Start of our partnership with Voltfang for joint development and marketing of battery storage systems



DECEMBER

Start of our partnership with hylane to advance the sustainable transformation of the transport sector
Successful final closing of our fund for direct investment in the transformation in Germany

2026



Who We Are

We are an independent, owner-managed investment boutique for private markets with our head office in Frankfurt and a subsidiary in Luxembourg.

Since we were founded in 2012, we have specialized in investment in the areas of infrastructure, private equity and private debt. Today we have around 100 employees and over EUR 10 billion in assets under management, including investment advisory mandates.

Our approach combines an international perspective with local proximity. Through our own funds and individual advisory mandates, we offer institutional investors access to attractive investment opportunities in Germany and around the world. We place an emphasis on long-term partnerships, transparency, and the consistent implementation of a responsible investment approach.

We do not regard sustainability as a separate process, but as an integral part of our activities – both in our investments and in our internal procedures. We actively work toward the development of an economy and infrastructure that are fit for the future, including through our membership of the initiative Deutsche Infrastruktur e.V. (IDI) and as a signatory to the PRI.

This means we combine entrepreneurial independence with a clear commitment to responsibility and long-term thinking – for our investors, our employees, and society.



Employees & Culture

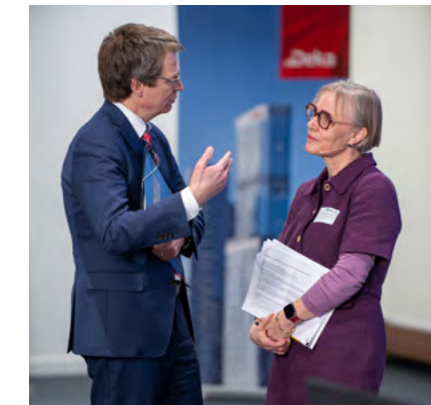
Our employees are the cornerstone of Palladio Partners. With their knowledge, experience, and dedication, they lay the foundations for our company to operate responsibly and with a long-term outlook. We therefore consider it important to create a working environment that promotes professionalism, reliability, and development.

Our aim is to attract qualified specialists and managers, provide them with targeted support, and ensure that Palladio Partners retains them for the long term. As a specialist investment boutique, we want to be perceived as an attractive employer for ambitious talent seeking challenging work with responsibilities in the private markets sector.

“Continuous learning” plays an important role in day-to-day life. New colleagues are welcomed in onboarding sessions, regular town hall meetings keep everyone up to date with developments at the company, and teams share their knowledge at our “Lunch & Learn” sessions – formats that not only keep employees informed in a transparent way, but also facilitate personal development and exchange. A key aspect of this is “effective learning formats”, which range from attendance of external specialist seminars on sustainable investment to internal development initiatives such as the “Sustainable Finance” learning pathway. In this way, we promote awareness and attitude as well as knowledge.

This is also reflected in how colleagues work together day to day. During a Lunch & Learn session on “Living plastic-free”, for example, the founder of a zero-waste store invited us to think about how we use resources

and offered our colleagues various solutions to help them reduce their plastic use in daily life. In addition, our managers supported the SolarBuddy project last year by attending a workshop at which they assembled solar lamps for school children in Africa. SolarBuddy is an international charitable organization dedicated to combating energy poverty in developing countries – i.e., a situation in which people do not have sufficient access to affordable, reliable, and clean energy for heating, light, cooking, or electricity supply. On Malteser Social Day, colleagues helped out at a residential facility owned by Praunheimer Werkstätten in Frankfurt, where they repainted the exterior. Praunheimer Werkstätten is an organization that offers people with disabilities different perspectives on work and life under the guiding principle “Everyone has a right to participation”. There were also plenty of opportunities to interact with the residents in person, making it a win for everyone involved. Our culture and internal processes form the basis for responsible investment decisions. They combine technical excellence with awareness and foresight – qualities that we want to live both in our day-to-day work and in our investments.



Responsibility & Guidelines

As an asset manager with a fiduciary responsibility to institutional investors, Palladio Partners follows a structured, risk-oriented approach to integration of sustainability issues into all investment decisions. ESG risks and opportunities are systematically identified, assessed, prioritized, and actively managed in accordance with the asset classes and access channels. The basic principles of this approach are defined in our [“Responsible Investment Policy”](#), which is publicly accessible. Responsibilities for ESG issues are clearly allocated, with management in charge of integrating ESG into the company’s investment processes, while the investment committee and the AIFM ensure that appropriate consideration is given to ESG criteria in the respective investment decisions.

Sustainability is taken into account throughout the entire investment process – from strategy development to due diligence, monitoring, and reporting. A distinction is made between direct investments and indirect investments through target funds, to ensure

that ESG criteria are applied in a way that is appropriate to the context. Management is based on binding guidelines, internal communication processes, and a defined framework for analysis of sustainability risks and opportunities. Quality assurance includes regular training for the relevant teams. New employees complete an ESG onboarding process that includes both process integration and the regulatory framework. In addition, the ESG team continuously undergoes further external training, particularly with regard to regulatory developments such as the EU Sustainable Finance Disclosure Regulation (SFDR). An internal monitoring and escalation process is in place to deal with any non-compliance with sustainability requirements or ongoing negative sustainability impacts. Additional internal guidelines, for example on exclusion criteria or sustainability-related management (stewardship), help to ensure that employees fulfill our fiduciary responsibility. We integrate sustainability in accordance with the applicable regulations, including the SFDR.



Our Commitment

We cannot ensure responsible investment single-handedly – it requires exchange and joint development. That is why Palladio Partners is actively involved in associations, expert committees, and initiatives.

Our aim is to help shape the regulatory and technical framework for responsible investment and to promote dialog within the sector.

By participating in working groups and initiatives, Palladio Partners contributes its perspective as an investor in the private markets sector with a long-term focus. This ensures practical approaches to implementation of ESG requirements and the development of market standards that are relevant to all those involved.



Initiative Deutsche Infrastruktur e.V. (IDI) is an independent platform that works to improve Germany's competitiveness through private investment in essential infrastructure.

In 2025, IDI held four webinars to provide information on key issues of the future, such as repowering and hybridization of renewable energies, state fund solutions for pensions, e-fuels as the way to achieve climate neutrality, and investment requirements in the public utilities sector.

The highlight was the 7th German infrastructure conference organized by IDI in November, which focused on regulation in the context of the German government's special fund, energy infrastructure, and sustainable transport infrastructure. Colleagues at Palladio such as Dr. Sofia Harschar played an active part in ensuring the event was a success by chairing panel discussions and contributing technical expertise.



Bundesverband Alternative Investments e.V. (BAI) campaigns for institutional investors in Germany to be able to invest efficiently in alternative asset classes for the long term. Palladio Partners has been a member since 2014.

In 2025, the association's work focused on the Sustainable Finance & ESG working group, in which Dr. Jurgita Baur and Barbara Treusch are actively involved. One key topic of discussion was the ongoing review of the EU's sustainability regulations, the results of which are expected to be published next year. Barbara Treusch also contributed to the subgroup for infrastructure within the Impact Investing working group, which produced the joint position paper "Impact Investing & Infrastructure" of BAI and Bundesinitiative Impact Investing. The paper looks at how private capital can specifically contribute to a systemic transformation, from regulatory issues to methods of impact management and measurement.



The association Digital Infrastructures, Investments, Innovation & Industry e.V. (Di4) fosters communication between investors, industry, and government to promote innovation and investment in digital infrastructure. Palladio Partners is a founding member, and Alexander Krater serves on the board as a representative for equity investors.

The most important event of the year was the 2025 Di4 Summit, which took place in Munich at the end of October and addressed the topics of digitalization, AI, investment/financing, and sustainability. The event was once again well attended and highlighted the growing importance of sustainable digital infrastructure for Europe's competitiveness.

In 2025, the association discussed the big question of where energy-efficient data centers should be located in Europe, as well as potential cooperation models for the fiber optics market in Germany and innovative business models in the wider telecommunications sector.



Palladio Partners is a supporting member of the German Association of Local Public Utilities (Verband kommunaler Unternehmen e.V., VKU), which represents the interests of over 1,500 public utilities and municipal infrastructure undertakings in the energy, water/sewer, waste management, and telecommunications sectors. The objective of the association is to provide impetus and develop innovative solutions for sustainable provision of public services.

Representatives of Palladio Kommunal once again regularly appeared as speakers at VKU events in 2025, including at the VKU financing conference in Leipzig. In cooperation with the public utilities working group of Initiative Deutsche Infrastruktur e.V. and the German Association of Energy and Water Industries (BDEW), Palladio Partners also organized a workshop to discuss how the special fund announced by the German government can be used specifically to strengthen German infrastructure.



Palladio Partners has been a signatory to the Principles for Responsible Investment (PRI) since 2019.

With around 5,000 signatories including institutional investors, asset managers, and financial service providers, PRI is an international investor initiative founded in 2006 in partnership with the UN Global Compact and the UNEP Finance Initiative. The six Principles for Responsible Investment are based on internationally recognized standards and conventions and define basic guidelines for integrating environmental, social, and governance (ESG) issues into investment decisions.

Based on this voluntary commitment, we consider it essential to take part in relevant initiatives in addition to the PRI – particularly in view of the radical regulatory changes that are happening in the EU. One example of this is Barbara Treusch's active participation in EFRAG's VSME Community, which is dedicated to the development of voluntary, practical sustainability standards for small and medium-sized enterprises (SMEs).

Investment Level



Investment Strategy & Integration of Sustainability

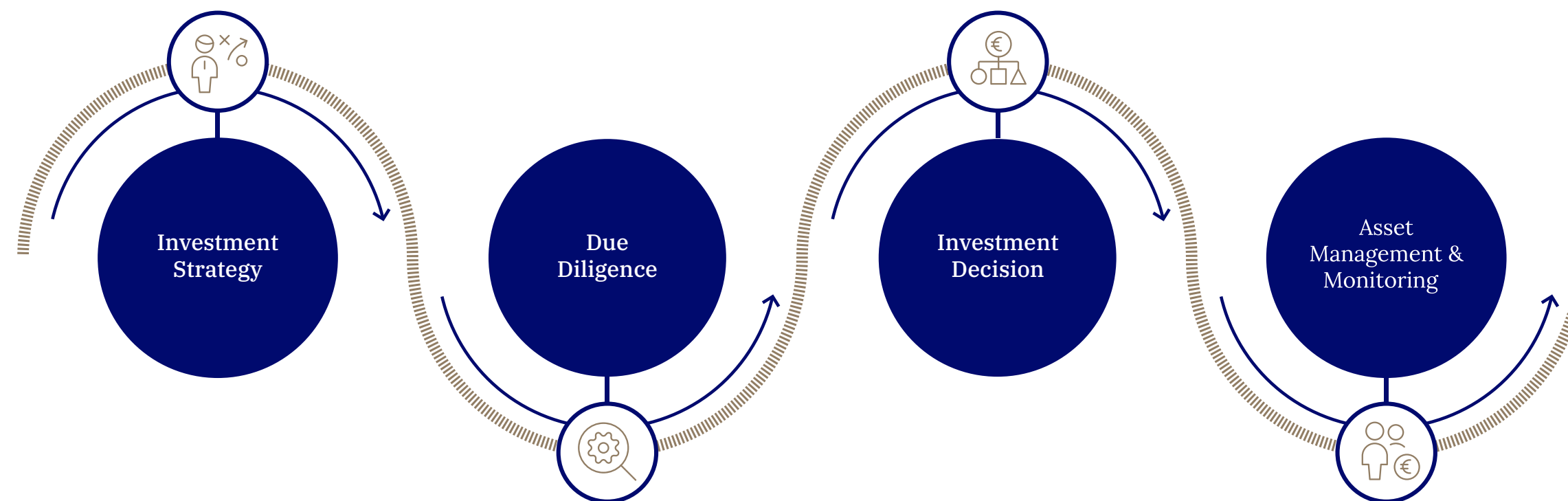
We integrate sustainability issues into all stages of the investment process, from the definition of the investment strategy, to the due diligence process and the investment decision, to investment management and ongoing monitoring. All teams involved in the investment process are responsible for compliance with ESG guidelines. Operational implementation is the responsibility of the respective investment teams, which analyze all aspects of each investment opportunity, including the relevant sustainability issues.

We use a proprietary ESG scoring model and additional structured questionnaires for structured identification, assessment, and management of ESG-related opportunities and risks. For potential fund investments, we look in particular at the target fund managers' integration of sustainability, while for direct investments and coinvestments, we focus to a greater extent on sector-specific issues and factors relating to location. If necessary, we call in external experts or specialist service providers for support with regulatory requirements, technical due diligence, or other complex ESG topics. The results of the ESG analysis are summarized in an investment proposal and are an integral part of the basis for decision-making.

The specific ways in which sustainability is integrated in practice depend on the access route, asset classes, and sectors. Minimum requirements, relevant key figures, and any exclusion criteria are defined as appropriate for the level of risk, and take into account the potential influences, business models, and regulatory framework in each case. Details can be found in Section 4.3.

Since most of our investments involve positive externalities, we have integrated the pursuit of sustainability targets based on the United Nations' 17 Sustainable Development Goals (UN SDGs) into the individual steps of our investment process. The periodic review of our investment strategy is based on the identification of long-term development goals and needs that currently require action and invest-

ment, supplemented by an analysis of the relevant stakeholders and the economic framework. Examples of the methods used to assess and – where possible – quantify our UN SDG contributions are shown in Section 4.6.



Interview: “Two Access Channels – One Goal”



Oliver Sauer



Anna Baumbach

How is sustainability actually incorporated into investment processes? Anna Baumbach and Oliver Sauer explain two different access channels: selection by external managers and direct infrastructure investments.

Both are experienced leaders and partners at Palladio Partners. Anna has played a key role in the Indirect Investments department since 2013 and has over a decade of experience in global private markets strategies. Oliver joined the management team at Palladio Partners in 2023 and is in charge of direct investments. He brings to the table a wealth of experience in the German and European energy sector.

They tell us how sustainability requirements are systematically integrated and what issues investors are particularly concerned about in practice.

When did you first realize that the integration of sustainability can affect the quality of investments?

Anna Baumbach

One example that illustrates this particularly well is investments in energy providers – companies with several divisions that may not all be set up in a way that is sustainable. There are cases like this in our portfolio, but we invested in them through managers who follow a clear sustainability agenda. With some investments, this has resulted in whole business models being reorganized and coal-fired power

plants being shut down, for example. This not only made these companies more sustainable – it also made them much more attractive to a larger group of potential buyers.

Another issue is governance. For us as a fund investor, this aspect applies primarily at the level of the fund.

During due diligence, we check very carefully what rights and opportunities for participation we have as an investor and how the management company is structured and incentivized. Due to the amounts we invest, we are often given seats on advisory boards, which means we have an active right to participation – an important factor for long-term investment quality.

Oliver Sauer

For me, it happened very early on. When the European Union Emissions Trading System (EU ETS) was introduced about 20 years ago, it put a price on carbon – and sustainability had a direct financial impact on investment cases. A power station that had previously seemed profitable might cease to be economically viable, either immediately or over time, due to the price of emissions.

All in all, it was clear from looking at investment cases that sustainability is not an abstract ideal – it has a fundamental influence on the long-term “license to operate” and therefore on the quality, resilience, and competitiveness of infrastructure investments. Further questions about security of supply, energy prices, and technological fitness for the future, which we are also discussing today, follow on from this.

What specifically do you think sustainability means in the infrastructure sector – and how does it differ depending on access, for example depending on whether investments are direct or are made through managers?

Anna Baumbach

Infrastructure is ideally suited to consistent implementation of sustainability – regardless of whether access is direct or indirect. Many investments relate to the energy transition, digitalization, sustainable mobility, or security of supply in any case. As these mainly involve long-term assets, it must be ensured that they will maintain their value over the next decade or two.

Companies that currently operate heating networks but do not switch to renewable energy sources, or that plan data centers that do not meet the latest energy efficiency standards, risk a future decline in value. The same applies to transport fleets: without electrification, contracts will often no longer be renewed. ESG is therefore not simply an add-on – it’s an integral part of economic sustainability. That means that it’s crucial for us to check whether the managers we invest in share this conviction and act accordingly.

Oliver Sauer

In direct investments, sustainability is an integral component of our analysis – throughout all phases of our investment process. It secures the license

to operate and acceptance of an investment and therefore structurally reduces the risk of so-called “stranded assets”. Likewise, sustainability increases the resilience of an investment, for example through the early assessment of climate risks at the site or a reduction in the use of resources, including improved recyclability.

Through these factors, sustainability specifically impacts the long-term valuation of an asset – by reducing the risk of depreciation and making it more attractive to future buyers.

How are you managing to identify and secure attractive sustainable projects/areas for investment in an increasingly crowded market?

Anna Baumbach

Many managers have integrated sustainability so closely into their processes that they would now be unable to imagine the world without it. The transformation requires a huge amount of capital – infrastructure investors have been key drivers for a long time.

It’s important to us that investments have a positive impact on sustainability and that negative effects are minimized as far as possible. That’s often a key distinguishing feature today.

Oliver Sauer

The investment required in energy, digitalization, and transport in the coming years is enormous – and these challenges can't be met without private capital. As a mid-cap infrastructure investor with a strong focus on Germany, we're in a very good position for developers, for operators, and for partners who consider the pragmatic integration of sustainability to be important.

How do you ensure that sustainability requirements don't just exist on paper, but are actually put into practice – internally and externally?

Anna Baumbach

We begin at a very early stage – right from the definition of an investment strategy for a mandate. In concrete terms, that means that we specify clear criteria to ensure that the mandate's activities contribute to our sustainability strategy. During due diligence, we use a proprietary ESG scoring model that systematically assesses opportunities and risks – from UN SDG contributions to GRESB materiality analyses and the World Bank's country-specific governance indicators. The results are not only incorporated into every investment proposal, but are also a vital component of our investment decision. On this basis, we discuss the results within the investment committee and with our investors, to ensure that sustainability issues are taken into account in a transparent manner. After that, we keep a close eye on the mandate – through various reporting formats, regular communication, and active exchange with fund managers, including through our seats on advisory boards. Dialog about

regulation is particularly important when you're dealing with international managers.

Oliver Sauer

We make sure that sustainability goals don't just exist on paper by consistently incorporating them throughout the whole investment process – just like our colleagues in indirect investments. This begins with the selection of sectors and individual investments, where we define very clearly which sustainability requirements apply. These requirements are analyzed and assessed in detail during the review/transaction phase.

It's equally important to us that they are incorporated into contracts – our sustainability requirements must be reflected in agreements with partners and portfolio companies in order to be binding and verifiable. During the holding phase, we actively monitor compliance with these goals and track the development of the assets or companies over the entire term.

Finally, we make our approach transparent – in our sustainability report and in ongoing investor reporting. Instead of treating ESG as a formal process, we therefore regard it as a constant part of our day-to-day work.

What trends are you noticing among institutional investors – how are their expectations changing with regard to ESG and sustainability, and how are you dealing with this?

Anna Baumbach

Sustainability occupies an important place in principle, but expectations are very mixed. Insurers

have generally made more progress due to regulation, while pension schemes and pension funds are currently feeling less pressure – although there are some pioneers there too. Some investors are tending to hold back, due to complexity or fear of being accused of greenwashing (green hushing). Another thing we are currently noticing is a growing disparity between the sustainability agenda in the USA and Europe.

Our role is to support investors by ensuring transparency, supplying data, and structuring processes. We have access to a great deal of relevant data in the infrastructure sector – the challenge is how to process it.

Oliver Sauer

The points that Anna has made sum up the situation very well. It remains crucial for us to continue implementing European ESG standards consistently for our direct investments.

Looking ahead, what sustainability issues do you think will have a particular impact on the world of infrastructure in the next few years?

Anna Baumbach

A lot of what I've already mentioned shows what way the trend is going. ESG and sustainability are evolving beyond mere slogans and starting to develop real substance. For us, that means focusing even more strongly on reliable data, transparent processes, and consistent implementation. Requirements are going to increase in terms of both measurability and verifiability. At the same time, the energy and heating

transition, digitalization, and sustainable mobility will continue to shape the agenda. Personally, I'm excited to see content and ambitions becoming more professionalized. Ultimately, it's about bringing together sustainability and economic efficiency in a way that makes sense – and I believe that those who do this well will have an advantage in the coming years.

Oliver Sauer

I see three major themes for direct investments. First, security of supply: Germany and Europe need to ensure that their energy systems are resilient during the transformation.

Second, integrated energy and flexibility: the energy transition calls for networked solutions. Electricity, heating, and transport must be planned and operated in an integrated way.

And third and finally, technological pragmatism and economic efficiency: throughout all of this, sustainability has to remain economically viable. Technology will play an important role in this.

What I think is crucial is that we take a practical approach to shaping sustainability and remain open to innovative solutions.

Access Channels

Integration of sustainability follows the same basic principles for all access routes, but the way it is implemented is specific to each access channel.

Manager Selection

Over the past decade, we have built up long-standing partnerships with fund managers from the infrastructure, private equity, and private debt sectors, which we have selected according to comprehensive criteria. As fund managers vary significantly in terms of how they take sustainability into account, our analysis is based on a holistic ESG due diligence process that considers specific sustainability risks and opportunities for each asset class and strategy. Our objective is to ensure that the managers we select have robust governance structures in place, consistently integrate sustainability issues into their investment and asset management processes, and have the necessary expertise to identify, manage, and monitor sustainability risks and opportunities. For structured assessments, we use a proprietary ESG scoring model that enables a transparent and comparable evaluation of fund managers.

We supplement this with a standardized ESG questionnaire, which addresses the following topics in particular:

- Organizational integration of ESG responsibilities and existing ESG guidelines and processes
- Integration of ESG issues into investment and asset management processes

- Monitoring, management, and reporting on ESG issues.

We systematically incorporate sustainability issues into ancillary agreements and legally binding documents (side letters). Basic requirements include a clear commitment to responsible investment, transparent governance structures, and consideration of ESG risks and opportunities in the ongoing asset management process.

In addition, we monitor managers and their fund strategy continuously by analyzing regular reports and additional information provided by the managers and supplementing this with external data sources where this makes sense. We also support standardization in ESG data collection and reporting, for example through written agreements with the manager to provide reports using the European ESG Template (EET).

This active, dialog-oriented approach allows us to identify relevant developments at an early stage, advance sustainability issues in a targeted way, and ensure that investors receive transparent information about key sustainability issues.

Our ESG Results for Manager Selection⁴

93 %

PRI signatories at the GP level⁵

100 %

GPs that implemented a catalog of ESG measures after acquisition

100 %

GPs with measurable ESG indicators at portfolio level⁶

93 %

GPs with ESG teams/committees

40 %

GPs with remuneration linked to ESG targets

100 %

GPs with dedicated ESG scores for portfolio companies

⁴ Only strategies in the fund of funds family and coinvestment strategy in which investments were made in 2025; source: internal ESG scoring database; data as of December 31, 2025

⁵ One fund manager is not yet a formal signatory to the PRI, but already observes the principles and plans to formalize this further.

⁶ Excluding first-time funds; ESG indicators not yet measurable at portfolio level.



Manager Selection

Infrastructure

Without functioning infrastructure such as energy, data, and transport systems, life would grind to a halt. Infrastructure is thus the backbone of modern societies – and its importance is growing. Urbanization, the transition of the economy to climate neutrality, and digitalization require enormous investment over a period of decades. According to current estimates, over USD 106 trillion⁷ will need to be invested in infrastructure across all sectors worldwide by 2040 in order to meet the United Nations' sustainability goals.

With this in mind, Palladio Partners follows a comprehensive approach, investing not just in individual sectors but in all relevant areas of infrastructure – from greenfield to brownfield projects – while also taking into account current megatrends associated with the transformation. Our goal is to identify projects with attractive risk-return profiles that will generate stable value in the long term.

Since it was founded, Palladio Partners has made primary investments, secondary investments, coinvestments, and direct investments, with well over 1,000 underlying infrastructure projects. Our selection of target companies is based partly on a proprietary assessment method that enables a thorough analysis of opportunities and risks. In addition to manager selection within individual mandates, Palladio Partners also offers an infrastructure fund of funds. The latest generation of this fund features two sub-funds that give investors the option of active allocation based on their own sustainability aims and focus – allowing them to participate directly in the sustainable transformation.

⁷ <https://www.mckinsey.com/industries/infrastructure/our-insights/the-infrastructure-moment>

Manager Selection

Private Equity & Private Debt

Palladio Partners has many years of experience selecting managers in the private equity sector. Our team members have been active in this asset class since 1999 and have built up expertise over several economic cycles. Our approach is to concentrate on the selection of small, specialized managers, to facilitate access to niche strategies. For these investments, both access and assessment require sound knowledge.

In the private equity segment, we work with managers whose strategies include the following focal points:

- Sector funds and thematic funds, for example in the areas of software and healthcare
- Growth strategies and internationalization (buy-and-build)
- Change management with a focus on complex transactions

In parallel with this, private debt has evolved from a niche solution into a standalone asset class since the global financial crisis. The withdrawal of traditional lenders has intensified the trend toward private financing, which is making a clear investment focus increasingly important.

Case Study | Manager Selection Infrastructure

Meridiam

Thinking long-term, acting sustainably – infrastructure with an impact

Irrespective of individual fund strategies, sustainability has been firmly rooted within Meridiam’s organization for many years. At the heart of this are robust governance structures, clearly defined responsibilities, and transparent reporting and control mechanisms. These principles are vital to ensure that sustainability is not simply a project goal, but an integral part of company management. As a partner of Palladio Partners, Meridiam demonstrates how these principles can be put into practice. The company, which is headquartered in Paris and has another ten sites around the world, specializes in “greenfield” public-private partnership projects (PPP), i.e., the development, construction, and operation of these – particularly in the areas of transport, social infrastructure, communications, and utilities.

Meridiam follows a long-term approach with an investment horizon of over 20 years and attractive ongoing distributions – a model that combines stability and impact.

The manager was founded in 2005 and now manages over EUR 23 billion in assets with around 400 employees. Its ownership structure – 80% management, 20% Samsung Life Insurance – underscores its managerial focus and strategic independence.

For Meridiam, sustainability is not a sideshow but an integral part of the company’s strategy.

As a signatory to the PRI since 2011, Meridiam is a key player in the field of responsible investments. Meridiam has

integrated the UN SDGs into its investment processes and objectives and has developed its own methodology for measuring and reporting on impacts. This enables management to identify the main areas with potential for improvement for each investment. Meridiam develops and implements roadmaps on this basis, to generate additional positive effects. As far back as 2012, Meridiam was the first investor and asset manager to be certified to ISO 9001 for its integration of sustainability into the investment process. Since 2019, the company has also adopted the business model of a “société à mission” (“mission-driven company”). A “société à mission” is defined as a company whose social, societal, and environmental goals are aligned with its economic purpose and are laid down in its statutes. For Palladio Partners, the partnership with Meridiam is a prime example of impact-oriented investment. Palladio Partners has been cooperating successfully with Meridiam since it was founded and has invested in several generations of funds through primaries, secondaries, and coinvestments. With its clear strategic focus, deeply integrated ESG perspective, and long-term investment horizon, Meridiam demonstrates impressively how infrastructure investments can be sustainable and relevant to society while simultaneously generating stable, predictable returns for investors.



Coinvestments

Coinvestments combine elements of indirect and direct integration of sustainability. They involve a higher level of transparency than classic fund investments, while responsibility is shared between the fund manager and coinvestors.

Although coinvestments still rely on the respective fund manager to integrate sustainability and provide data, one advantage is that we can close gaps in information and data with our own expertise. For our second-generation coinvestment strategy, we therefore introduced an extended ESG due diligence process at an early stage, to ensure that data coverage is as comprehensive as possible. Before making an investment, we analyze sustainability risks and opportunities at the level of the target company, taking into account environmental and social characteristics as well as principles of good governance (within the meaning of Article 8 of the SFDR). We focus on sectors that provide vital services to society, such as utilities, communications, renewable energies, energy, traffic/transport, and social infrastructure.

Integration is based on coordinated KPIs, defined monitoring processes, and a clear governance structure. At the same time, we take into account the Principal Adverse Impacts (PAIs) on sustainability factors. Sustainability opportunities are systematically assessed during the process and quantified where possible – including with reference to the UN SDGs (for methodology and examples from the portfolio, see Section 4.6).

Integration of sustainability into the coinvestment approach is thus coordinated and data-driven, with a clear focus on transparency and consistency.

Case Study | Coinvestments

Cologix

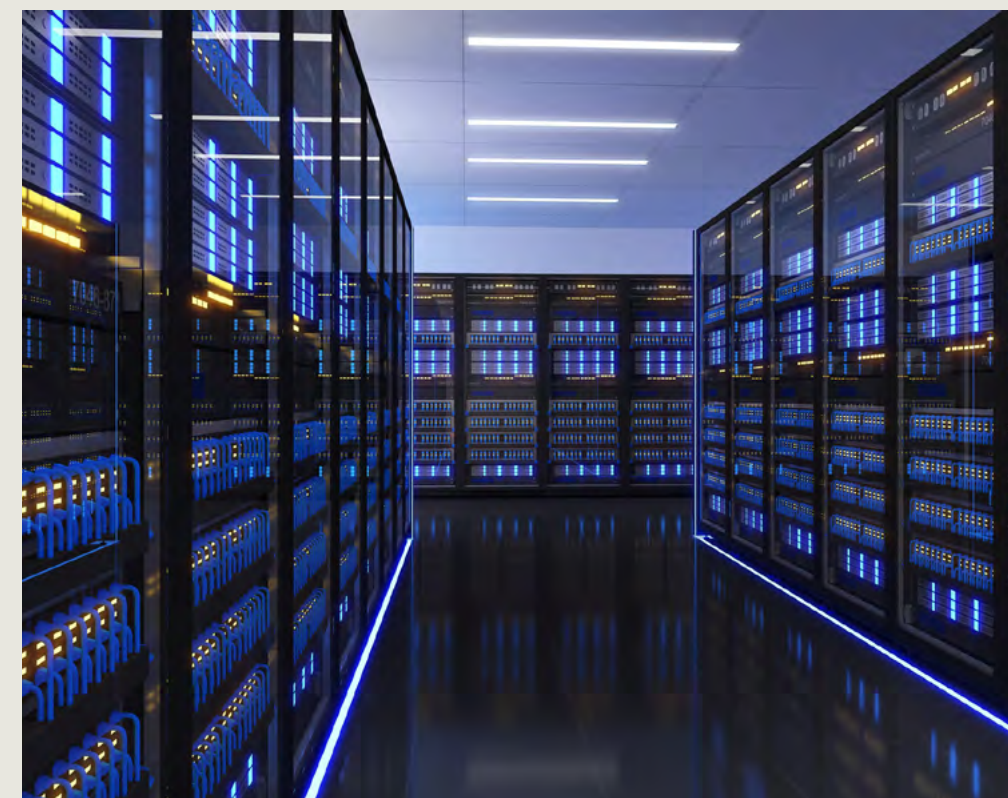
Designing sustainable digital infrastructure

Digital infrastructure is the backbone of an interconnected world – and is rapidly gaining in importance. With our investment in the North American data center developer and operator Cologix, Palladio Partners is tapping into a future-oriented segment: powerful, secure, and scalable data communication.

The company focuses on colocation – the provision of space for servers and network infrastructure – and on interconnection hubs that connect businesses and networks to each other. In a market characterized by ever-growing demand for computing power, Cologix offers access to a dynamic growth sector with long-term potential.

This is a coinvestment with the experienced infrastructure manager Stonepeak, which has extensive knowledge of the global data center market. The platform is growing faster than expected, a clear sign of the strength of market demand and the scalability of the business model. The additional capital raised in the first quarter of 2024 will be used to continue the company’s targeted expansion.

Cologix gives investors access to a fast-growing sector as well as a clearly defined sustainability contribution, with all data centers set to be powered entirely with renewable energy by 2030. Moreover, scope 3 emissions are systematically recorded in order to make the overall carbon footprint transparent and reduce it based on targets. These measures make the platform more resilient and fit for the future, while also enhancing its appeal to institutional investors with a focus on sustainability.



Direct Investments

With our network and expertise that we have built up over many years, Palladio Partners provides institutional investors with direct access to infrastructure projects and companies in Germany. Through strategic partnerships with project developers, industrial corporations, public utilities, and local authorities, we focus in particular on medium-sized enterprises. In the municipal sector, Palladio Partners acts as a direct contact for local authorities and public utilities looking for innovative financing options.

Our direct investment funds have already initiated numerous projects in the renewable energy, communications infrastructure, and sustainable transport sectors. Here too, sustainability is integrated throughout the entire process – from initiation to implementation and value enhancement.

Even in the due diligence phase, we carry out a structured analysis of ESG risks and opportunities and work out specific measures based on this. Assessment is based on a detailed ESG analysis supported by external specialists, and is supplemented by ESG roadmaps that set out targets, responsibilities, and milestones. Sustainability opportunities are identified and quantified partly based on the UN SDGs (for methodology, see Section 4.6).

To ensure that investments made by a financial product covered by Article 8 or 9 of the SFDR do not significantly harm the target sustainability strategy, we use the following mechanisms:

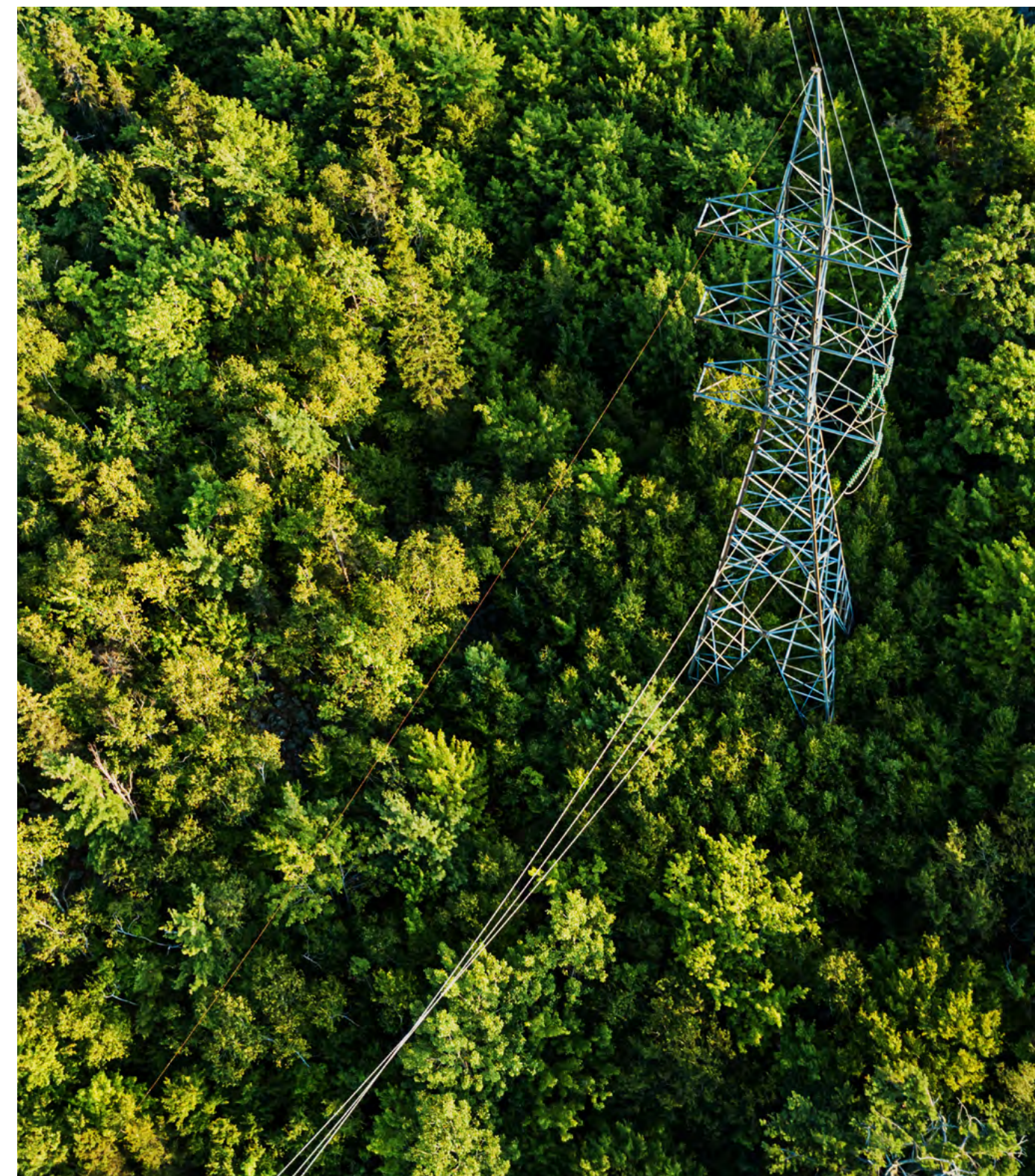
- Structured ESG due diligence
- Analysis of potential investments based on a positive list of sectors with UN SDG contributions
- Development of risk and management plans that take into account sustainability goals at the level of the invested companies
- Prioritization of sustainability-related issues at advisory board meetings
- Mandatory reporting to monitor sustainability performance

Compared with manager selection and coinvestments, direct investments therefore provide an opportunity to play a particularly active part in shaping sustainability issues. They allow direct influence on business models, processes, and governance structures, making them a key lever for integration of sustainability.



Highlight

In the reporting year, one of our infrastructure funds received a capital commitment from the European Union's **InvestEU program**, which aims to promote investment in sustainable infrastructure, innovation, and social development in Europe.



Case Study | Direct Investments

Voltfang

Battery storage systems – flexibility for a sustainable energy system

The energy transition needs more than renewable production – it needs flexibility. The expansion of wind and solar energy coupled with growing demand for electricity, for example due to the electrification of transport, industry, and heat supply, is resulting in increased volatility in the electricity system. Stationary battery storage systems offer one solution to this, as they balance out peaks in demand, reduce grid bottlenecks, and allow renewable energy sources to be integrated. The market for battery energy storage systems (BESS) is regarded as a key component of the energy transition and is experiencing a structural growth phase, which is reflected in power connection requests totaling hundreds of gigawatts. Investment in storage solutions therefore plays a vital part in security of supply and decarbonization.

With our direct investment fund, we are making a joint investment in this technology of the future with the battery storage system developer Voltfang. A project pipeline with a capacity of several hundred megawatts will be created by 2029, which, when connected to high-voltage and medium-voltage networks in Germany, can ensure the necessary flexibility in

the electricity grid. Voltfang will identify BESS projects, taking into account agreed minimum requirements (including sustainability issues in selection of components and the site), and will develop them until they are ready to build (RtB), while Palladio Partners will finance construction.

One particular highlight of the investment is the substantial carbon savings. For a 20 MWh project alone, the time delay and storage of renewable energy can save over 1.5 million kg CO₂e p.a. during the operational phase⁸. That means that the partnership is making a measurable contribution to the energy transition and advancing the decarbonization of the electricity system. It is also possible to implement projects based on requalified EV batteries⁹. Their use saves resources, closes material cycles, and significantly extends the service life of high-quality battery technology.

The first battery storage project resulting from our partnership achieved ready-to-build status in 2025 and will enter into service in 2026. The pipeline will then continue to be implemented gradually up to 2029.

With this investment, we are not only improving resilience and decarbonization in the energy system, but also pointing the way in terms of technological progress and responsible use of resources.



⁸ Calculation of annual CO₂e savings based on ISO 14064-2:2019-compliant methodology, using data relating to activities, measurements, and emissions (ecoinvent) and baseline and project scenarios for battery storage systems in use.

⁹ EV batteries were originally produced for electric vehicles, but were not used. In this project, an alternative use has been found for them as second-use battery modules, which saves resources and closes material cycles.

Measures & Progress

Integration of sustainability in the private markets sector and in particular in fund of funds structures requires a long-term approach, as it often takes some time for measures to have a noticeable impact. With this in mind, we systematically continued the initiatives we started in 2024 and stepped up efforts in key areas.

We further expanded our collaboration with a specialist service provider for data collection and validation:

- Standardized data requests at least once a year using the European ESG Template (EET)
- Responses to technical queries from target fund managers
- Automatic validation checks (completeness, consistency, format)
- Generation of validation feedback and tracking of correction loops.

For new investments, sustainability requirements are systematically incorporated into ancillary agreements:

- Provision of PAI data in accordance with a best-effort approach as standard in the subscription process
- Obligation to comply with exclusions (e.g., fossil fuels, controversial weapons)
- Reporting on ESG incidents and significant sustainability events.

In our direct portfolio, we pressed ahead with setting up reporting processes with smaller portfolio companies. These companies are considerably more dependent on support and assistance from the asset manager. In practice, this covers the following:

- Development of simplified reporting templates
- Discussions and feedback on reporting processes
- Support with implementation.

We further increased the proportion of target funds that integrate sustainability within the meaning of Article 8/9 of the SFDR or that have comparable ancillary agreements. This strategic focus not only makes data collection easier, but also ensures that our investments systematically contribute to environmental and social characteristics or pursue sustainable investment objectives.

Palladio Partners now manages four funds that promote environmental and social characteristics (in accordance with Article 8 of the SFDR) and three funds that have sustainable investment objectives (in accordance with Article 9 of the SFDR).

We also pursue investment strategies that focus more strongly on areas with significant transformation potential:

- Energy transition: investment in transmission networks, battery storage systems, renewable energies
- Digitalization: sustainable data centers with highly efficient cooling, powered by renewable energy
- Mobility transition: electrification of transport, rail infrastructure, charging infrastructure

This thematic focus contributes to decarbonization and also helps to make the impact on sustainability more measurable.

Sustainability at Portfolio Level

As a fund manager and investment advisor in the private markets sector, we have a special responsibility to systematically identify material sustainability risks and opportunities and ensure they are made transparent to our investors.

In the 2025 reporting year, we further expanded the basis for our ESG data. Palladio (Luxembourg) S.à r.l. collected data on Principal Adverse Impacts for a growing number of alternative investment funds (AIFs) in its capacity as an AIFM and took these into account when preparing the statement on Principal Adverse Impacts of investment decisions on sustainability factors. That means that both the absolute investment base and the basis of our ESG data have been expanded significantly. Despite this expansion, data coverage remained largely stable, suggesting that measures taken previously to ensure standardization and commitment are already having an effect. The supply of quantitative ESG data via the EET increased further, with the number of EETs delivered per target fund manager up 40% year on year.

The performance of our own funds¹⁰ in terms of climate and governance indicators was encouragingly stable:

- Carbon emissions: 61% of portfolio companies reported scope 1 and scope 2 emissions (previous year: 61%).
- Renewable energies: more than 58% of companies (previous year: 53%) reported that 73% of their energy consumption came from renewable sources.
- Governance: 68% of portfolio companies confirmed that they were complying with the principles of the UN Global Compact and the OECD Guidelines; no violations were recorded.
- Reporting: 100% of Palladio Partners funds provide ESG data via the EET.

Investments in companies involved in fossil fuels remain at a low level. In the field of occupational safety, we enhanced our recording of measures to prevent workplace accidents – an indicator that is particularly relevant to the infrastructure sector.

Despite this progress, we still face structural challenges that make it difficult to record all sustainability indicators completely and consistently:

- Dependence on provision of data by the target fund managers
- Different interpretations of regulatory requirements and inconsistent data formats
- Limited ESG resources at smaller target funds and portfolio companies
- Complexity in the infrastructure sector, especially with greenfield projects and scope 3 emissions
- Delays in the supply of data, which make prompt analyses difficult.

These factors result in varying data coverage for each indicator and investment structure. At company level, Palladio (Luxembourg) S.à r.l. publishes the statement on Principal Adverse Impacts of our investment decisions on sustainability factors each year on our website¹¹.

¹⁰ Data as of December 31, 2024

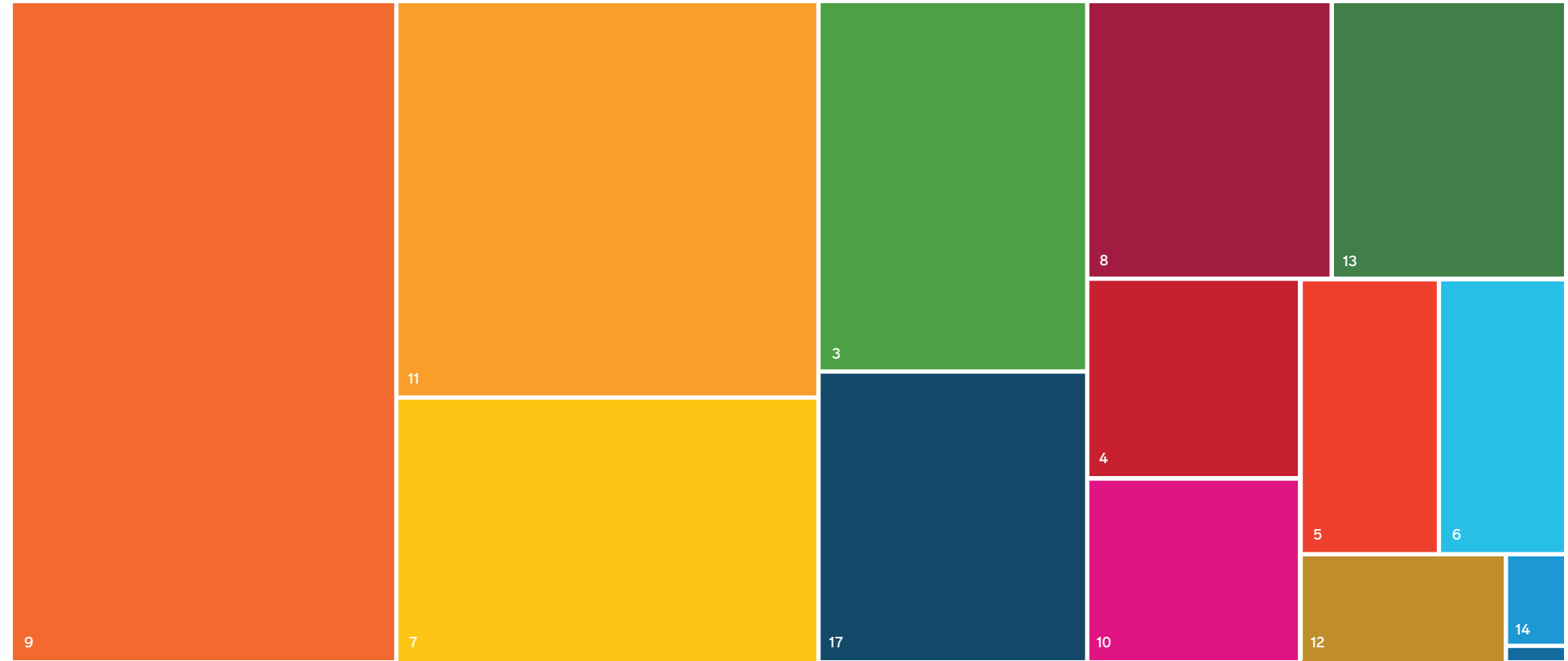
¹¹ https://www.palladio-partners.com/fileadmin/Download/Nachhaltigkeitsbezogene_Offenlegungen/260114_AIFM_-_SFDR_Art._4_PAI_Statement_-_Palladio_Luxembourg_-_ENG_final.pdf

Our Contribution to the UN SDGs

Our investments continued to make crucial contributions to the 17 United Nations Sustainable Development Goals (UN SDGs) in 2025 and are globally diversified.

Our proprietary business intelligence platform, developed specifically for this purpose, gives us insight down to the lowest level of individual investments and forms the basis for the investor report section on sustainability. The individual portfolio companies' business models continue to be assessed on the basis of their respective contributions to the sustainability goals.

SDG Map - Fund of Funds Family¹²



¹² Note: Calculation based on our infrastructure fund of funds family, data as of September 30, 2025



Ensure healthy lives and promote well-being for all at all ages



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Make cities and human settlements inclusive, safe, resilient and sustainable



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Take urgent action to combat climate change and its impacts



Achieve gender equality and empower all women and girls



Reduce inequality within and among countries



Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development



Ensure access to affordable, reliable, sustainable and modern energy for all

Examples of UN SDG contributions from the portfolio of coinvestments and direct investments¹³



Renewable Energies



Communications



Transport & Traffic



The coinvestment **Polaris** contributes to the global energy transition by developing and operating renewable energy projects in high-growth markets.

- Installed capacity for renewable energies (2024): 1,098 MW solar PV
- Quantity of renewable energy generated (2024): 1.24 TWh
- Project development portfolio: 32.1 GW (solar, wind, storage systems).

Projects of the coinvestment **Polaris** make a measurable contribution to the avoidance of emissions and achievement of national climate goals.

- Greenhouse gas emissions avoided¹⁴ (2024): 770,000 tCO₂e.

The coinvestment **Quantum** invests in modern data centers and thus promotes the establishment of sustainable digital infrastructure.

- Energy efficiency: Target PUE¹⁵ ≤ 1.25 at full load
- Eco-friendly design: All new data centers are to be certified to at least LEED¹⁶ Silver standard.
- Share of renewable energies in electricity consumption: 20% (2024); target: 50% by 2025, 100% by 2030.
- Quality and safety standards: 100% of operational data centers are certified to international standards (ISO, SOC¹⁷).

Through the international expansion of digital infrastructure, including in urban growth regions, the coinvestment **Quantum** is contributing to sustainable urban development.

- Data center locations: > 20 data centers in > 8 countries, incl. urban growth regions.

By building data centers, the portfolio company **YEXIO**¹⁸ is enhancing digital infrastructure in regions close to industry with energy-efficient technology, local integration, and sustainable design.

- Geographical proximity to industry: potential reduction in average data latency due to local processing
- Energy efficiency: Target PUE ≤ 1.25 at full load with highly efficient cooling technology
- Promotion of biodiversity: Green façade.

Our investment in **YEXIO** data centers sets new standards for climate-friendly design and cross-sector energy efficiency.

- Greenhouse gas emissions avoided¹⁹: Approx. 600 tCO₂e compared with conventional construction, thanks to solid timber design
- Share of renewable energies in electricity consumption²⁰: 100%
- Energy efficiency: Water cooling with high thermal efficiency
- Integrated energy: 100% of waste heat is used to heat a municipal swimming pool.

The portfolio company **Railpool** strengthens sustainable infrastructure within the European rail network through targeted investment in modern electric and hybrid locomotives.

- Vehicle portfolio: > 600 electric/hybrid locomotives and 148 passenger vehicles in the portfolio.

Increased use of electric vehicles for freight transport also helps to improve air quality and reduce noise in urban areas.

- Greenhouse gas emissions avoided²¹: Approx. 1.5 million tCO₂e (2023: 1.3 million tCO₂e).

¹³ Source: Data based on information provided by portfolio companies for the 2024 reporting year.

¹⁴ Based on country-specific emission factors for electricity grids. Country-specific data sources were used to calculate these factors and household energy use. Estimates of emissions avoided and corresponding conversions are dependent on the methods used and may vary.

¹⁵ Power Usage Effectiveness, a key figure to assess the energy efficiency of a data center.

¹⁶ LEED = Leadership in Energy and Environmental Design; a sustainability certification system used around the world that sets out a series of standards for environmentally friendly, resource-efficient, and sustainable construction.

¹⁷ SOC = System and Organization Controls; assesses a data center's controls and processes with respect to the Trust Services Criteria (Security, Availability, Processing Integrity, Confidentiality, and Privacy), to ensure that customer data is processed securely.

¹⁸ The first YEXIO data center in Heiligenhaus went into operation in 2025 (<https://www.palladio-partners.com/de/aktuelles/erstes-yexio-rechenzentrum-in-heiligenhaus-geht-in-betrieb/>)

¹⁹ https://hochtief-datacenterpartner.de/files/media/dcp/httppps_data-center-partner_whitepaper-sustainability-2024.pdf

²⁰ Complete coverage of electricity requirements with renewable energies is based on certified proof of origin/green energy certificates according to the information provided by the energy supplier.

²¹ Compared with conventional means of transport

Outlook

2025 was a year of consolidation for us, in which we continued to refine our approach to sustainability. The structures that we have built up in recent years are increasingly having an impact, even if data collection remains challenging – particularly for complex fund of funds structures.

We see three main challenges that will shape our work over the next few years:

- **Regulatory dynamics:** Requirements are changing rapidly, which means that our processes need to be adapted constantly.
- **Limited data availability:** The amount of information available varies, especially with smaller funds and companies.
- **International differences:** Developments in ESG standards vary around the world, which makes comparability difficult.

These factors have a direct impact on our investment strategies and are the focus of risk management.

The ongoing revision of the SFDR and the lack of clarity regarding the schedule for reform create an environment in which new disclosure obligations and technical requirements are likely to arise. Initial

proposals suggest that there will be a greater focus at product level. Until it is clear what the final framework will look like, we will keep our internal processes flexible and allow for different scenarios.

The planned adjustment to the CSRD will also drastically reduce the number of companies required to submit reports. That means that we must continue to strengthen our own procedures for conducting plausibility checks and structuring the available information, to ensure transparency and comparability.

We anticipate a challenging market and regulatory environment in which flexibility, data quality, and clear methodology are critical. We will therefore keep refining our internal management and assessment structures, to ensure that we can continue to offer our investors and partners reliable, comprehensible, and transparent information in future.



Assets to build the future with

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The fund documents of certain investment funds advised or managed by Palladio Partners may contain specific ESG-related provisions and explanations that deviate from this sustainability report.

The information on sustainability risks, principal adverse impacts, and the inclusion of sustainability risks in the remuneration policy in accordance with the SFDR is disclosed in the sustainability section of Palladio Partners' website and can be accessed via the following [links](#): "Statement on principal adverse impacts of investment decisions on sustainability factors (Palladio (Luxembourg) S.à r.l.)", "Sustainability-related disclosures Articles 3, 4 and 5 SFDR for Palladio (Luxembourg)", "Sustainability-related disclosures Articles 3, 4 and 5 SFDR for Palladio Management GmbH", and "No consideration of adverse effects on sustainability factors in investment advice (Palladio Management GmbH)". You can also find fund-specific sustainability disclosures in accordance with Article 10 of the SFDR there.