

Product names (each, a "Fund")	LEI number
Ares Infrastructure Debt Fund V (EUR), L.P.	549300644IN2WU80A215

Version history	Date
V.1	December 22, 2022

This disclosure is made in respect of each Fund pursuant to Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 ("**SFDR**") as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022. This disclosure should not be used as a basis for a decision to invest in a Fund. Such a decision should be based on the Amended and Restated Private Placement Memorandum of Ares Infrastructure Debt Fund V (as amended, supplemented and/or restated from time to time, the "**PPM**") and each Fund's limited partnership agreement (as amended and/or restated from time to time, each a "**Partnership Agreement**" and collectively with the PPM, the "**Offering Documents**"). In case of discrepancy between this disclosure and the Offering Documents, the Offering Documents shall prevail. This disclosure has been prepared in good faith, but the matters referred to within do not reflect binding aspects of the management of each Fund except to the extent that they are such under the Offering Documents. Capitalized terms not otherwise defined herein shall have the meaning given to them in the Offering Documents.

a) Summary

Each Fund's investment strategy is focused on the subordinated debt of infrastructure businesses (each an investment in a portfolio company). Each Fund will generally invest in debt or debt-like securities or in situations where the investments exhibit debt-like characteristics or a debt-like return profile.

Subject to each Fund's investment objective (as described in the Offering Documents), each Fund seeks to promote a "Just Transition" by supporting a pathway to decarbonization that integrates social and economic factors. In order to do this, each Fund intends to:

- (i) exclude or limit certain types of investments from its portfolio (Promoted Characteristic 1 "**Negative Exclusion Screen**" and Promoted Characteristic 2 "**Limited Exposure to Midstream Pipelines**" respectively);
- (ii) track certain key environmental and social performance indicators with respect to its investments (Promoted Characteristic 3 "**ESG Metric Data Collection and Reporting**"); and
- (iii) create incentives for applicable investments to improve certain ESG metrics (Promoted Characteristic 4 "**Sustainability Linked Loans**").

Each Fund may make one or more "sustainable investments" within the meaning of Article 2(17) of SFDR, but it does not commit to make any such investment.

Each Fund may make investments in environmentally sustainable economic activities as defined in Regulation (EU) 2020/852 ("**Taxonomy-aligned**" investments) but it does not commit to make any such investment - it is not part of each Fund's investment strategy actively to seek to make Taxonomy-aligned investments.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

c) Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by each Fund are:

1. Negative exclusion screen:

Excluding each Fund from making any investments after 1 November 2022 in businesses which at the time of a Fund's initial investment in such business (and as determined by the Manager in its reasonable opinion, having made reasonable enquiry in good faith):

- a. derive a majority of revenues from the mining or extraction of coal, or from coal-based energy production;
- b. derive a majority of revenues from the exploration and production of conventional oil;
- c. derive a majority of revenues from oil sands production and oil sands-related pipelines;
- d. derive a majority of revenues from hydrocarbon exploration and production;
- e. have violated the UN Guiding Principles and OECD Guidelines relating to human rights and labour rights and have demonstrated an ongoing failure to take action to address, manage and prevent human rights and labour rights risks in such business's operations; or
- f. have been (or whose current senior management have been) convicted for violations of anti-corruption and anti-bribery laws and have demonstrated an ongoing failure to take action to address, manage and prevent bribery and corruption risks in such business's operations.

2. Limited Exposure to Midstream Pipelines:

Limiting each Fund's investments in businesses which, at the time of a Fund's initial investment in such business and as determined by the Manager in its reasonable opinion, (having made reasonable enquiry in good faith), derive a majority of revenues from midstream pipelines to no more than 25% of aggregate commitments to a Fund.

3. ESG Metric Data Collection and Reporting:

Collecting and reporting to investors annually on certain ESG metrics with respect to each investment held by a Fund (where such data is available), in each case as at the end of each Fund's reporting period, including without limitation:

- a. Total energy consumption, energy reduction targets;
- b. Renewable megawatts installed;
- c. Net new hires (organic and total) and employee turnover (%);
- d. Workforce diversity; and
- e. Non-technical delays to a business' infrastructure projects as a result of community-related issues.

The Manager notes that due to the nature of each Fund (an infrastructure debt fund that does not typically take controlling equity positions in the investee businesses), the availability of data for reporting purposes may be limited at times. As such, the Manager will provide such reporting on a best efforts basis where (in the opinion of the Manager, acting in good faith) there is sufficient data to report.

4. **Sustainability Linked Loans:**

In relation to each investment made by a Fund after 1 November 2022, either at the time of making an investment or post-closing of an investment, the Manager will consider whether or not to offer sustainability performance targets (“SPTs”).

Such SPTs will be linked to an ESG related metric including, without limitation, climate, and/or diversity, equity and inclusion (DEI). In the event that a SPT is offered, the investee may pay a lower interest rate if the SPTs are met by reference to the relevant metric and / or the investee may pay a higher interest rate if the SPTs are not met by reference to the relevant metric.

d) Investment strategy

The investment strategy used to meet the environmental and social characteristics promoted by the product

Each Fund’s investment strategy is focused on the subordinated debt of infrastructure businesses (each an investment in a portfolio company). Each Fund will generally invest in debt or debt-like securities or in situations where the investments exhibit debt-like characteristics or a debt-like return profile.

ESG factors will be integrated into the due diligence and post-closing monitoring phases of each Fund's investment process (the "**Ares ESG Integration Process**"). The Investment Team is required during the due diligence phase, as part of the Ares ESG Integration Process, to provide a comprehensive ESG assessment in final Investment Committee papers. This includes a comprehensive evaluation of ESG considerations using internally developed frameworks and, where relevant, third-party data.

Promoted Characteristic 1 (Negative Exclusion Screen) focuses on the exclusion of certain assets during the pre-investment selection process. Promoted Characteristic 2 (Limited Exposure to Midstream Pipelines) focuses on the limiting each Fund's exposure to businesses which derive a majority of their revenue from midstream pipelines. These characteristics leverage the information gathered during the due diligence exercise which incorporates the Ares ESG Integration Process.

Post-closing, the Ares ESG Integration Process is reflected in the continued monitoring of ESG practices during ownership via interaction with key stakeholders. Quarterly reports provided to each Fund’s investors include, where relevant, a statement regarding any material ESG matters with respect to each applicable investment. The development of the Ares ESG Integration Process supports and enhances the data which is used when reporting on each Fund's Promoted Characteristics 3 (ESG Metric Data Collection and Reporting) and 4 (Sustainability Linked Loans) (where in the opinion of the Manager there is sufficient data to report) for each underlying investment.

Each Fund's detailed investment strategy is as set out in the PPM and in each Partnership Agreement. The foregoing is intended only as a summary and in case of discrepancy between this summary and the PPM or the applicable Partnership Agreement, those other documents shall prevail.

The policy to assess good governance practices of investee companies

Each Fund's use of the Ares ESG Integration Process includes consideration of relevant governance factors. Governance factors are included in the Investment Team's wider ESG assessment which feeds into all final Investment Committee papers.

Final Investment Committee papers are also informed by the results of: (i) reports obtained by the Manager from third party due diligence providers (whose assessments cover a range of governance issues); (ii) discussions with members of management of potential portfolio companies, including on governance issues; and (iii) where available, governance assessments contained in due diligence reports prepared by due diligence advisers of potential investments. Upon closing an investment, the Investment Team continues to monitor governance related practices via periodic interaction with key stakeholders. Any major updates or violations are reported to Ares Global Head of Infrastructure Debt strategy and/or Ares' ESG specialist as appropriate.

e) Proportion of investments

There is no minimum proportion of investments which will meet the promoted environmental and social characteristics of each Fund. However, with regards to investments made post 1 November 2022, each Fund expects to invest predominantly in investments which are "#1 Aligned with E/S characteristics". This is on the basis that the Manager will (i) apply at the outset the Negative Exclusion Screen which will (in the reasonable opinion of the Manager having made reasonable enquiry in good faith) eliminate deal opportunities in investments that meet certain thresholds, (ii) limit each Fund's exposure to businesses which derive a majority of their revenue from midstream pipelines, (iii) collect and report (where such data is available) on certain ESG metrics on all investments made by each Fund, and (iv) in each case consider whether to offer sustainability linked loans.

All of each Fund's exposures to investee entities are expected to be direct exposures, meaning that each Fund will be providing direct equity in, or lending to, such entities; provided that each Fund's investments may be structured through subsidiary holding companies.

Each Fund may make investments in "Taxonomy-aligned" investments, but it does not commit to make any such investments - it is not part of each Fund's investment strategy to actively seek to invest in Taxonomy-aligned investments.

To the extent that a Fund may report that a proportion of investments are Taxonomy-aligned those figures may be derived from public disclosures and/or equivalent information directly obtained from issuers. In some circumstances complementary assessments and estimates based on information from other sources may also be used. Any figures are not expected to be assured by one or more auditors or reviewed by one or more third parties.

f) Monitoring of environmental or social characteristics

Each Fund monitors the promoted characteristics of the Fund through the following sustainability indicators:

1. The value of investments made from 1 November 2022 that on the reference date are inconsistent with the exclusion. This is anticipated to be zero.
2. The percentage of investments that on the reference date are subject to this limitation. This is anticipated to be less than 25% of the Fund's aggregate commitments.

3. The following ESG metrics with respect to each investment held by the Fund (where such data is available):
 - a. Total energy consumption, energy reduction targets;
 - b. Renewable megawatts installed;
 - c. Net new hires (organic and total) and employee turnover (%);
 - d. Workforce diversity; and
 - e. Non-technical delays to a business' infrastructure projects as a result of community-related issues.

The Manager may also choose to track and report on additional ESG metrics with respect to such investments.

The Manager notes that due to the nature of each Fund (an infrastructure debt fund that does not typically take controlling equity positions in the investee businesses), the availability of data for reporting purposes may be limited at times. As such, the Manager will provide such reporting on a best efforts basis where (in the opinion of the Manager, acting in good faith) there is sufficient data to report.

4. In relation to investments made from 1 November 2022:
 - a. the % of investments of the Fund in relation to which such SPTs have been considered. This is anticipated to be 100%; and
 - b. the number of investments in relation to which SPTs which have been agreed in principle between the Manager and the investee business.

The investment team in consultation with the ESG specialist will monitor these sustainability indicators through the Ares ESG Integration process.

g) Methodologies

Negative Exclusion Screen

The Negative Exclusion Screen characteristic relies upon the Manager's determination (based on its reasonable opinion, having made reasonable enquiry) as to whether the investee company should be excluded by the Negative Exclusion Screen.

Limited Exposure to Midstream Pipelines

The Midstream Pipelines characteristic relies upon the Manager limiting each Fund's investments in businesses which at the time of the Fund's initial investment in such business and as determined by the Manager (based on its reasonable opinion, having made reasonable enquiry), derive a majority of revenues from midstream pipelines to no more than 25% of aggregate commitments to the Fund.

ESG Metric Data Collection and Reporting – The Manager engages with portfolio companies by sending surveys to allow for collection of select PAI and ESG metric data where possible. The Ares

ESG Integration Process is then used to collate the data provided by the portfolio companies for inclusion into reports made available to each Fund's investors.

Consideration of sustainability-linked loan with certain investee companies

The Manager will maintain a record of the Manager's consideration as to whether to offer SPTs in relation to each investment and provide to investors the percentage of each Fund's investments which were considered in relation to SPTs. It is anticipated that the offering of SPTs will be considered in relation to 100% of each Fund's investments. The Manager will maintain a record of the number of investments in relation to which SPTs have been agreed in principle between the Manager and the investee business and provide this number to investors.

h) Data sources and processing

The data sources used to attain the environmental and social characteristics typically include but are not limited to one or more of the following: public sources such as company reports or disclosures, results from SASB metrics and RepRisk reports, loan documents and initial due diligence reports prepared in relation to the investee company and engagement with the investee company during initial investment process and post-close. Data obtained is incorporated into the Ares ESG Integration Process and subject to a sense check by the investment team.

i) Limitations to methodologies and data

The primary limitations relate to the reliance on self-reported and publicly available data and the use of estimates in some cases. These limitations are not considered to materially limit the monitoring or attainment of the promoted characteristics as both self-reported and public data is subject to internal checks. Where estimated data is used it will be based upon reasonable assumptions and appropriate comparators.

j) Due diligence

Following approval to undertake detailed due diligence, the investment opportunity is taken through an exhaustive process of analysis and evaluation. The Manager has a structured risk management investment process and proprietary evaluation techniques, which it seeks to apply in a disciplined and consistent manner. Due diligence is a crucial element of the Manager's risk management process and is executed by the Investment Team on a variety of levels, accessing the experience of Investment Team members, Ares resources and, where necessary and appropriate, third-party specialists.

This process considers accounting, legal, tax, environmental and industry issues in addition to fundamental business analysis and credit considerations. Negotiations of suitable legal and financial structures are also conducted. Management and equity sponsors are interviewed at length by members of the Investment Team, who then prepare detailed financial models. The formal due diligence process culminates in the preparation of due diligence reports which contain information regarding the financial analysis and risk summary.

k) Engagement policies

While engagement is not a key characteristic of each Fund, each Fund will seek to engage with investee companies when carrying out the select PAI and/or ESG metric data collection and reporting, and considering whether to offer SPTs to certain investee companies.