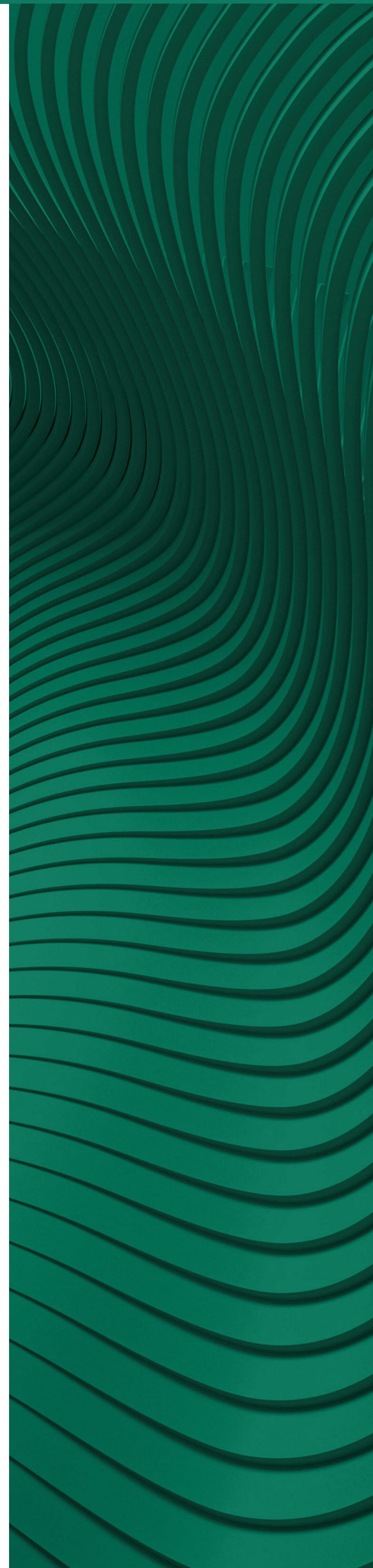
APOLLO

2024 U.K. Stewardship Code Report

Apollo Management International LLP

October 2024



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PRINCIPLE 1

Purpose, Beliefs, Strategy, And Culture

PURPOSE, BELIEFS, STRATEGY, AND CULTURE

Apollo is a leading provider of alternative asset management and retirement solutions. We help build and finance stronger businesses through innovative capital solutions that can generate excess risk-adjusted returns and retirement income. We invest alongside our clients and take a disciplined, responsible approach to drive positive outcomes.

Apollo Asset Management ("AAM") invests across Credit, Equity and Real Assets ecosystems in a wide range of asset classes and geographies, with a significant focus on the private investment grade and fixed-income markets. Through Athene, our retirement services business, we specialize in helping clients achieve financial security by providing a suite of retirement savings products and acting as a solutions provider to institutions. The scope of this report covers Apollo Management International LLP, ("AMI") operating in the UK as an indirect wholly-owned subsidiary of Apollo Global Management, Inc. ("AGM" and, together with AMI and its other subsidiaries, "Apollo").

Apollo's Core Values

Our core values of leading responsibly and championing opportunity not only shape Apollo's positive impact on society, they also play a critical role in our continued growth and success. Since our founding in 1990, we have believed that adhering to our values is integral to our success. This has allowed us to build an innovative and collaborative culture that can support great businesses and generate attractive returns for our clients.

Apollo's Asset Management Business

Apollo strives to be the leading provider of capital solutions to companies. Our breadth and scale enable us to deliver capital for even the largest projects — and our small-firm mindset ensures we will be a thoughtful and dedicated partner to these organizations. Our stakeholders increasingly rely on us to leverage our scale, global network and deep expertise to deliver positive societal returns in addition to strong financial performance.

In our asset management business, we seek to provide our clients excess return at every point along the risk-reward spectrum from investment grade to private equity with a focus on three investing strategies: yield, hybrid, and equity. For more than three decades, our investing expertise across our fully integrated platform has served the financial return needs of our clients and provided businesses with innovative capital solutions for growth.

We operate our asset management business in a highly integrated manner, which we believe distinguishes us from other alternative asset managers. Our investment teams frequently collaborate across disciplines and we believe that this collaboration enables our clients to more successfully invest across a company's capital structure.

We have a contrarian, value-oriented investment approach, emphasizing downside protection, and the preservation of capital. We believe our contrarian investment approach is reflected in a number of ways, including:

- Our willingness to pursue investments in industries that our competitors typically avoid;
- The often complex structures employed in some of the investments of our funds;
- Our experience investing during periods of uncertainty or distress in the economy or financial markets; and
- Our willingness to undertake transactions that have substantial business, regulatory or legal complexity.

We have applied this investment philosophy to identify what we believe are attractive investment opportunities, deploy capital across the balance sheet of industry leading, or "franchise," businesses and create value throughout economic cycles.

Purchase Price Matters

Apollo is grounded in a value-driven Investment philosophy focused on delivering outperformance and downside protection

Alignment

Apollo's capital efficient business model is designed to create strong client alignment and drive faster growth

Excess Return

Apollo seeks to provide excess return per unit of risk across our three primary investing strategies of yield, hybrid, and equity

Focus on Culture

Apollo seeks out talented, committed people and brings them together as one team

Large Addressable Market

Apollo provides a broad suite of investment products focused on traditional alternatives and fixed income replacement

Top Governance

Apollo strives to lead the way among alternative peers with a one share, one vote structure and two-thirds independent board of directors, including an independent chair

Apollo's Sustainability Strategy

Our clients rely on our investment acumen to help secure their future. As such, we strive to be a leading contributor to addressing some of the biggest issues facing the world today – such as energy transition, accelerating the adoption of new technologies, and social impact – where innovative approaches to investing can make a positive difference.

We believe Apollo is uniquely positioned to drive a more sustainable future and expand opportunity in our workplace, the marketplace and throughout the communities where we work and live. We take an integrated approach, incorporating environmental, social and governance (ESG) considerations into everything we do–from how we invest, to how we lend, to how we operate our firm globally.

We believe we can make the most tangible impact when we intentionally integrate sustainability throughout our business, at scale, to maximize returns to our investors and our positive influence on our employees, communities, and shareholders. We are committed to prioritizing sustainability in how we operate as a company. Our culture, in particular, is a manifestation of this because we encourage everyone, at every level, to bring forward ideas on how we can improve.

We view sustainability as more than simply a risk mitigator or a due diligence lens; rather, we believe it is a potential driver of returns and growth. Accordingly, we incorporate environmental, social, and governance factors and sustainability outcomes into investment decisions, practices, and ownership, to the extent they are deemed to be material to financial performance and consistent with fiduciary obligations.

Apollo's Sustainability Framework

Our sustainability framework is built around five themes: Integration, Engagement, Transparency, Product Solutions, and Compliance.

- **Integration:** Apollo endeavors to incorporate material environmental, social, and governance risks and opportunities into the fundamental investment process to drive better financial outcomes for certain strategies, as necessary and where appropriate.
- **Engagement:** Apollo strives to engage and communicate with portfolio companies and issuers on relevant sustainability topics in order to encourage positive change in financial performance.
- **Transparency:** We believe that being transparent about the sustainability performance and progress of Apollo-managed funds' investments is an important element of a comprehensive program.

- **Product Solutions:** Apollo offers a wide range of financial products and solutions with specific strategies designed to meet the demands of clients, including but not limited to those that seek products and solutions that involve integration of, or alignment with, certain environmental, social and/or governance considerations, and/or impact investment strategies.
- **Compliance:** It is Apollo's policy to comply with all applicable laws, rules, and regulations in the jurisdictions in which Apollo operates, including but not limited to those that relate to climate, the environment, social matters, and corporate governance matters.

Apollo's sustainability strategy builds on these themes to prioritize creating value for our shareholders and serving the needs of our clients and employees in a responsible way, leading to long-term positive contributions to the communities where we operate. We believe that addressing the perspectives of our constituents maximizes the long-term potential of our clients' portfolios, creating value at scale. For more information on how we communicate with and gather feedback from clients, please refer to Principle 6: Client Care and Communication.

PRINCIPLE 2

Governance And Resources

GOVERNANCE AND RESOURCES

We pride ourselves on being a responsibly managed company and setting a strong example for the portfolio companies of Apollo-managed funds. This is exemplified in our governance practices and by the standards to which we hold ourselves accountable. Our governance structures are intended to set strong examples for portfolio companies of Apollo-managed funds and set high standards for others across our industry.

We recognize the potential for environmental, social, and governance factors to impact clients, investments, operations, employees, and local communities. To respond accordingly, we have endeavored to equip our business to address and oversee these unique risks and opportunities. Apollo takes an integrated approach to ESG issue management, with oversight from Company leadership and collaboration from across the business.

The Apollo Sustainability Team[1] begins with the Board of Directors, with strategy and direction coming largely from the Sustainability and Corporate Responsibility ("S&CR") Committee of the Board. With guidance from the S&CR Committee, Apollo's Chief Sustainability Officer ("CSO") leads members of functional and operational Sustainability Teams across the business. The functional Sustainability Team handles Apollo's internal sustainability strategy, including reporting, legal, compliance, and sustainability strategy/climate change. Our operational Sustainability Team, includes the Head of Responsible and Sustainable Operations and the Head of Sustainable Credit & Platforms, who oversee sustainability operations across our portfolio investments and funds.

Apollo has defined the following roles and responsibilities for oversight and implementation of our sustainability program:

Board and Executive Governance

AGM's Board of Directors and senior management oversee Apollo's approach to sustainability, as outlined below:

- **AGM Board of Directors (the "Board"):** The Board has delegated oversight of sustainability and corporate responsibility matters to the Sustainability and Corporate Responsibility Committee of the Board (the "Sustainability Committee"). The Board appoints the Sustainability Committee members and chairperson. The Board receives regular reports from the Sustainability Committee.
- **Sustainability and Corporate Responsibility Committee:** The Sustainability Committee is comprised of independent directors and is responsible for assisting the Board in overseeing AGM's corporate responsibility strategies, sustainability strategies, and related matters. These strategies include environmental sustainability and climate change, human rights, social impact, employee health and safety, and diversity, equity, and inclusion.
- **Chief Sustainability Officer ("CSO"):** The CSO is responsible for spearheading AGM's sustainability strategy. The CSO is a member of AGM's Leadership Team, oversees reporting to the Sustainability Committee, and reports to AAM's Co-Presidents. The CSO and other sustainability leadership coordinate with various stakeholders across Apollo, including but not limited to investment committees, enterprise risk management, and reputation management functions. The CSO also engages with governance and oversight committees and bodies on a regular and as-needed basis.

Sustainability Governance

In addition to Board- and senior management-level oversight, AGM has governance structures specifically dedicated to the development and implementation of sustainability management.

- **Office of Sustainability:** The Office of Sustainability is led by the CSO. The Office of Sustainability includes and is responsible for operational oversight of the business-level Sustainability Teams and the centralized Sustainability Team.
- **Centralized Sustainability Team:** The centralized Sustainability Team is responsible for development and implementation of AGM's sustainability initiatives, reporting, and strategy, and assists with adherence to applicable legal and regulatory requirements. The centralized Sustainability Team coordinates and collaborates with AGM leadership, business-level Sustainability Teams, investment and portfolio management professionals, data/technology teams, and other stakeholders.
- **Business-level Sustainability Teams and Leadership:** The business-level Sustainability Teams are responsible for defining business strategy in coordination with business heads, including implementation processes, and are led by the Head of Sustainable Credit & Platforms and Head of Responsible and Sustainable Operations, respectively. These teams partner with investment and portfolio management leadership and professionals to adapt and implement strategy-specific policies and processes. The Heads of the business-level Sustainability Teams may also partner with both business-level and Office of Sustainability leadership, as necessary and appropriate.

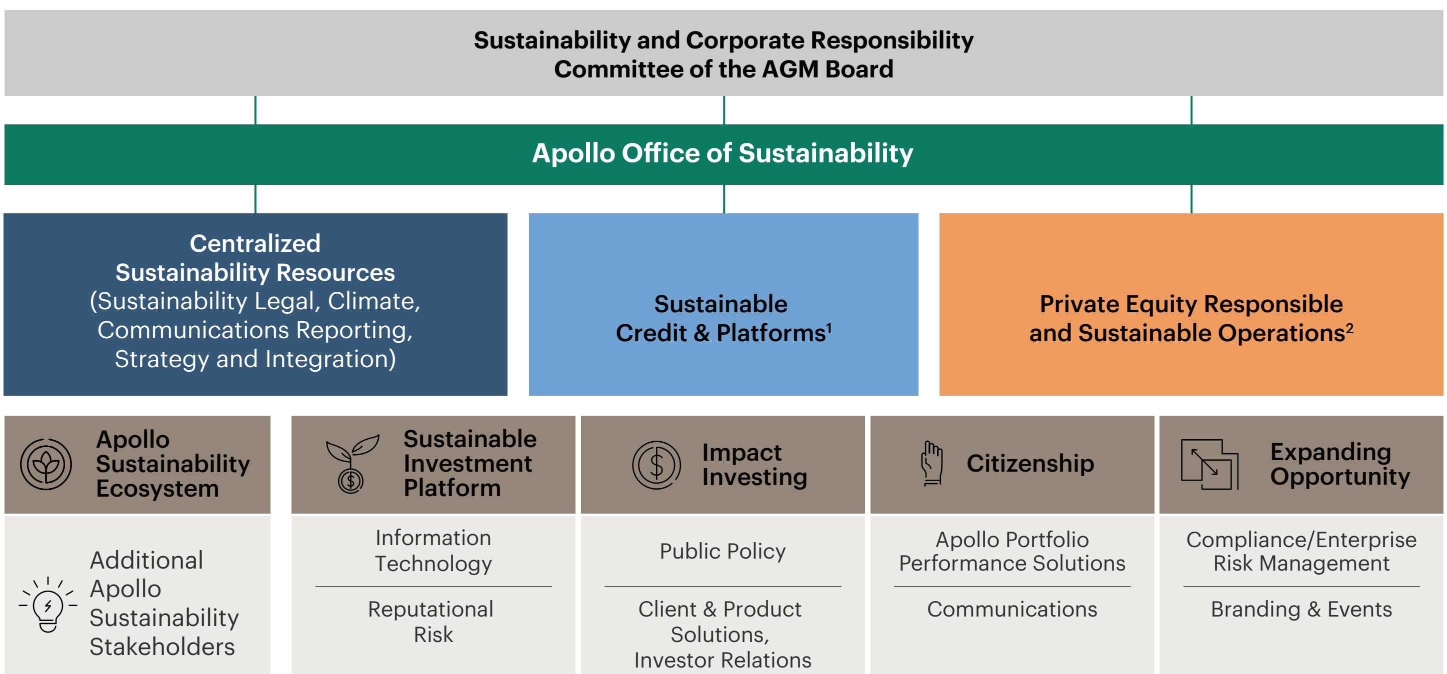
1. Apollo's Sustainable Investing and Environmental, Social, and Governance Policy and other policies may refer to the Apollo Sustainability Team as the Apollo ESG Team.

- **Sustainable Investing Platform:** The Head of Sustainable Investing oversees Apollo's Sustainable Investing Platform of investment products. The Sustainable Investing Platform focuses on financing and investing in clean energy and climate capital across funds with a stated focus in AAM's opportunistic, hybrid, and yield strategies. The Platform includes the Sustainable Finance function, focused on funds within the Firm's yield business, led by the Head of Sustainable Finance and supported by the Deputy Heads of Sustainable Finance and the Head of Sustainable Credit & Platforms. Additional information on the Sustainable Investing Platform is available in Principle 6: Client Care and Communication – Diversified Product Offerings.

Apollo Sustainability Ecosystem

Apollo's commitment to sustainability can be seen in the firm's investments in talent. Approximately 20 professionals assist sustainability efforts at Apollo in a full-time capacity[2]. Apollo's Chief Sustainability Officer, Dave Stangis, leads the Firm's sustainability strategy and reports to Apollo's Co-Presidents. Led by the Head of Sustainable Credit & Platforms, Michael Kashani, Apollo's Sustainable Credit & Platforms Team (comprised of six individuals across geographies) brings years of leadership and experience in credit investing, ESG integration, sustainability structuring, and stewardship. As the Senior Stewardship & Engagement Specialist, Lori Shapiro, leads stewardship-related activities for the Sustainable Credit & Platforms Team. Furthermore, the Responsible and Sustainable Operations for Private Equity, led by Carletta Ooton, is comprised of subject matter experts with operational experience which are equipped to help drive value creation in our private equity investments. The business-level sustainability teams' efforts are also supported by an ecosystem of dedicated sustainability professionals that interface with nearly every group across Apollo's platform, including impact investing, climate and infrastructure, and real estate. These individuals bring a wealth of experience in ESG analytics, data, and strategy. The Sustainability Team further benefits from the collective knowledge of Apollo's investment, legal, compliance, and data/technology teams, who each play a role in building out our sustainability platform. Finally, investment professionals and portfolio managers are expected to integrate sustainability into their processes, to the extent appropriate and feasible in accordance with each strategy.

APOLLO SUSTAINABILITY ECOSYSTEM



As of December 2023. Subject to change without notice.

1. Credit strategies covered by the Sustainable Credit & Platforms team include, but are not limited to, Multi-credit, Opportunistic, Direct Origination, Performing Credit, Asset Backed Finance, and Credit Real Estate. Platforms include, but are not limited to, Hybrid Value, Infrastructure, the Sponsor and Secondary Solutions Platform, the Apollo Aligned Alternatives Platform, and various Real Estate strategies as well as Apollo's origination platforms including Midcap, Redding Ridge, Eliant, Petros PACE, Capteris, PK AirFinance, MaxCap, Atlas, and Apterra. 2. The Private Equity Responsible and Sustainable Operations Team aims to accelerate value creation and operational excellence for certain investments where Apollo-managed funds own a significant equity stake in the company (i.e. "portfolio companies"). Strategies supported by the Responsible and Sustainable Operations Team include, but are not limited to, Private Equity, Hybrid Value, Infrastructure, and certain Real Estate Equity strategies.

2. As of December 2023.

Enterprise Governance

ESG considerations are also contemplated by key governance forums including but not limited to:

- **AAM Global Risk Committee ("AGRC"):** The AAM Global Risk Committee is authorized and directed to review and evaluate key risks and to provide oversight and guidance to AAM's business units to identify, measure, monitor and control risks that could influence operations and the success of business objectives. The Committee meets at least quarterly and provides updates to the AGM Board on an as-needed basis. When appropriate, the Office of Sustainability may escalate relevant issues to the AAM Global Risk Committee.
- **Reputational Risk Working Group ("RRG"):** The Reputational Risk Working Group is a management-level working group responsible for vetting regulatory and reputational risks, including those political and/or policy-related, of certain investments. The group provides recommendations to investment teams on certain investments and may elevate matters to Apollo's Co-Presidents. In tandem with oversight from the Public Policy Department, members of Apollo's Reputational Risk Working Group include certain leaders of the Investment, Public Policy, Communications, Legal, Sustainability, Compliance, Enterprise Risk and Human Capital functions.
- **Product Vetting Forum ("PVF"):** The PVF is a cross-functional group that oversees and evaluates new products. Among other things, the consideration of environmental, social, and/or governance risks and opportunities may be taken into account in the product development and evaluation process. The CSO is a member of the PVF, and additional members of the Office of Sustainability attend meetings on an as-needed basis.

Investment & Portfolio Management Governance

We believe that sustainability can be a core function for helping us deliver strong risk-adjusted returns to investors and build better businesses. We believe that companies that proactively manage material environmental, social, and governance risks and seize corresponding opportunities can perform better and be more sustainable and better positioned for the long-term. Accordingly, we aim to integrate these considerations into investment decision-making and monitoring processes, as necessary and appropriate, and consistent with fiduciary obligations.

- **Business Leadership & Committees:** Apollo's business leadership and related committees are responsible for oversight of investment professionals, operational decisions, and investment processes, with support from the Office of Sustainability and respective Heads of the business-level Sustainability Teams. These committees serve as information-sharing forums for investment professionals, Company leadership, and other stakeholders.
- **Investment Committees:** Apollo's investment committees are generally responsible for decisions relating to specific Apollo-managed fund investments, depending on the strategy, asset class, or fund. These committees' responsibilities may include ensuring adherence to applicable asset class/business-level due diligence requirements. Certain investment committees for some funds are designated to oversee asset class-specific operational/implementation decision-making.
- **Investment & Portfolio Management Professionals:** Apollo's investment and portfolio management professionals are accountable for deal-by-deal analysis in accordance with the asset class or strategy's requirements. Apollo's investment and portfolio management professionals receive support in these roles from business leadership and relevant Office of Sustainability members, as necessary and appropriate. For certain strategies, investment and portfolio management professionals are responsible for assisting with internal and/or external ESG data analysis and reporting, with oversight from business leaders, relevant committees, and the Office of Sustainability.

Expanding Opportunity

We believe that ongoing professional development is a critical part of our culture at Apollo and an important enabler of our investment process. Because of our entrepreneurial culture, the breadth of our integrated platform, and our reputation for strong investment performance, we believe we can attract, develop and retain top talent. We have development programs in place at the associate, principal, managing director and partner levels which demonstrate our commitment to developing, engaging and retaining our employees.

We believe that an engaged, diverse workforce is one that will bring its best ideas to innovate and drive value for the firm. We are approaching our diversity, equity and inclusion strategy through the positioning of "expanding opportunity". Expanding opportunity focuses on three specific areas—workplace, marketplace and community. In collaboration with our employees, we are seeking to empower our entire organization to expand opportunity for underrepresented groups in the work we do, every day.

To grow a more diverse workforce, we have established arrangements with several organizations to identify diverse talent. We are also committed to development of our existing talent through various opportunities including internal mobility, leadership development programs, and our employee affinity networks. Across the organization, from our team dedicated to citizenship initiatives to our employee affinity networks, we are committed to advancing a shared goal of building a more inclusive, modern high-performance culture.

We believe that expanding opportunities along with investing in and supporting our communities and our people helps us achieve exceptional outcomes for our fund investors and a positive social impact. Apollo's talent is instrumental to our success as a global alternative asset manager and retirement services provider, and investing in and fostering a high-performing, diverse and inclusive workforce is a key pillar of operating our business. Rooted in our core values, we strive to build a culture where our talent can excel and grow in their careers and be supported along the way.

APOLLO 2023 WORKPLACE DEMOGRAPHICS[1]

	Our People	New Hires	Senior Leadership[3]
Asset Management	35% ■ 40% ▲	40% ■ 45% ▲	20% ■ 22% ▲

■ US Ethnically Diverse (Non-white) Employees[2] ▲ Global Female Employees

1. Workplace demographic data represents AAM as a whole and is not specific to AMI. 2. We define "ethnically diverse" as Asian, Hispanic or Latino, Black or African American, American Indian or Alaska Native, Native Hawaiian or other Pacific Islander or two or more races. We track and report on ethnicity only for US employees, due to different regulatory and privacy frameworks in other countries. Therefore, the ethnicity data represents US employees only, while gender data provided is on a global basis. 3. Senior Leadership is defined as Managing Directors and Partners for Asset Management.

Performance Management

Apollo aims to ensure that its remuneration policies and practices encourage sound and effective risk management and align financial incentives for staff with the risks undertaken and rewards achieved by investors in the funds managed or advised by Apollo.

We work to offer a compelling employee value proposition to support our employees' well-being and reward strong performance. The design of our compensation program is intended to support our business objectives as well as align pay with performance and attract and retain the most qualified and energized talent to spend the entirety of their careers at Apollo.

For additional information, please see the summary of Apollo's remuneration policy, available at https://www.apollo.com/content/dam/apolloaem/documents/governance/eu-overview/apollo-remuneration-policy-summary-02-24-2023.pdf

Sustainability Training

AGM provides new hires with an overview of our Sustainability initiatives as part of the onboarding process. In 2023, we expanded our Sustainability onboarding process for AAM new hires to include a quarterly workshop with Sustainability and Expanding Opportunity leaders at the Firm. Additionally, Apollo periodically trains its employees on sustainability-related topics, depending on their roles and responsibilities. We offer investment professionals business-level sustainability training periodically to ensure they are well-informed on topical developments and process requirements, which can help drive financial returns and generate value for clients. We also offer specialized training programs that cover more nuanced topics, and in 2023 held two AAM-wide teach-ins on Sustainable Credit & Platforms and Climate & Transition.

Within our Credit & Platforms business, the Sustainable Credit & Platforms Team continues to increase and progress the availability of relevant training opportunities for the broader investment teams. That includes access to webinars and other public training opportunities, but also bringing in market experts to speak directly to and interact with the Apollo investment teams. Additionally, ongoing training sessions are provided in relation to Apollo's integration of ESG factors into the investment process; including but not limited to such topics as a) proprietary ESG Risk Assessment, b) ESG Due Diligence best practices, c) Impact and Sustainable Investment assessments, d) Climate and Transition assessments, e) engagement, f) ESG data[3], and g) emerging/existing regulations. In addition, the Sustainable Credit & Platforms Team actively

3. For more information on our ESG data providers please refer to Principle 8: Monitoring Data Providers.

attends weekly deal pipeline calls and investment committees, sharing its views with investment teams and supporting them in the ESG integration and due diligence processes on a continuous basis.

Across AAM, over 100 investment professionals and dedicated Sustainability professionals are part of a central digital forum where they regularly share and discuss related trends and news. This allows participants to stay abreast of key developments and provides a forum to share best practices between entities, industries, and geographies.

Continuous Improvement

We understand that no single approach to board leadership is universally accepted and that the appropriate leadership structure may vary based on several factors, such as a company's size, industry, operations, history and culture. Accordingly, our Board of Directors assesses its leadership structure in light of these factors and the current environment to achieve the optimal model for us and for our stakeholders. The composition of the Board of Directors, the tenure of the directors with AGM, the overall experience of the directors and the experience that the directors have had with the independent Chair, the Chief Executive Officer and the executive management group permit and encourage each member to take an active role in discussions, and each member does actively participate in substantive discussions.

Apollo continues to provide ongoing education opportunities to assist directors in developing and maintaining the skills necessary and appropriate to perform their responsibilities. The S&CR Committee receives legal and regulatory updates annually at a minimum. In the last 12 months, the S&CR Committee received two of these updates, each of which included an overview of pending and new US and non-US legal and regulatory rule changes. The S&CR Committee also receives presentations on the relevant external sustainability metrics and standards against which Apollo is measured.

Further, S&CR Committee members are provided with additional opportunities to learn more about our approach to sustainability as it grows and evolves. Each year, the S&CR Committee hears presentations from the members of management responsible for the sustainability strategies within Apollo's Credit/Platforms and Equity businesses, as well as with members from Apollo's Citizenship and Expanding Opportunity teams. Our CSO attends every S&CR Committee meeting and regularly provides updates on Apollo's sustainability strategy, organization and reporting. Beginning with the first quarter of 2024, the full Board is expected to be invited at least once per year to attend an S&CR meeting for education on current sustainability topics related to Apollo's business and every S&CR Committee meeting is open to all board members to attend. Each year, the Board conducts a self-evaluation to gather feedback to drive continuous Board and committee effectiveness.

We believe that the significant enhancements we have made to our governance and ownership structure in recent years, positions AGM as a long-term investment industry leader with best-in-class governance practices. From clear enterprise-wide policies to oversight controls that reduce risk, we believe our governance practices are key to our winning as a team.

PRINCIPLE 3

Managing Conflicts Of Interest

MANAGING CONFLICTS OF INTEREST

We increasingly confront potential conflicts of interest relating to our business, our investment activities and the investment activities of the funds we manage. As an asset manager, conflicts of interest can arise in connection with investment decisions, including regarding the identification, making, management, valuation, disposition, and timing of a fund's investments. These conflicts of interest include conflicts that arise among the funds we manage as well as between us and the funds we manage and other client accounts.

Certain inherent conflicts of interest arise from the fact that (i) we provide investment management services to more than one fund or client, (ii) the funds we manage often have one or more overlapping investment strategies, and (iii) we could choose to allocate an investment to more than one fund or to ourselves. Also, the investment strategies employed by us for current and future clients, or on our own behalf, could conflict with each other, and may adversely affect the prices and availability of other securities or instruments held by, or potentially considered for, one or more clients. If participation in specific investment opportunities is appropriate for more than one of the funds or other advisory clients we manage, participation in such opportunities will be allocated pursuant to our allocation policies and procedures, which take into account the terms of the relevant partnership or investment management agreement as well as the decisions of our allocations committees.

In addition to the potential for conflict among the funds and accounts we manage, we face the potential for conflict between us and the funds we manage or clients. These conflicts may include: (i) the allocation of investment opportunities between Apollo and the funds Apollo manages; (ii) the allocation of investment opportunities among funds with different performance fee structures, or where our personnel have invested more heavily in one fund than another; (iii) the determination of what constitutes fund-related expenses and the allocation of such expenses between our advised funds and us; and (iv) the ability of our personnel to, in certain circumstances, make investments in the funds we manage or funds managed by third parties on more favorable terms.

Further, from time to time, issues arise that present actual conflicts of interest, including between us and the funds we manage, among the funds we manage, or between our employees and the funds we manage. Examples of such conflicts include, without limitation, side-by-side managed funds with overlapping investment mandates; affiliated transactions (including principal transactions) between the funds we manage and/or between the funds we manage and Apollo and/or their portfolio investments; multi-tranche investments where the funds we manage are invested in one or more tranches of a portfolio investment while others are invested on a non-pari passu basis in the same or different tranches of such investment; and the use of affiliated service providers. Funds we manage hold interests in businesses, including operating companies and/or portfolio investments, that originate assets on a recurring basis, which we refer to as origination platforms. Through their origination business, the origination platforms create investment opportunities for us, our affiliates, as well as for the funds we manage in addition to third parties. Where such investment opportunities are allocated to the funds we manage, they can give rise to management fees, incentive compensation payable or allocable to us, and additional transaction-based compensation payable to our affiliated service providers, including the capital solutions fees discussed herein, which gives rise to conflicts of interest among us and the funds we manage.

Conflicts of Interest Controls

Apollo has established a number of controls to reinforce its fiduciary obligations as they relate to conflicts of interest. For example, Apollo has adopted a Conflicts of Interest Policy[4] which applies to all Apollo employees. Company personnel are prohibited from engaging in any activity, practice, or act which conflicts with, or appears to conflict with, the interests of Apollo, without disclosing such activity, practice, or act and its potential conflicts to, and receiving approval from, Compliance.

Upon learning of a potential conflict of interest, Compliance personnel typically performs an initial review to determine how to proceed, including the extent to which escalation within the Firm may be appropriate. Further, Compliance maintains a log (or other record) upon receipt of information concerning a potential or actual conflict of interest. Compliance may determine on a case-by-case basis that it is appropriate to perform enhanced review, heightened monitoring, and/or additional surveillance to try to mitigate and resolve potential or actual conflicts memorialized in the log.

4. Shared with investors and other stakeholders upon request.

Conflict of Interest Scenarios

Apollo has a fiduciary duty to place the interests of its clients before the interests of the firm, which includes an obligation to appropriately address any potential conflicts of interest, including fact patterns that might give the appearance of a conflict of interest. Managing potential, real, and perceived conflicts of interest is an integral part of the firm's commitment to its clients. Conflicts may occur in a variety of scenarios in the ordinary course, including the following illustrative categories:

Conflict Category	Conflict Scenario	Conflict Management
Code of Ethics	Covered persons may engage in personal activities, practices, or acts that conflict with, or appear to conflict with, the interests of the firm, and the firm's fiduciary duties to its clients.	Apollo has adopted a Code of Ethics (the "Code") that provides the standards of business conduct that the firm requires of its covered persons in carrying out its fiduciary obligations. The Code covers a wide range of business practices and procedures to help covered persons avoid potential and actual conflicts that may arise from their actions—e.g., ensuring that gifts and entertainment and charitable donations provided to, or received from, third parties are reasonable and appropriate, and are not an inducement for the third-party to do business with the firm or the firm to do business with the third-party, or, in either case, perceived as such; ensuring that covered persons put their responsibilities to the firm ahead of any outside business activities or private investments, and that such interests do not conflict with the interest of the firm or its clients. Compliance has implemented a number of controls ranging from pre-clearance to the regular review, oversight, and testing of covered persons' personal activity.
Material Non-Public Information	The firm and/or its covered persons may come into the possession of material non-public information ("MNPI") and use it for their own financial gain, including through personal trading or otherwise.	Apollo has adopted a suite of Insider Trading Prevention Policies and Information Barrier Policies to restrict access to, and prevent the misuse of, MNPI. These policies address, among other things, insider trading and tipping, the protection of MNPI and other confidential information, the firm's restricted list, information barriers, and the inadvertent or unauthorized receipt of MNPI. Compliance has implemented a number of MNPI oversight controls to ensure compliance with governing securities laws and regulations, including trade and electronic surveillance activity.
Allocation of Trades	Investment opportunities may be allocated more preferably to one or more side-by-side managed clients to the disadvantage one or more clients.	Apollo has adopted an Allocation Policy and related procedures to ensure that (i) trade allocations are timely, (ii) no set of trade allocations are accomplished to unfairly advantage one client over another, and (iii) client accounts are treated fairly and equitably over time. Compliance employs various tests to evaluate compliance with the Allocation Policy. On a quarterly basis, testing results are presented to an Investment Practices Committee.
Trade Errors	Traders may experience errors with respect to trades made on behalf of a client that negatively impact the client.	Apollo has adopted a Trade Error Policy that addresses the handling of trade errors. If a potential trade error occurs, Compliance examines it to determine if any remedy, including reimbursement, is necessary. Compliance employs various tests to evaluate compliance with the Trade Error Policy. On a quarterly basis, testing results are presented to an Investment Practices Committee.
Valuation Policy and Procedures	Valuation methodologies may not be consistently applied and impact the fair valuation of financial instruments.	Apollo has adopted a Valuation Policy and Procedures to ensure that investment valuations are documented and determined on a consistent basis across clients, as, and to the extent appropriate, in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). In order to oversee and implement the Valuation Policy and Procedures, the Firm has established a Valuation Committee (and several sub-committees), among other controls.

Conflicts of Interest Related to Proxy Voting

As an alternative asset manager, Apollo does not generally receive proxy voting rights with the investments it makes. In cases where an Apollo-managed fund holds proxy voting rights for a given entity, conflicts of interest may arise that relate to proxy voting. In such cases, the fund seeks to exercise these voting rights in accordance with Apollo's internal Proxy Voting Policy, its fiduciary duty and related duties, and the best interests of the fund's investment strategy, which may include the consideration of material ESG factors.

Apollo's Compliance team evaluates proxy votes to determine whether a material conflict of interest exists between Apollo and the interests of our clients and/or investee entity shareholders. Such conflicts are typically based on the specific facts and circumstances associated with the issues that are the subject of the proxy and the Firm's and its employees' business dealings with a particular proxy issuer or closely affiliated entity.

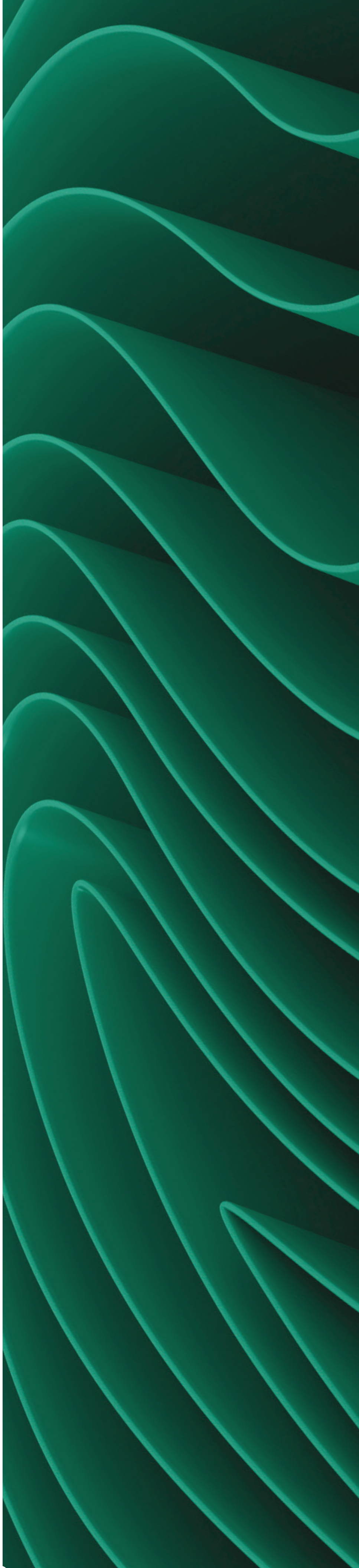
Apollo Managers may have conflicts of interest in voting proxies where they have a substantial business relationship with the portfolio investment, and the failure to vote in favor of company management could harm the Apollo Managers' relationships with management. Conflicts also arise in the event a senior executive of a portfolio investment and principal of Apollo or its affiliates have a significant personal relationship that could affect how the adviser votes on a matter relating to the portfolio investment.

Apollo has adopted policies and procedures which are designed to ensure that the Apollo Managers vote proxies, or elect not to vote proxies, in the best interests of our clients. For example, if an Apollo representative sits on the board of directors of a portfolio investment that is the subject of a proxy, Apollo Compliance undertakes a review prior to any vote to determine whether a material conflict of interest exists. If a material conflict of interest is identified, Apollo Compliance will take such steps as it deems necessary to determine how to vote the proxy in the best interests of the Client, including, but not limited to, consulting with Apollo Legal, outside counsel, a proxy consultant, or the investment professionals responsible for the relevant portfolio investment.

We believe that we have dealt with all relevant conflicts appropriately over the reporting period using the mitigant mechanisms designed to address governing rules, regulations, and client agreements.

PRINCIPLE 4

Risk Identification And Management

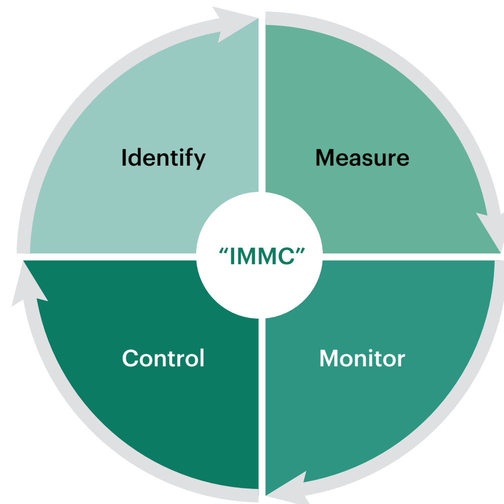


RISK IDENTIFICATION AND MANAGEMENT

At AAM, managing risk is fundamental to ensuring we meet our business objectives and is the responsibility of all our employees.

The Firm's Enterprise Risk Management Framework details Apollo's program to comprehensively manage risk. All employees of AAM and its subsidiaries are accountable for understanding their roles and responsibilities within the Framework.

AAM's Enterprise Risk Management strategy and program is enabled by our Identify, Measure, Monitor and Controls ("IMMC") model and our three lines of defense.



IMMC Model

IMMC is a continuous process of identification, measurement, monitoring, and control of key risks inherent in our business activities.

Under this methodology, risk exposures are regularly assessed and reported to senior management and key governance forums. We then establish and/or update appropriate controls through policies, standards, procedures, and processes.

Three Lines of Defense

We use the Three Lines of Defense Model based on the following principles.

Operating under the Three Lines of Defense model helps ensure business processes and activities are working as intended and provides clarity around risk management roles, responsibilities and escalation channels.

A key component of AAM's strong risk management program is our robust governance. Apollo has several forums that support the governance of risk at both the Board and management level. The AGM Board provides oversight to senior management charged with the day-to-day operations of the business. Beyond oversight from the Board of Directors, key forums include, but are not limited to the forums listed in Principle 2: Governance And Resources - Enterprise Governance.

AAM's Enterprise Risk Management Framework also summarizes core risk areas that are regularly monitored and managed including, but not limited to, investment risk.

Managing Investment Risk

Investment Risk is managed on a day-to-day basis by the business and investment professionals, with support from Market Risk. Investment risks are identified and assessed by portfolio managers and business leaders, who remain responsible for managing the underlying risk in their portfolios. Issues and exceptions are escalated as warranted.

The Market Risk team provides an independent perspective on Investment Risk, provides constructive challenge to investment assumptions by stress testing investment portfolios, and produces reporting on risk. On a daily basis, the group reviews security, position, and trade data as well as the risk sensitivity outputs of a proprietary Risk Model. The group utilizes multiple approaches to assess risk including market factor sensitivities (rate/spread duration), net and gross leverage, stress testing, VaR and ex-ante portfolio volatility modeling. Market Risk monitors fund risk relative to client expectations and may advise on portfolio construction and hedge recommendations.

Further, risks are analyzed across strategies from both a "bottom-up" (underlying positions and concentration) and "top-down" (risk metrics) perspective. We gather and analyze data, monitor investment and markets in detail, and constantly strive to better quantify, qualify, and circumscribe relevant risks.

The Head of Market Risk and the Market Risk Forum provide oversight over the management of Investment Risk. The Head of Market Risk advises portfolio managers on the risk profile of specific market exposures, develops risk tools, and performs portfolio stress testing. The Head of Market Risk also leverages models and analytics provided by the AAM Quantitative Analytics team, the Firm's quantitative function which is responsible for developing proprietary models, analytics, and tools for all asset classes.

The Market Risk team conducts regular risk review meetings with portfolio managers to discuss portfolio performance, changes in funds' risk profiles and risk sensitivities, stress testing results, and recommendations on portfolio construction. In addition to its regular activities described above, the Market Risk team evaluates and assesses exposure to market event risk in real time, including market moves, geopolitical events, etc.

Principles for Responsible Investment

Apollo is a signatory to the UN-backed PRI that set forth principles for environmental, social and governance integration throughout an investment life cycle. As a signatory, we believe that we must act in the best long-term interests of our beneficiaries and that material environmental, social and governance issues can affect the performance of investment portfolios. As signatories, we commit to adopting the following principles across our business:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

Climate Risk Management

We believe climate-related risks, where financially material, can be substantial and significant. These risks for the short, medium and long-term can be classified into two categories: physical risks and transition risks.

Transition risks can adversely impact the value, performance and viability of certain businesses, assets and sectors in which Apollo-managed funds invest. Examples of transition risks include risks associated with shifting to a lower-carbon economy, which may entail extensive policy, legal, technology and market changes, like changing client preferences and new regulation. We believe identifying at-risk areas and seeking to keep both us and our funds ahead of, and in compliance with, market and regulatory developments are crucial to managing our risks in the short, medium and long-term. Apollo monitors and encourages portfolio companies to monitor for and manage potential transition risks, including the evolution of U.S. and foreign climate-related legislation.

Moreover, our investments, and the investments of the portfolio companies of the funds we manage, are subject to risks stemming from the physical impacts of climate change. Physical risks can directly impact the properties, facilities and infrastructure of Apollo and the businesses in which Apollo-managed Funds invest. Examples of physical risks include episodic events like flooding, tornadoes and wildfires. The indirect impact of physical risks can also affect business operations and disrupt supply chains. In particular, climate change may impact asset prices and the value of investments linked to real estate. For example, rising sea levels may lead to decreases in real estate values in coastal areas. Apollo and the funds we manage include real estate investments and collateral underlying investments linked to real estate in areas of the US, including California, sections of the Northeastern US, the South Atlantic states and the Gulf Coast.

Understanding these risks and their impacts on Apollo, investment portfolios and specific issuances is a component of our efforts to protect, manage and create value across asset classes and sectors. When evaluating potential investments, Apollo investment professionals, outside counsel and other expert advisors often work together to determine whether an opportunity is suitable for a given strategy. During this process, team members will assess potential material ESG issues that could affect the value and risk profile, including energy management, GHG emissions, physical risks, transition risks and alignment with UN SDG outcomes. Apollo's collaborative approach to the investment process endeavors to ensure that we are maximizing the collective knowledge of the team and considering a variety of perspectives.

Policy and Regulatory Developments

The breadth and depth of the regulatory environment regarding sustainability are growing rapidly, both in respect of existing and emerging regulations and requirements. In recent years, sustainability-related matters have been the subject of increased focus by certain regulators and policymakers in many jurisdictions in which Apollo operates. Governmental regulators and other authorities have proposed or implemented a number of initiatives and additional rules and regulation.

Increasingly, we are or may be subject to new initiatives and additional rules and regulations relating to sustainable finance and/or environmental, social and governance matters, including but not limited to: in the EU, the EU Regulation on the Establishment of a Framework to Facilitate Sustainable Investment as well as the EU Sustainable Finance Disclosure Regulation and supporting regulatory technical standards; and, in the U.K., the U.K. FCA's disclosure rules for asset managers aligned with the recommendations of the Taskforce on Climate-Related Financial Disclosures as well as the forthcoming Sustainability Disclosure Requirements and investment labelling regime and the proposed U.K. Green Taxonomy. Compliance with such laws and regulations requires increasing amounts of resources and the attention of our management team.

To effectively monitor regulatory developments, Apollo regularly consults with external counsel and advisors to help analyze regulatory updates and develop and implement programs to ensure compliance. We endeavor to keep our Board and its committees apprised of updates to this evolving landscape, where applicable and appropriate.

Market Developments

In recent years, some institutional clients have placed increased importance on the environmental and social ramifications of investments made by the funds to which they commit capital, including climate matters. Some investors, including pension funds, use third-party benchmarking and/or ratings to evaluate Apollo-managed funds for potential investment. These include rankings that evaluate our sustainability practices and potential for risk across a variety of areas. The converse is also true: some investors, regulatory agencies and government officials have implemented more critical investment decision criteria to avoid investing in ESG-themed and climate-related funds. We consistently monitor market developments and perceptions as we continue to focus on delivering risk-adjusted investment returns to our clients.

Data Security & Privacy

We recognize the critical role that cybersecurity plays in protecting our stakeholders' data, safeguarding our operations and ensuring the overall resilience of our company. With guidance from our Board of Directors, we have built a Cybersecurity program that aligns with the standards of the National Institute of Standards and Technology Cybersecurity Framework.

Apollo also conducts regular risk assessments to identify, evaluate and rank cybersecurity risks. These assessments inform our risk mitigation strategies, which are designed to protect our information assets and systems. Key cybersecurity practices include:

- Vulnerability assessments and annual penetration testing to proactively identify and address potential weaknesses in our systems.
- Implementation of multi-factor authentication and strict access controls to reduce the risk of unauthorized access.
- Annual security awareness training programs to educate employees on cybersecurity best practices and potential threats.
- Continuous monitoring and threat detection to attempt to identify and respond quickly to any incidents.
- Incident response planning to attempt to ensure a coordinated and effective response in the event of a security breach.

Our cybersecurity efforts are verified through regular internal and external audits, and we maintain a transparent reporting process to share our progress with stakeholders.

Industry Initiative Participation

Understanding key stakeholder perspectives on both our approach and management of key financial, regulatory, and sustainability topics can help us limit our exposure to some risks. Where feasible and appropriate, we solicit and respond to feedback from our priority stakeholders to better meet their needs and generate positive outcomes.

For example, Apollo is a member of the American Investment Council (AIC), an advocacy and resource organization established to develop and provide information about the private investment industry and its contributions to the long-term growth of the U.S. economy and retirement security of American workers. Apollo works closely with AIC and other stakeholders to stay abreast of industry developments and better understand risks associated with regulatory changes.

We believe that advancing sustainability practices and performance requires commitment and collaboration across the industry. We seek to take an active role in sustainability and ESG-focused organizations, including leading or co-leading initiatives, as appropriate. Apollo voluntarily participates in industry initiatives that aim to advance the integration of relevant environmental, social, and governance considerations across the private markets. We also embody a longstanding commitment to transparency on behalf of our investors, partners, and other stakeholders. For more information please refer to Principle 6: Client Care and Communication and Principle 10: Collaborative Engagement to Influence Issuers.

PRINCIPLE 5

Policy Review

POLICY REVIEW

Over the last few years, we enhanced how we manage sustainability at Apollo – from implementing new governance practices and policies to creating the S&CR Board-level committee – in an effort to bring even greater transparency and accountability to our business. Additionally, we updated existing policies to align with industry best practices.

In 2023, Apollo adopted its revised Sustainable Investing and Environmental, Social and Governance Policy. This policy is intended to provide a broad framework for Apollo's approach to the integration of financially material environmental, social, and/or governance considerations through the investment life cycle, consistent with fiduciary duties to deliver strong risk-adjusted returns. The issuers, entities, and other assets in which Apollo-managed funds invest vary significantly across and within certain asset classes and strategies. This Policy articulates the approaches that Apollo believes are broadly relevant for each asset class and strategy. Apollo applies the elements of this Policy to the extent feasible and appropriate given the nature of the investment, strategy, asset class, fund, data availability, ownership structure, influence, and other factors.

Additionally, Apollo's approach to ESG engagement and stewardship, is outlined in the Sustainable Investing Policy, which sets forth Apollo's ESG Engagement and Stewardship Policy Statement. This Policy Statement sets forth the basic principles regarding Apollo's approach to engagement on environmental, social, and governance issues with companies in which Apollo-managed funds invest. Apollo believes that being transparent about the results of engagement activities is part of a comprehensive engagement and stewardship framework. For more information on engagement refer to Principle 9: Engagement With Issuers.

In 2023, we updated a number of our policies, including the Human Rights Policy; the Environmental, Health and Safety Policy; and the Supplier Code of Conduct.

Apollo's Policies

- Apollo's Code of Business Conduct and Ethics comprehensively describes the approach Apollo takes to how we operate and do business. It affirms our commitment to integrity and provides guidance for employees on how to operate within the expectations set forth by the policy.

- Our Human Rights Policy details our commitment to our employees and clients, and our expectations of suppliers related to human rights.

- Our Environmental, Health and Safety Policy describes Apollo's approach to managing energy, emissions and climate; waste reduction; recycling and sustainable procurement; as well as workplace health, safety and wellness.

- Our Supplier Code of Conduct describes Apollo's expectations of and how we work with our suppliers. It discusses our expectation that suppliers comply with relevant laws and regulations, uphold financial integrity, commit to confidentiality and data privacy and maintain quality sustainability practices.

- Our Sustainable Investing and Environmental, Social and Governance Policy describes our governance and investment and market approaches to sustainability. It also explains how Apollo integrates financially material environmental, social and/or governance considerations into investment decisions, including how we engage with stakeholders, report publicly and to our clients, develop product solutions and comply with relevant regulations.

These policies and others are available on our website at https://www.apollo.com/governance/disclosures.

Review and Assurance

Rigorous legal and compliance analysis of our businesses and investments is important to our culture. We strive to maintain a culture of compliance through the use of policies and procedures, such as our code of ethics, compliance systems, communication of compliance guidance and employee education and training. We have a compliance group that monitors our compliance with the regulatory requirements to which we are subject and manages our compliance policies and procedures. Our Chief Compliance Officer supervises our compliance group, which is responsible for addressing all regulatory and compliance matters that affect our activities. Our compliance policies and procedures address a variety of regulatory and compliance risks such as the handling of material non-public information, personal securities trading, anti-bribery, anti-money laundering (including know-your-customer controls), valuation of investments on a fund-specific basis, document retention, potential conflicts of interest and the allocation of investment opportunities.

Apollo's policies are reviewed by the Board of Directors, or a designated Board Committee, after they are approved by management teams. We review these policies annually.

Employees are assigned annual required training on applicable policies and best practices — including Compliance, Respect in the Workplace, Cybersecurity and Risk Management.

Internal Audit

AGM's Internal Audit and SOX reporting team seeks to provide objective assurance to senior management on the adequacy of internal controls in mitigating key business risks. The Internal Audit and SOX team maintains a direct reporting line into the Audit Committee of the AGM Board of Directors and adheres to professional practice principles and standards set forth by the Institute of Internal Auditors. Apollo's SOX testing program regularly assesses and tests the Firm's internal control over the financial reporting framework in adherence to the guiding principles of the 2013 Committee of Sponsoring Organizations framework. The team develops and executes an annual internal audit plan that the Audit Committee of the AGM Board approves and periodically reassesses throughout the year.

Internal Audit activities could cover various risk and control functions and processes supporting the Firm's broader ESG framework and sustainability efforts. These may include, but are not limited to, the practices related to data management, risk management and stewardship, cybersecurity, and internal technology general controls. There is a regular cadence of updates to management and leadership of Apollo, including the Board or its committees.

PRINCIPLE 6

Client Care And Communication

CLIENT CARE AND COMMUNICATION

We believe that addressing the perspectives of our constituents maximizes the long-term potential of our clients' portfolios, creating value at scale. We therefore offer a wide array of products catering to the demands and preferences of institutional and retail clients. We also continue to explore investment areas and products that reflect the evolution in investor demands and seek to offer attractive, sustainable returns.

Apollo AUM Breakdown

Our Asset Management segment focuses on three investing strategies: yield, hybrid and equity. These strategies reflect the range of investment capabilities across our platform based on relative risk and return. We have a flexible mandate in many of the funds we manage which enables the funds to invest opportunistically across a company's capital structure. We raise, invest and manage funds, accounts and other vehicles on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds and insurance companies, as well as other institutional and individual investors. We believe that addressing the perspectives of our constituents maximizes the long-term potential of our clients' portfolios, creating value at scale.

Yield is our largest asset management strategy with $480 billion of AUM as of December 31, 2023. Our yield strategy focuses on generating excess returns through high-quality credit underwriting and origination. Beyond participation in the traditional issuance and secondary credit markets, through our origination platforms and corporate solutions capabilities we seek to originate attractive and safe-yielding assets for the investors in the funds we manage.

- **Corporate Fixed Income** ($116.4 billion of AUM), which generally includes investment grade corporate bonds, emerging markets investments and investment grade private placement investments;
- **Corporate Credit** ($87.1 billion of AUM), which includes performing credit investments, including income-oriented, senior loan and bond investments involving issuers primarily domiciled in the U.S. and in Europe as well as investment grade asset-backed securities;
- **Structured Credit** ($95.7 billion of AUM), which includes corporate structured and asset-backed securities as well as consumer and residential real estate credit investments;
- **Real Estate Debt** ($44.6 billion of AUM), including debt investments across a broad spectrum of property types and at various points within a property's capital structure, including first mortgage and mezzanine financing and preferred equity; and
- **Direct Origination** ($41.4 billion of AUM), which includes originations (both directly with sponsors and through banks) and investments in loans primarily related to middle market lending and aviation finance

Our hybrid strategy, with $62 billion of AUM as of December 31, 2023, brings together our capabilities across debt and equity to seek to offer a differentiated risk-adjusted return with an emphasis on structured downside protected opportunities across asset classes. We pursue investments in all market environments, deploying capital during both periods of dislocation and market strength, and focusing on different investing strategies and asset classes.

- **Accord and Credit Strategies** ($11.7 billion of AUM), which refers to the investment strategy of certain funds managed by Apollo that invest opportunistically in both the primary and secondary markets in order to seek to capitalize on both near- and longer-term relative value across market cycles. The investment portfolios of these funds include credit investments in a broad array of primary and secondary opportunities encompassing stressed and distressed public and private securities, including senior loans (secured and unsecured), large corporate investment grade loan origination and structured capital solutions, high yield, mezzanine, derivative securities, debtor in possession financings, rescue or bridge financings, and other debt investments.
- **Hybrid Value** ($10.4 billion of AUM), which refers to the investment strategy of certain funds managed by Apollo that focus on providing companies with, among other things, rescue financing or customized capital solutions, including senior secured and unsecured debt or preferred equity securities, often with equity-linked or equity-like upside, as well as structured equity investments.
- **Infrastructure Equity** ($6.2 billion of AUM), which refers to the investment strategy of certain funds managed by Apollo that focus on investing in a broad range of infrastructure assets, including communications, midstream energy, power and renewables, and transportation related assets.
- **Hybrid Real Estate** ($6.0 billion of AUM), which includes our real estate income focused strategies, including core, core plus and net lease investments. Our hybrid real estate strategy consists of public and private funds that focus on investing in substantially stabilized commercial real estate properties across property types and geographies, both in the United States and in Europe.

Our equity strategy manages $108 billion of AUM as of December 31, 2023. Our equity strategy emphasizes flexibility, complexity, and purchase price discipline to drive opportunistic-like returns for our clients throughout market cycles. Apollo's equity team has experience across sectors, industries, and geographies in both private equity and real estate equity. Our control equity transactions are principally buyouts, corporate carveouts and distressed investments, while the real estate funds we manage generally transact in single asset, portfolio and platform acquisitions.

- **Flagship Private Equity** ($76.7 billion of AUM), which refers to our investment strategy focused on creating investment opportunities with attractive risk-adjusted returns across industries and geographies and throughout market cycles, utilizing our value-oriented investment approach. Through this strategy, we seek to build portfolios of investments that are created at meaningful discounts to comparable market multiples of adjusted cash flow, thereby resulting in what we believe are portfolios focused on capital preservation. The transactions in this strategy include opportunistic buyouts, corporate carveouts and distressed investments. After their acquisition by an Apollo-managed fund, Apollo works with the portfolio companies of the funds it manages to seek to accelerate growth and execute a value creation strategy.
    - Included within flagship private equity are assets related to our impact investment strategy, which pursues private equity-like investment opportunities with the intention of generating a positive, measurable, social and/or environmental impact while also seeking to generate attractive risk-adjusted returns. The impact investment strategy targets investment opportunities across five core impact-aligned investment themes: (i) economic opportunity, (ii) education; (iii) health, safety and wellness; (iv) industry 4.0; and (v) climate and sustainability.
- **European Principal Finance** ("EPF") ($8.1 billion of AUM), which refers to our investment strategy focused on European commercial and residential real estate, performing loans, non-performing loans, and unsecured consumer loans, as well as acquiring assets as a result of distressed market situations. Certain of the European Principal Finance vehicles we manage also own captive pan-European financial institutions, loan servicing and property management platforms that perform banking and lending activities and manage and service consumer credit receivables and loans secured by commercial and residential properties.
- **Real Estate Equity** ($5.9 billion of AUM), which refers to our value add and opportunistic investment strategies that target investments in real estate and real estate-related assets, portfolios and platforms located across various real estate asset classes in regionally focused private funds in both the United States and Asia.

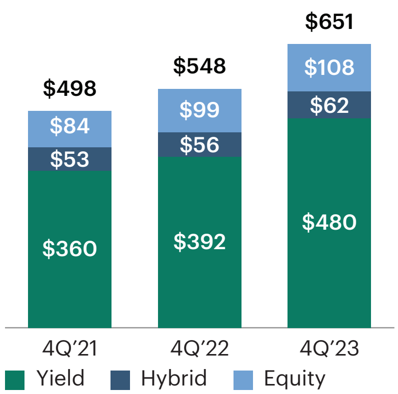
Yield	Hybrid	Equity
$480 Billion	**$62 Billion**	**$108 Billion**
Our Yield investing strategy spans the financing universe across public and private markets, providing innovative lending solutions for growth	Our Hybrid investing strategy provides companies with flexible equity and debt solutions at scale and invests in all market environments	Our Equity investing strategy is focused on value-oriented opportunities where we can drive financial and operational performance to build stronger companies

Assets Under Management (AUM) as of December 31, 2023

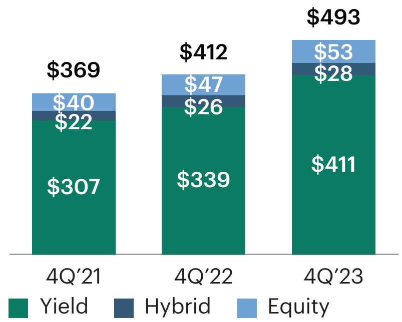
The majority of the investment funds we manage are designed to invest capital over a period of several years from inception, thereby allowing us to seek to generate attractive long-term returns throughout economic cycles. As of December 31, 2023, approximately 58% of Apollo's total AUM is comprised of perpetual capital, which is highly scalable and does not rely on cyclical fundraising dynamics.

APOLLO ASSET MANAGEMENT: ASSETS UNDER MANAGEMENT

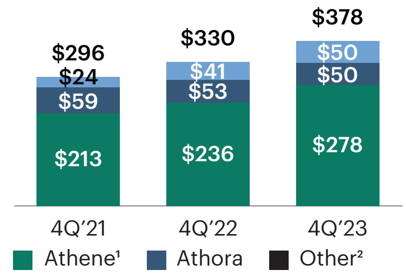
TOTAL AUM ($bn)



FEE-GENERATING AUM ($bn)



PERPETUAL CAPITAL AUM ($bn)

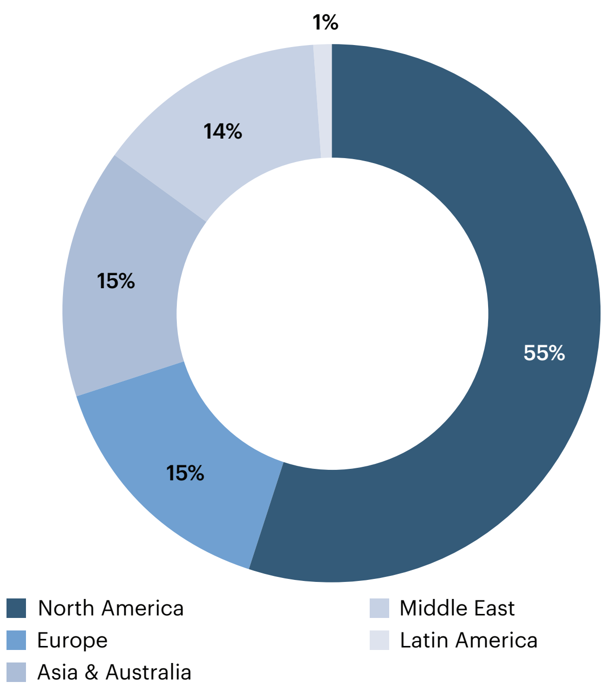


Note: AUM totals may not add due to rounding. 1. Perpetual Capital AUM derived from Athene includes assets, unfunded commitments, and available capital attributable to ADIP. 2. Other includes MidCap Financial ($13 billion), Apollo Commercial Real Estate Finance, Inc. ($9 billion), Apollo Debt Solutions BDC ($9 billion), Apollo Diversified Real Estate Fund/Apollo Diversified Credit Fund ($8 billion), MidCap Financial Investment Corporation ($3 billion), Apollo Senior Floating Rate Fund/Apollo Tactical Income Fund ($1 billion), and other AUM related to a publicly traded business development company ($2 billion), among others. Other also includes third-party capital within Apollo Aligned Alternatives ($5 billion), with the remainder of its net asset value attributable to Athene ($10 billion). AUM related to Apollo Debt Solutions, MidCap Financial Investment Corporation and the publicly traded business development company is as of September 30, 2023.

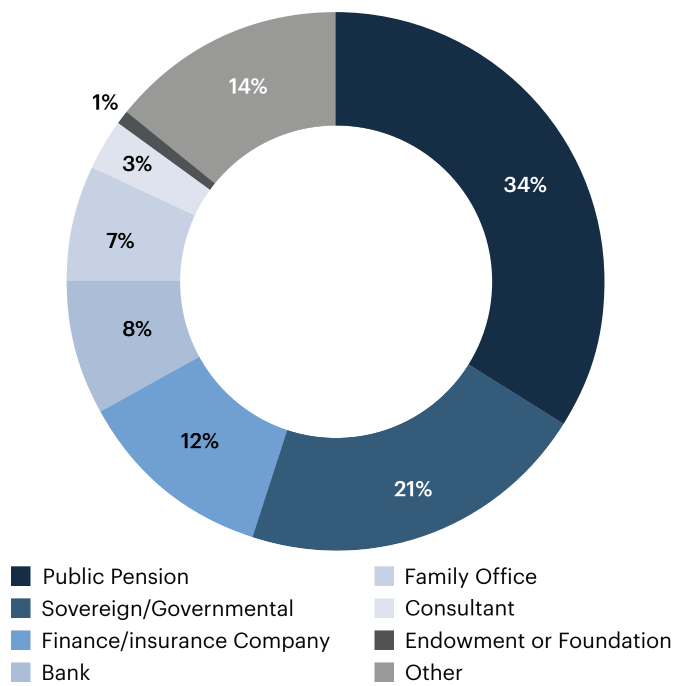
APOLLO'S GLOBAL INVESTOR BASE

Apollo has a diverse group of over **2,000** clients across more than 65 countries

GLOBAL BASE OF LONG-TERM INVESTORS



INVESTOR BASE DIVERSIFIED BY INSTITUTION TYPE

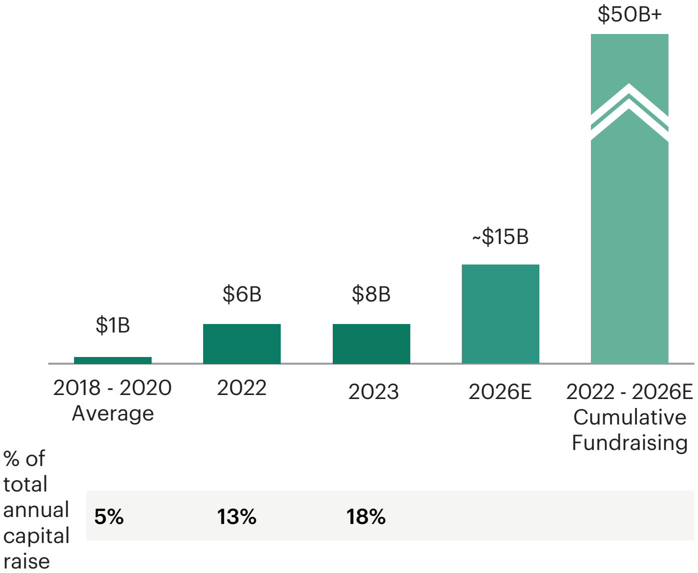


As of December 31, 2023 and includes 3rd party capital only. Percentages may not sum to 100% due to rounding.

Global Wealth

Apollo continues to build different ways of communicating with our clients. 2023 was a transformative year for Global Wealth at Apollo as we launched new products, expanded distribution and educated the marketplace on the benefits of alternative assets. Global Wealth is a strategic and growing contributor of our capital formation activity for Apollo as we prepare for a change in how capital is formed. Apollo raised over $8 billion of capital from the Global Wealth channel in 2023, up more than 30% from 2022 levels.

GLOBAL WEALTH CAPITAL RAISE TARGETS[1]



1. There is no assurance that capital raise targets will be achieved.

We maintain a rigorous investment process for yield, hybrid, and equity investments, and have in place procedures to allocate investment opportunities among the funds we manage. We have professionals responsible for selecting, evaluating, structuring, performing due diligence on, negotiating, executing, monitoring and exiting investments for our traditional equity funds, and yield and hybrid funds we manage, respectively, as well as for pursuing operational improvements in the funds' portfolio companies through management consulting arrangements in case of equity funds. Our investment committees for relevant funds review the analyses of prospective investments, and ultimately approve recommended investments and dispositions.

Client Communication and Feedback

We seek to maintain open lines of communication with our clients by frequently engaging with them via quarterly updates as well as in-person and virtual meetings. These frequent touchpoints enable us to provide clients updates on our Sustainability strategy, with a focus on our approach to integrating ESG topics and stewardship. They also serve as a platform for clients to provide feedback on our Sustainability frameworks and approach.

Apollo maintains an internal dashboard which tracks the key focus areas for clients from these meetings and other engagement requests. In 2023, top areas of focus were Apollo's Sustainability philosophy/approach to integrating ESG factors, Sustainability and ESG data/risk reporting, stewardship, and climate investing strategy.

Furthermore, in 2023, Apollo undertook an inaugural Client Demand Survey for its credit products. The survey was sent out to client facing teams to understand client demand for sustainable investing products/guidelines, reporting, and client communications. The survey was created through a coordinated effort by client facing teams and the Sustainable Credit & Platforms Team. Respondents represented the key regions in which Apollo participates across both sales and product teams.

A better understanding of client feedback ultimately enables Apollo to determine how effective we have been in meeting client needs. It also enables us to determine priority focus areas and more efficiently direct resources into the areas which will serve the best interests of our clients going forward.

In February 2024, Apollo Global Management, Inc. was named "ESG Private Debt Firm of the Year" by New Private Markets. Furthermore, in July 2024, Apollo Global Management, Inc. was named "Private Debt Manager of the Year" by Environmental Finance. These recognitions are select examples which underscore Apollo's commitment to transparency and our efforts to create value for our clients.[5]

Transparency

We believe that being transparent about our strategy and the sustainability performance and progress of Apollo-managed funds' investments is an important element of a comprehensive program.

AGM voluntarily publishes a publicly available Annual Sustainability Report to communicate such performance and progress to clients, shareholders, and stakeholders alike. The Annual Report provides a summary of our approach to sustainability, including environmental, social, and governance issues, climate, human capital, citizenship, and related progress, disclosures and performance during the calendar year. We also include Sustainability information each year in our Annual Report filed on Form 10-K and in our Annual Proxy Statement.

Furthermore, on the Insights section of its website, Apollo provides expert commentary, detailed analysis and unfiltered perspectives from the Apollo ecosystem. This includes including timely and thought-provoking perspectives on the industry, markets and our business from Apollo experts. For example, Apollo recently published a whitepaper titled "Clean Transition Investing: From Managing Risk to Unprecedented Opportunity" which outlines the significant opportunities Apollo sees to generate attractive, diversified returns by making investments in both businesses and technologies which support decarbonization, the transition to cleaner sources of energy, and a more sustainable level of consumption.

5. Read here for important disclosure information on awards: https://l.apollo.com/awards. The sponsors of these awards may have other business relationships with Apollo that incentivized the sponsor to include Apollo among its nominees. Awards are not representative of any one client's or investor's experience with Apollo and should not be viewed as indicative of future performance of any Apollo fund or transaction.

Apollo's "The View from Apollo" podcast also delivers timely market insights from the Chief Economist of Apollo Global Management, Dr. Torsten Sløk. The podcast features in-depth conversations between Sløk and a rotation of Apollo's thought leaders, each bringing their unique perspectives on current macroeconomic trends, the impact to various businesses, and what it can mean for investors. "How to Think About the Role of Private Capital in the Clean Transition" was a recent topic on "The View from Apollo."

Apollo's Sustainable Credit & Platforms approach embodies the firm's commitment to transparency on behalf of investors and partners. In May 2023, in what we view as an industry-leading step toward demonstrating transparency through innovative research, Apollo published its inaugural ESG Credit Whitepaper, "The Evolution of ESG Credit at Apollo: From Managing Risks to Seizing Opportunities," which overviews the foundation and development of the Sustainable Credit & Platforms approach. In February 2024, Apollo published Volume II, "The Evolution of ESG Credit at Apollo: Driving Value Creation at Scale," which details how the Sustainable Credit & Platforms Team significantly scaled its approach in 2023 to support a range of strategies and innovative transactions. This scale has been achieved by adapting existing frameworks and expanding our partnership with additional teams across the firm and our origination platforms. The whitepapers cover our approach to private credit, public credit, and other non-majority equity stake investments.[6]

Furthermore, in July 2024, the Apollo Responsible and Sustainable Operations team published a whitepaper titled "Building Better Businesses: How Apollo Equity Helps Drive Value Through Portfolio Company Decarbonization," The whitepaper builds on Apollo's longstanding commitment to transparency and expertise in equity strategies by providing an in-depth look into how the Apollo Responsible and Sustainable Operations team helps drive value through portfolio company decarbonization.

Apollo maintains policies, processes and procedures that are designed to ensure that reporting and research that includes sustainability-related information and/or information on stewardship-related activities is fair, balanced, and understandable. These include processes through which such reporting and research are submitted for internal review and, where relevant, external review by service providers such as law and/or audit firms, before being communicated externally and subsequently upon any change or periodically. These reviews are intended to ensure, amongst other things, that information communicated by Apollo complies with applicable laws and regulation, including but not limited the UK Financial Conduct Authority's (the "FCA") anti-greenwashing rule that requires sustainability references be correct, clear, and complete. Apollo's Sustainability and Corporate Responsibility Committee is responsible for assisting the Board of Directors of Apollo Global Management, Inc. in overseeing corporate responsibility and sustainability matters, including setting the strategy and approach to communicating sustainability-related information and/or information on stewardship-related activities, as well as reviewing associated policies and controls.

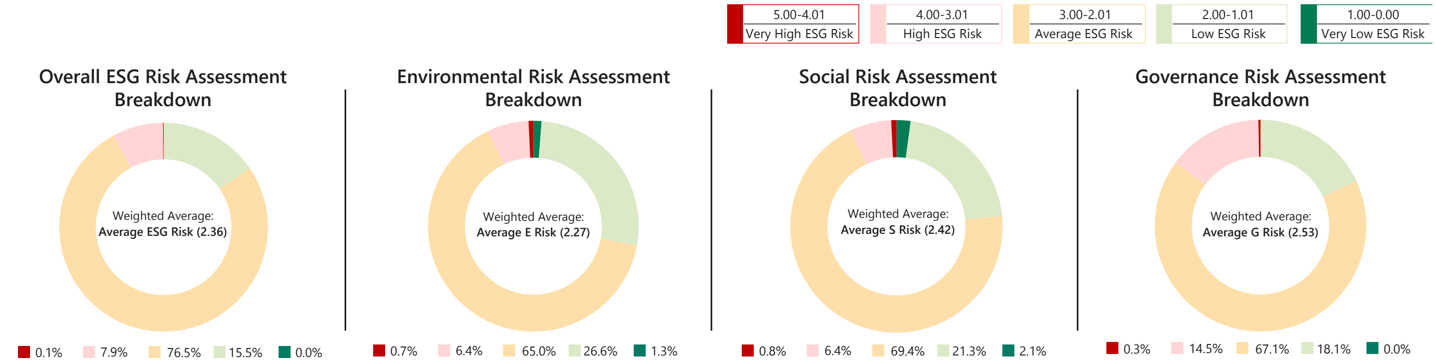
Reporting

To supplement our public reporting, for certain Apollo-managed funds and strategies, Apollo may provide qualitative and/or quantitative ESG-related data to clients through regular or ad hoc fund reports and/or advisory board meetings. Such disclosures may include internally sourced/developed data, as well as data from external data providers.

Apollo's credit business, for example, produces ESG quarterly reporting for select funds and managed accounts, leveraging both internal data and external data from third-party vendors. The reports may include a summary of our evolved ESG Risk Assessments and engagements, as well as climate, governance, and controversy data. In 2023, we produced 102 of these reports, increasing the number of credit funds and managed accounts for which we provided by 108% from 2022 levels. We expect our reporting capabilities to evolve as we continue to tackle the data availability challenges within private credit. For more information on how we aim to tackle the data availability challenges please refer to Principle 10: Collaborative Engagement to Influence Issuers – ESG Integrated Disclosure Project.

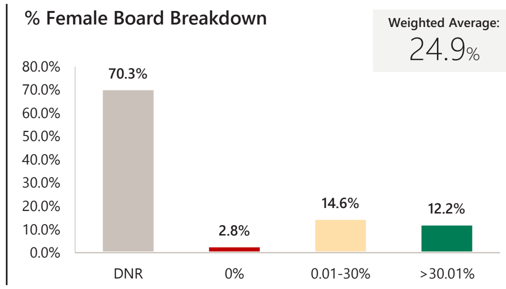
6. Please refer to Principle 2: Governance And Resources – Apollo Sustainability Ecosystem for further information.

ILLUSTRATIVE ESG REPORTING



Climate Metrics (Scopes 1&2)	Portfolio
Carbon Footprint[1]	
Financed Carbon Emissions tons CO2e/$M invested	62.2
Total Financed Carbon Emissions tons CO2e	32,718.5
Financed Carbon Intensity tons CO2e/$M sales	75.1
Weighted Average Carbon Intensity[2]	
Corporate Constituents tons CO2e/$M sales	248.7

Engagements in Past Year	#
Total # of Engagements	62
Environmental	48
Social	34
Governance	29
# of Entities Engaged with	59



For illustrative purposes only. ESG Risk Assessment weighted averages are independent of sector-specific ESG Risk Assessment weights. Weighted average by portfolio MV. (1) Covers 32.2% eligible portfolio MV. (2) Covers 31.8% eligible portfolio MV. DNR = Does not report.

Furthermore, Apollo's portfolio company ESG Reporting Program seeks to measure the effectiveness and progress of portfolio companies' sustainability performance by collecting annual responses to an in-depth questionnaire composed of more than 100 quantitative and qualitative questions. Information for certain Apollo-managed Funds' portfolio companies participating in Apollo's ESG Reporting Program is available in the annual ESG Reporting Supplement.[7] This ESG Reporting Company Supplement contains highlights for each Reporting Company that participated in Apollo's 2023 ESG Reporting Program. This supplement also features high-level analyses and anonymized Reporting Company data points collected from the 2023 Reporting Questionnaire.

Product Innovation and Solutions

Apollo endeavors to deliver returns to our clients through an analysis of levers to enhance value, including applying ESG considerations wherever appropriate. We offer a wide array of products catering to the demands and preferences of institutional and retail clients. We continue to explore investment areas and products that reflect the evolution in investor demands and seek to offer attractive, sustainable returns. We endeavor to work with our clients to develop new products, strategies, and mandates, or tailor existing ones, that satisfy both their investment return and ESG requirements.

In recent years, some institutional clients, including public pension funds, have placed increasing importance on the environmental and social ramifications of investments made by the funds to which they commit capital, including with respect to ESG and climate matters. For example, the demand for more sustainable goods, services and practices continues to rise across many sectors and asset classes as the world transitions toward a low-carbon economy. We believe that increased investor demand for sustainability-related strategies or products offers an attractive business opportunity for Apollo to leverage the scale and capability of our organization to develop and launch new products which tap into these flows of capital and satisfy the needs of our clients.

Diversified Product Offerings

In 2023, we expanded our offering of ESG products and solutions. For example, Apollo launched several strategies classified as Article 8 under the EU Sustainable Finance Disclosure Regulation (SFDR). These strategies are designed to promote certain environmental and social

7. In general, Apollo expects companies in which Apollo-managed private equity funds invest to participate in the annual ESG reporting program (the "Program") where they meet the following eligibility criteria: (1) the acquisition of the company by Apollo-managed funds has closed on or before the end of the third calendar quarter of the applicable reporting year; (2) the value ascribed to the investment is equal to or greater than $40 million; and (3) Apollo-managed funds collectively own equal to or greater than 10% of the voting equity of the company. Notwithstanding the preceding criteria, Apollo may tailor its approach depending upon the unique facts and circumstances of each investment, which may include the exclusion of a company from the Program, or the application of other, or additional, criteria; accordingly, the criteria set forth above do not represent absolute requirements and remain subject to Apollo's sole discretion.

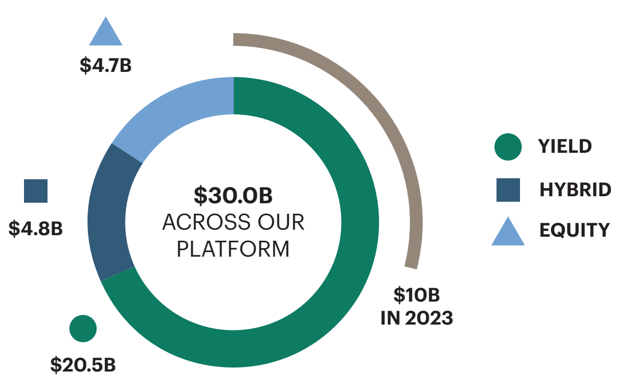
objectives through investment screening and/or include product-specific targets related to ESG Risk Assessments, engagements, and/or the offering of sustainability features in deals. Apollo has also tailored SMAs to reflect client-requested criteria.

To help meet the needs of investors who are increasingly seeking energy transition and climate-related opportunities, Apollo has developed and launched new and diversified investment offerings.

In 2022, Apollo announced the launch of its comprehensive Sustainable Investing Platform focused on financing and investing in the energy transition and decarbonization of industry. Apollo's Sustainable Investing Platform leverages our deep experience to deploy capital in alignment with key themes, helping to drive the clean transition with companies, communities and investors. Across asset classes, Apollo targets deploying $50 billion in clean energy and climate capital by 2027 and sees the opportunity to deploy more than $100 billion by 2030.

Over the past five years, Apollo-managed funds have deployed, committed or arranged $30 billion[8] in clean energy and climate investments across asset classes, $10 billion[9] of which was committed or deployed through our Sustainable Investing Platform in 2023.

CAPITAL DEPLOYED, COMMITTED OR ARRANGED TOWARD ENERGY TRANSITION AND DECARBONIZATION IN THE LAST FIVE YEARS[1]



1. Deployment commensurate with Apollo's proprietary Climate and Transition Investment Framework, which provides guidelines and metrics with respect to the definition of a climate or transition investment. Please see the Legal Disclaimer for additional information.

In April 2023, Apollo announced the formation of Apollo Clean Transition Capital ("ACT Capital"), an investment strategy that seeks to meet the wide-ranging capital needs for the transition to clean energy and sustainable industry by providing competitive, flexible, and patient financing to the global market, supporting corporates in their transition to clean energy. The strategy launched with $4 billion in deployable capital from Apollo affiliates and strategic partners and will enable investment into a diversified global portfolio of yield and hybrid investments. ACT Capital leverages the breadth of Apollo's sourcing capabilities across market cycles to target global opportunities in energy transition, industrial decarbonization, sustainable mobility, sustainable resource use, and sustainable real estate. This dedicated strategy employs the expertise of Apollo's broader sustainable investing platform, as well as the Firm's long-standing sustainability ecosystem.

The Firm also recently launched ACT Equity, a dedicated energy transition and decarbonization private equity strategy that seeks to capture relative value across the clean transition ecosystem. As part of our continued efforts to expand access to Apollo products, in December 2023, Apollo announced the Apollo Clean Transition Equity ELTIF ("ACT Equity ELTIF"). ACT Equity ELTIF is designed to offer wealth investors across Europe greater access to private equity opportunities focused on the transition to clean energy and sustainable industry. The addition of ACT Equity ELTIF to the Apollo Private Markets platform furthers Apollo's commitment to provide individual investors institutional-quality managed products through its Global Wealth business.

ACT Capital and ACT Equity enable us to deploy capital at scale, provide companies with flexible, private financing to achieve clean transition goals, and offer investors attractive, diversified exposure across sectors and geographies. These strategies are distinctly positioned to leverage the breadth of the Apollo platform and drive both sustainable investment opportunity and best practices across strategies through the support of the firm's rigorous Climate and Transition Investment Framework and proprietary Climate and Transition Taxonomy.

8,9. As of December 31, 2023. Deployment, commitment, or arrangement commensurate with Apollo's proprietary Climate and Transition Investment Framework, which provides guidelines and metrics with respect to the definition of a climate or transition investment. Reflects (a) for equity investments: (i) total enterprise value at time of signed commitment for initial equity commitments; (ii) additional capital contributions from Apollo funds and co-invest vehicles for follow-on equity investments; and (iii) contractual commitments of Apollo funds and co-invest vehicles at the time of initial commitment for preferred equity investments; (b) for debt investments: (i) total facility size for Apollo originated debt, warehouse facilities, or fund financings; (ii) purchase price on the settlement date for private non-traded debt; (iii) increases in maximum exposure on a period-over-period basis for publicly-traded debt; (iv) total capital organized on the settlement date for syndicated debt; and (v) contractual commitments of Apollo funds and co-invest vehicles as of the closing date for real estate debt; (c) for SPACs, the total sponsor equity and capital organized as of the respective announcement dates; (d) for platform acquisitions, the purchase price on the signed commitment date; and (e) for platform originations, the gross origination value on the origination date. Apollo's proprietary Climate and Transition Investment Framework is subject to change at any time without notice.

These strategies benefit from the guidance of the Apollo Climate Task Force, comprising senior leaders from across our sustainable investing and business-level Sustainability Teams. Transactions qualify as either a Climate or Transition investment via a robust proprietary review and approval process, which is overseen by the Task Force. The review is driven by the investment's underlying Sustainable Economy Activity, which may fall within five distinct themes:

- **Energy Transition** (involving activities related to the production and storage of clean energy);
- **Industrial Decarbonization** (emission-reducing activities, such as sustainable manufacturing, emissions management and abatement);
- **Sustainable Mobility** (concerning electric vehicles and electrification infrastructure);
- **Sustainable Resource Use** (encompassing water and waste management, sustainable metals, circular economy, and sustainable agriculture); and
- **Sustainable Real Estate** (real estate investments with an approved certification that recognizes sector specific leadership or eligibility under government environmental financing programs).

Investments must demonstrate one of three economic alignments: (1) the majority of the investment's revenue must be derived from a Sustainable Economy Activity, (2) the proceeds from the investment must be tied to a Sustainable Economy Activity, or (3) the investment must be made in an entity with a sector-specific sustainability certification.

Some recent examples of Climate and Transition investments led by Apollo-managed funds and affiliates include:

- €1 billion High Grade Capital Solution for a Vonovia-controlled entity owning a portfolio of high-quality real estate assets, including thousands of units with the three most efficient Energy Performance Certificates of A+, A, or B.
- $500 million senior secured credit facility for Opal Fuels Inc., a vertically integrated producer and distributor of renewable natural gas (RNG) and renewable electricity. RNG is a proven low-carbon energy source with the potential to rapidly decarbonize multiple high-emission sectors, including the transportation and utility industries.
- $600 million credit facilities for Longroad Energy, one of the largest vertically integrated developers, owners, and operators of wind, solar, and energy storage projects across the U.S. The additional capital will fund the expansion of Longroad Energy's operational capacity to over 9GW by 2027 and support the company's 30GW pipeline of development projects.
- Lead arranger and participant for a senior secured credit facility for Esdec, a leading provider of highly durable, and low-cost structural support systems used in the installation of solar panels for residential and commercial use. The widespread deployment and adoption of solar electric power generation infrastructure is a key tool to achieving decarbonization targets.
- $65 million senior secured project financing for a portfolio of run-of-river hydropower plants in Chile, supporting the country's goals of increasing renewable energy and achieving carbon neutrality by 2050.

These examples demonstrate Apollo's conviction that climate and clean-transition investing is a theme across asset classes, with a global impact across sectors. Supported by senior leadership across the firm, Apollo aims to grow these strategies in the coming years.

Looking Forward

Heading into 2024, we continue to drive meaningful improvements to our Sustainability and ESG data reporting processes, broaden firm-wide knowledge of our sustainability strategy, hire leading experts for our Sustainability Team and much more. With this strong foundation in place, we have a clear understanding of both risks and opportunities, and we want to share actionable information and insights every day with our investors, partners and funds' portfolio companies. We will continue to pressure-test and optimize the processes and systems we have put in place while actively seeking input from our clients and LPs on opportunities for future improvement.

PRINCIPLE 7

Integration Of Stewardship

INTEGRATION OF STEWARDSHIP

As fiduciaries, we make informed investment decisions by considering a wide range of factors, which may include, but are not limited to, environmental, social and governance issues. We believe that managing relevant risks and seizing opportunities makes us better investors and stewards of our investors' capital by positioning portfolio companies and other investments of Apollo-managed funds for sustainable financial success.

Apollo considers ESG integration to be the practice of including financially material sustainability factors into investment analysis, due diligence, execution, and the assessment and management of relevant environmental, social, and governance risks and opportunities, if any, during the term of an investment. By way of illustrative examples, environmental, social, and governance factors that may be certain investments could include determining a given company's energy consumption, analysis of a company's employee safety data, and/or conducting a review of a company's corporate policies and training programs.

Investment professionals, together with the Office of Sustainability and third-party advisors, as appropriate, may apply their expertise to assess the likelihood of sustainability-related risks occurring, the financial materiality of such risks to the investment should they occur, and seeking out potential sustainable value creation opportunities. Investment professionals and portfolio managers are expected to integrate sustainability into their processes, to the extent appropriate and feasible in accordance with each strategy.

The ongoing monitoring of investments is enabled by the development of sustainability reporting that provides insights into sustainability risks and opportunities, using internal data as well as external data sources.

Due to the differences between the asset classes and strategies in which Apollo-managed funds invest, there is no single process that applies uniformly to every investment made by Apollo-managed funds.

Credit & Platforms

Apollo's Credit & Platforms businesses represent the majority of our assets under management and span the full financing universe across private and public markets. We believe that considering financially material environmental, social and governance factors makes us better investors and better stewards of our investors' capital. As such, our Sustainable Credit & Platforms approach is rooted in the fundamental investment process and empowers all our investment professionals.

Our integrated platform enables investment team collaboration with a dedicated Sustainable Credit & Platforms Team to identify applicable risks and assess emerging opportunities. We believe the close coordination and collaboration among Apollo's investment teams and dedicated Sustainable Credit & Platforms Team differentiates our approach and provides us with the ability to not only identify potential risks, but also assess opportunities that can strengthen the overall investment thesis.

APOLLO'S SUSTAINABLE CREDIT & PLATFORMS BUSINESS BY THE NUMBERS

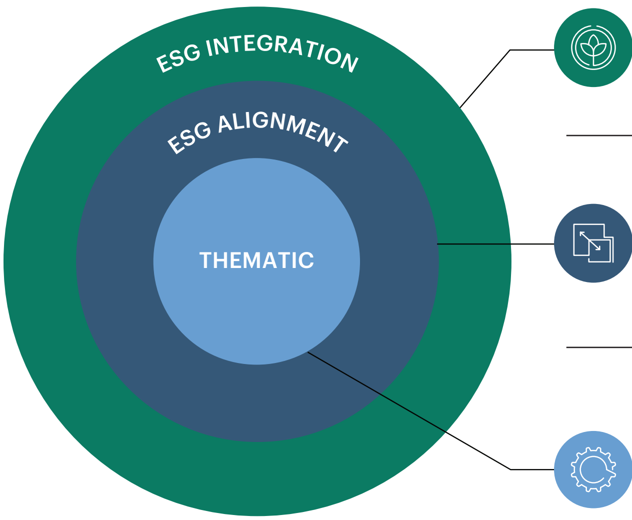
Over 4,000	ESG Risk Assessments applied	+25% vs. Q4 2022
~645	ESG Due Diligence Memos completed	+159% vs. Q4 2022
>290	Climate and Transition, Impact, and Sustainability-Linked Assessments conducted	+114% vs. Q4 2022
86	ESG assessment frameworks created	+8% vs. Q4 2022
23	teams and platforms supported by the Sustainable Credit & Platforms Team[1]	+283% vs. Q4 2022
102	funds/SMAs that receive periodic ESG reporting	+108% vs. Q4 2022
>80%	percentage of Apollo's AUM supported by the Sustainable Credit & Platforms Team	+60% vs. Q4 2022

As of December 31, 2023. There can be no assurance that the goals and targets described herein will be achieved as expected or at all.
(1) Teams include: Multi-credit, Opportunistic, Direct Origination/Performing, Asset Backed Finance, Credit Real Estate, Hybrid Value, Infrastructure, S3 platform, AAA platform, and various real estate strategies. Origination platforms include Midcap, Redding Ridge, Eliant, Petros PACE, Capteris, PK AirFinance, MaxCap, Atlas, and Apterra.

Sustainable Credit & Platforms Philosophy and Key Definitions

The Sustainable Credit & Platforms approach is fundamentally rooted in value creation and meeting stakeholder needs. We take a clear and concise approach to sustainability by defining its various facets and relevance to our business. Apollo recognizes that environmental, social, and governance issues can affect the investment risk and performance of the companies in which Apollo-managed funds invest. Where applicable and appropriate, these considerations are incorporated as one of the core components of the investment process, and in some cases, certain strategies may also employ ESG alignment or thematic approaches. We believe this can enable investment teams to better incorporate risks and opportunities into the investment process, encourage positive change in issuer behavior and disclosure, and help provide robust solutions that address a range of expectations.

APOLLO'S APPROACH TO SUSTAINABILITY WITHIN THE CREDIT & PLATFORMS BUSINESS



ESG Integration

- Incorporating material ESG risks and opportunities into the fundamental investment process to drive better outcomes.
- Utilized across credit investment strategies.

ESG Alignment

- Incorporating ESG integration, as well as aligning with certain ESG objectives through negative/positive screening and/or product-specific targets.
- May be utilized at a strategy or fund level. SMAs may be tailored to reflect client request criteria.

Thematic

- A thematic investment is an investment made with intention to generate positive, measurable environmental impact alongside a financial return. ESG integration and ESG alignment are applicable to thematic investments.

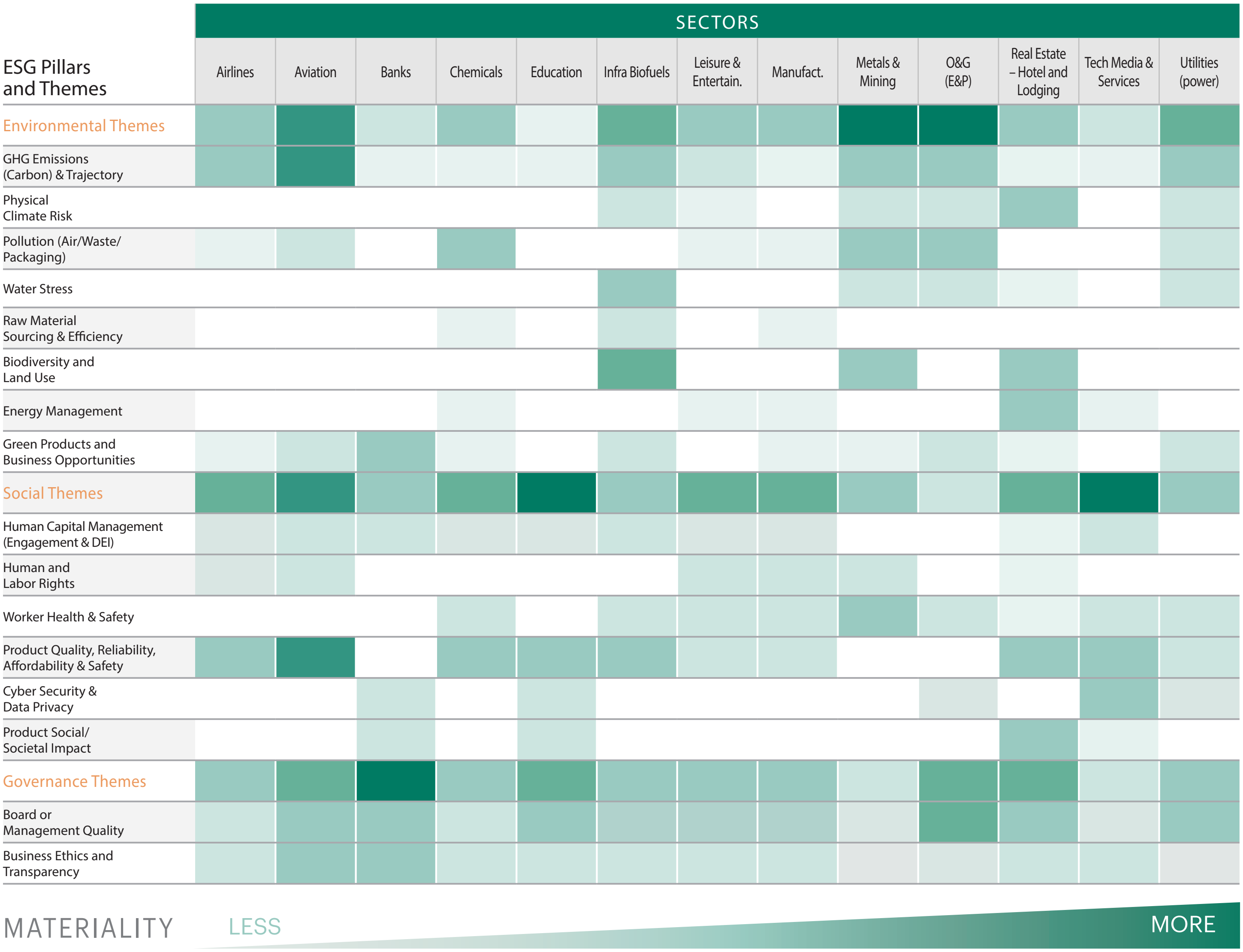
For illustrative purposes only. Represents views and opinions of Apollo Analysts. Subject to change at any time without notice. There can be no assurance that the themes described above will continue.

ESG Risk Assessments: A Materiality-Based Framework

Over the last few years, we set out to create a scalable and streamlined ESG risk and opportunity assessment process that is both robust and straightforward. With this in mind, we created an ESG Risk Assessment framework that incorporates bottom-up security-level assessment and top-down materiality by sector, geography, and asset class, while still allowing for harmonization and consistency across Apollo's Credit & Platforms businesses.

We believe that across Apollo's Credit & Platforms, material environmental, social, and governance risks vary depending on industry, company, and geography. Apollo's ESG Risk Assessment framework was therefore designed with a focus on sector-specific, materiality-based considerations, and relativity to sub-sector peers, while also incorporating geography-specific considerations. The framework covers more than 80 sub-sectors and draws upon internationally recognized materiality frameworks/standards and eternal industry guidance, including the Sustainability Accounting Standards Board (SASB) and United Nations Sustainable Development Goals (SDGs).

APOLLO ESG RISK ASSESSMENT MATERIALITY MAP *(sample of sectors)*



For illustrative purposes only. Represents views and opinions of Apollo Analysts. Provided is a general illustration of some of the criteria considered during the ESG Risk Assessment process and is subject to change at any time without notice. Based on Apollo analysis and estimates at the time after taking into account a variety of market factors, expectations and assumptions. There is no guarantee that this information will be available in the future. There can be no assurance that the ESG Risk Assessments described herein will ultimately be constructed in accordance with above. There can be no assurance that the themes described above will continue. The ESG Risk Assessment process described herein may change over time.

Case Study: ESG Risk Assessment (Corporate Credit)

5.00–4.01 Very High ESG Risk	4.00–3.01 High ESG Risk	3.00–2.01 Average ESG Risk	2.00–1.01 Low ESG Risk	1.00–0.00 Very Low ESG Risk

1. Sub-sector materiality map selected and peer set established
2. ESG Risk Assessment assigned to subthemes most material to investment risk for the selected sector
3. Momentum assigned to pillars, enabling reflection of forward-looking trajectory
4. Overall and Pillar ESG Risk Assessment automatically generated by weight
5. Brief commentary provided to support individual pillar assessments and overall ESG Risk Assessment assigned

Subsector:
Banks 1

		WEIGHT	ESG RISK ASSESSMENT	ASSESSMENT VALUE	MOMENTUM
			(Very High, High, Average, Low, Very Low)	0–5	(Very Positive, Positive, Neutral, Negative or Very Negative)
Overall ESG Risk Assessment and Momentum		**100%**	**Low**	**1.75**	**Neutral**
Overall Risk Assessment Comments	Company is a leading bank in South America controlled by its parent (> 67% stake). The company has good governance structures in place and best-in-class environmental risk management. The bank's governance and cyber risk management benefit from its parent.				
Environmental Risk Assessment and Momentum		**20%**	**Average**	**2.25**	**Neutral**
Environmental Risk Assessment Comments	The company provides GHG reporting and has a commitment to net zero as part of the parent. The bank offers a good suite of products to capitalize on demand for green loans.				
Environmental Themes	GHG Emissions (Carbon) & Trajectory	5%	Low	1.5	
	Energy Management	15%	Average 2	2.5	
Social Risk Assessment and Momentum		**30%**	**Low**	**1.83**	**Neutral** 3
Social Risk Assessment Comments	The company has low turnover and good diversity relative to other emerging market (EM) banks. The bank's cyber risk management benefits from its parent.				
Social Themes	Human Capital Management (Engagement & DEI)	10%	Low	1.5	
	Cyber Security & Data Privacy	10%	Low	1.5	
	Product Social/Societal Impact	10%	Average	2.5	
Governance Risk Assessment and Momentum		**50%**	**Low**	**1.50** 4	**Neutral**
Governance Risk Assessment Comments 5	The quality of management is high as evidenced by the bank's historically agile strategy in the face of economic cycles. >50% of board members are independent which is high vs EM peers. The bank has a solid governance framework, which is further strengthened by the oversight of its parent.				
Governance Themes	Board or Management Quality	20%	Low	1.5	
	Business Ethics and Transparency	15%	Low	1.5	

As of January 2023. The case studies provided herein have been provided for illustrative purposes only and were selected using an objective non-performance based criteria to illustrate our ESG Risk Assessment approach and capabilities. Additional information is available upon request. The information herein is provided for illustrative purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Opinions and views expressed reflect the current opinions and views of the authors as of the date hereof and are subject to change. Please see the end of this document for important disclosure information.

The management of a fund or strategy's exposure to sustainability risk is based on our internal ESG Risk Assessment process and oversight. Outcomes from this ESG Risk Assessment may include an increase or reduction in exposure and/or engagement on material ESG issues.

Case Study: Packaging

In Q4 2023, we increased our exposure to a producer of high-performance fiber-based materials for consumer and industrial end uses, with a focus on specialty paper products. The company has a "Low" overall ESG Risk Assessment. This ESG Risk Assessment is partially driven by a low environmental risk assessment with a positive environmental momentum. The company benefits from favorable ESG tailwinds in the transition from plastic to paper. The company prioritizes sustainable forest management by purchasing certified or minimum controlled wood for fiber production. In 2022, 98% of the total volume of fiber was certified and the company targets 100% to be certified by 2030. Additionally, the company embeds environmental considerations in its product design and selects lower impact materials in sourcing. The company has committed to several ambitious ESG goals and continues to demonstrate a positive ESG trajectory, as outlined in its comprehensive sustainability report. For example, the firm has a Science Based Target Initiative (SBTI)-aligned scope 1 and 2 GHG emissions reductions target and a net zero goal.

Case Study: Oil and Gas

In 2023, we adjusted our ESG Risk Assessment on an independent oil and gas company. The company originally had a "High" overall ESG Risk Assessment driven by a "High" environmental risk and "High" governance risk assessment. We engaged with the company in 2023 to understand how it is mitigating these risks. To mitigate its environmental impact, the company shared with us that it has prioritized reducing emissions in its operations, primarily by reducing flaring and through the build out of an extensive water infrastructure and recycling system (which reduces the need for truck driving and for freshwater extraction). We continue to assess the company's environmental risk as "High" given the inherent GHG and pollution risks associated with the company's oil and gas exploration and production operations. On the governance front, we originally assessed governance risk as "High" given the lack of fully autonomous decision-making capabilities and indentures which allow for equity distributions to the parent entity (although certain company assets are ringfenced from the parent entity mitigating governance risks somewhat). During an engagement with the company, management shared that it has taken strides to improve its governance structure, most notably via the creation of a Corporate Responsibility Team and the engagement of a third-party consultant to gather stakeholder feedback. We believe these steps have reduced governance risk and as a result, reassessed governance risk as "Average" in our annual ESG Risk Assessment update.

Sovereign Credit: A Materiality-Based Data-Driven ESG Risk Assessment Framework

Apollo's Sovereign ESG Risk Assessment framework utilizes a data-driven weighted assessment system based on material environmental, social, and governance subthemes. Apollo's Sustainable Credit & Platforms Team, sovereign economists and investment risk teams partnered to identify ESG subthemes and related indicators that represent potential risks and opportunities for sovereign creditworthiness. The sovereign ESG Risk Assessments are designed to be comparable across sovereign peers, with Developed Market (DM) countries assessed against other DM countries and Emerging Market (EM) countries assessed against other EM countries.

Case Study: Sovereign ESG Risk Assessment

5.00–4.01	4.00–3.01	3.00–2.01	2.00–1.01	1.00–0.00
Very High ESG Risk	High ESG Risk	Average ESG Risk	Low ESG Risk	Very Low ESG Risk

1. Subthemes identified that represent potential risks and opportunities for sovereign creditworthiness
2. ESG Risk Assessment systematically generated for applicable subthemes
3. Overall and pillar ESG Risk Assessment automatically generated by weight
4. Momentum assigned to pillars, enabling reflection of forward-looking trajectory
5. Explanation for E, S, G, and overall ESG Risk Assessment provided

			Weight	ESG RISK ASSESSMENT (Very High, High, Average, Low, Very Low)	MOMENTUM (Very Positive, Postive, Neutral, Negative or Very Negative)
Overall ESG Risk Assessment and Momentum			100%	Average	Positive
Overall Risk Assessment Comments	[illegible]				
Environmental Risk Assessment and Momentum				Average	Neutral
Environmental Risk Assessment Comments	[illegible]				
Environmental Themes	Energy Transition 1	[illegible]	[illegible]	Low	
		[illegible]	[illegible]	Average	
	Physical Climate Risk & Pollution	[illegible]	[illegible]	Low	
		[illegible]	[illegible]	Average 2	
		[illegible]	[illegible]	High	
	Biodiversity	[illegible]	[illegible]	High	
Social Risk Assessment and Momentum				Average 3	Neutral
Social Risk Assessment Comments	[illegible]				
Social Themes	Demographic Imbalance	[illegible]	[illegible]	Low	
		[illegible]	[illegible]	Very Low	
	Income/Opportunity and Inequality	[illegible]	[illegible]	High	
		[illegible]	[illegible]	Very Low	
	Access to Basic Services	[illegible]	[illegible]	Average	
		[illegible]	[illegible]	Low	
	Human Rights and Political Freedoms	[illegible]	[illegible]	High	
		[illegible]	[illegible]	High	
Governance Risk Assessment and Momentum				Average	Positive 4
Governance Risk Assessment Comments	[illegible]				5
Governance Themes	Institutional Quality	[illegible]	[illegible]	Very High	
		[illegible]	[illegible]	High	
		[illegible]	[illegible]	High	
		[illegible]	[illegible]	High	
	Transparency	[illegible]	[illegible]	Very Low	
		[illegible]	[illegible]	Average	
	Sanctions	[illegible]	[illegible]	No	

The case studies provided herein have been provided for illustrative purposes only and were selected using an objective non-performance based criteria to illustrate our ESG Risk Assessment approach and capabilities. Additional information is available upon request. The information herein is provided for illustrative purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Opinions and views expressed reflect the current opinions and views of the authors as of the date hereof and are subject to change. Please see the end of this document for important disclosure information.

ESG Risk Assessment Framework: Expanded Scope

In 2023, we partnered with investment teams to expand the scope of our ESG Risk Assessment framework (which initially covered corporate credit, credit real estate, infrastructure, aviation, collateralized loan obligations, and certain other securitized structures) to 23 different teams and origination platforms across the firm. This scale was achieved by leveraging our existing frameworks and adapting them for various other investment disciplines. New asset classes and strategies covered by the Sustainable Credit & Platforms Team in 2023 include: the wider Sponsor and Secondary Solutions (S3) platform, the Apollo Aligned Alternatives (AAA) platform, hard-asset and financial-asset backed finance transactions, and a broader set of real estate transactions. Apollo's Sustainable Credit & Platforms Team has also worked closely with many of our affiliated platforms in seeking to deliver a more harmonized assessment of ESG risk across Apollo's Credit & Platforms ecosystem.

Case Study: Aviation Lending Securitization

In 2023, PK Airfinance ("PK Air"), an aviation lending platform, acquired the majority of an approximately $920 million portfolio of secured aviation loans from Standard Chartered. Apollo's Sustainable Credit & Platforms Team worked together with the PK Air and ABF investment teams, to perform an ESG risk and opportunity analysis for the portfolio. Each of the underlying holdings in the portfolio was analyzed through our aviation ESG Risk Assessment process. This included an analysis of the age and generation of the aircraft assets in the pool, the safety and reliability of the aircrafts, and the policies and ESG practices of the operating airlines. Through our analysis, we determined that the ESG risk of individual holdings was mitigated by the larger pool structure, demonstrating the strategic advantage of asset securitization.

Case Study: ESG Risk Assessment (Aircraft Securitization)

	E	S	G	High ESG Risk Assessment Rationale
Airline 1	Average	Average	Average	No High ESG Risk Assessments.
Airline 2	High	Average	Average	1x 10.5-year-old current tech widebody aircraft.
Airline 3	Average	High	Average	Currently being investigated over flight cancellations and delays. Had a recent engine malfunctioned and runway incident, although no injuries were reported.
Airline 4	Average	Average	Very High	The Airline is 100% owned by the [REDACTED] government. In [REDACTED], decision-making remains centralized under the ruling party, and policy responses are difficult to predict.
Airline 5	Average	Average	Average	No High ESG Risk Assessments.
Airline 6	Average	Average	High	The company is locally listed by controlled by the [REDACTED] family. The board and audit committee lack independence and the roles of the CEO and Chair are combined.
Airline 7	Average	Average	Average	No High ESG Risk Assessments.
Airline 8	High	High	Average	4 aircrafts at average age of 11.5 years old. 3x current tech narrowbodies and 1x current tech widebody. The company has a history of accidents, and its safety rating was recently downgraded by the local Ministry of Land, Infrastructure and Transport.
Airline 9	High	Low	Low	2x 737-800 aircrafts with an average age of 10.5 years old. Current tech narrowbody aircraft.
Airline 10	Average	High	Average	The Federal Aviation Administration (FAA) scored the airline relatively poorly in their International Civil Aviation Organization (ICAO) Safety Assessment.
Airline 11	High	Average	Average	2x 737-900ER aircrafts with an average age of 10.5 years. Current tech narrowbody aircrafts.
Airline 12	Low	Low	Average	No High ESG Risk Assessments.
Airline 13	Low	Low	Average	No High ESG Risk Assessments.
Airline 14	Average	Average	Average	No High ESG Risk Assessments.
Airline 15	Average	Average	High	State owned with [REDACTED] government retaining majority ownership of the airline group. 2/3 independent board of directors; 100% male.
Airline 16	Average	Low	Average	No High ESG Risk Assessments.
Airline 17	High	Average	Average	2x 787-8 aircrafts with an average age of 11.5 years. Next gen widebody aircraft.
Total	Average	Average	Average	
PK Air ESG Risk Assessment Weighting	*40%*	*40%*	*20%*	
Overall ESG Risk Assessment		**Average**		

As of June 2023. The case studies provided herein have been provided for illustrative purposes only and were selected using an objective non-performance based criteria to illustrate our ESG Risk Assessment approach and capabilities. Additional information is available upon request. The information herein is provided for illustrative purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Opinions and views expressed reflect the current opinions and views of the authors as of the date hereof and are subject to change. Please see the end of this document for important disclosure information. Certain High ESG Risk Assessments rationales have been abbreviated.

Apollo's Sponsor and Secondary Solutions (S3) Platform

Apollo's S3 Platform offers a comprehensive set of secondary and fund finance capital solutions, including private equity, credit, and real asset secondary investments. S3 Platform transactions often have exposure to hundreds of underlying companies and assets. In partnership with the Sustainable Credit & Platforms Team, the S3 Platform has adopted an ESG integration framework that is comprehensive but scalable given the number of deals, managers and companies underwritten. In-depth ESG risk and opportunity analysis is performed on the largest asset-level exposures and general partners involved in the transaction via the ESG Risk Assessment process.

Collateralized Loan Obligations (CLOs)

CLOs are often comprised of hundreds of individual holdings managed by Apollo funds or third-party investment managers. Where possible, we apply the same ESG Risk Assessment methodology used to assess our direct holdings to the underlying collateral of CLOs. For CLOs managed by Apollo Asset Management and Redding Ridge Asset Management we utilize the weighted average of the underlying loans' ESG Risk Assessments to inform our view of the portfolio's credit risk. In cases where applying an ESG Risk Assessment to the underlining constituents may not be feasible, such as in Apollo's third-party CLO businesses, we evaluate the ESG policy and commitments of the investment manager via our ESG Risk Assessment process.

ESG Due Diligence and Transaction Structuring

We believe that Apollo's extensive direct origination and private credit capabilities serve as key differentiators. These are supported by our scale, broad product offering, deep asset management experience and robust due diligence processes. We believe our enhanced ESG due diligence process for new directly originated and private credit transactions — which is performed using Apollo's ESG Due Diligence Memo — goes beyond evaluating environmental, social and governance risks and can provide a deeper understanding of an entity's ESG strategy and performance. This enables investment teams, in collaboration with the Sustainable Credit & Platforms Team, to engage with issuers on potential environmental, social and governance risks and opportunities that could be addressed by, for example, embedding a sustainability feature directly into the deal structure.

Through the due diligence process, we believe investment teams can be equipped to make more informed investment decisions and evaluations of price and transaction structure.

At the entity or issuer level, the ESG due diligence process includes the following features:

- An assessment of revenue exposure to high-risk activities;
- An evaluation of regulatory, compliance or reputational concerns that may result in material investment risk; and
- A summary of the ESG Risk Assessment.

Our investment teams may leverage existing relationships with issuers and/or sponsors to conduct engagement on environmental, social and governance issues and gather information on an issuer's strategy, relevant KPIs and/or performance. That information may be used to tailor the transaction structure to support a borrower's sustainability goals, potentially through the inclusion of a sustainability incentive mechanism. Finally, the incorporation of environmental, social and governance considerations into preparations for repayment or refinancing and the post-exit phase are core components of the ESG due diligence process.

The Sustainable Credit & Platforms Team, Legal team, leadership, and other internal stakeholders support investment teams throughout the due diligence process including in the review of material ESG risks and in the development of sustainable transaction structure proposals.

ESG Due Diligence Memo: Expanded Scope

In 2023, we added features to our ESG Due Diligence Memo to make it more relevant for securitized transaction structures. Under this evolved approach, investment teams determine whether the environmental, social, and governance risks of the securitization differ meaningfully from those of the corporate entity involved in the transaction (i.e. parent, originator, manager, etc.). Where the ESG risks are largely the same, Apollo's view of ESG risk on the securitization would be aligned with that of the corporate entity. Where the risks differ materially, investment teams have the flexibility to conduct additional due diligence with a focus on the underlying securitization.

Case Study: ESG Due Diligence

1 **Revenue exposure to high-risk activities assessed**

2 **ESG regulatory, compliance, or reputational concerns that may result in material credit risk evaluated**

	1 Exposure to Certain Sectors or Revenue Involvement	% Revenue
a)	Thermal Coal Energy Generation	0%
b)	Thermal Coal Mining/Extraction	0%
c)	Thermal Coal Transportation (ports, trains, etc.)	0%
d)	Metallurgical coal mining	0%
e)	Arctic Oil/Gas Drilling and/or Extraction	0%
f)	Oil & Gas Shale and Tight Reservoirs	0%
g)	Oil Sands	0%
h)	Oil and gas pipelines	0%
i)	Oil and gas extraction	0%
j)	Conventional Weapons	0%
k)	Nuclear Weapons	0%
l)	Controversial Weapons	0%
m)	Private Prisons	0%
n)	Nuclear Generation	0% 1
o)	Large-scale hydroelectric power generation	0%
p)	Tobacco production	0%
q)	Tobacco sales	0%
r)	Alcohol production	0%
s)	Recreational Cannabis	0%
t)	Opioids	0%
u)	Adult Entertainment	0%
v)	Gambling	0%
w)	Payday Lending	0%
x)	Debt Collection	0%
y)	Non-Sustainable Palm Oil - including palm oil plantation farming	0%
z)	Animal Testing (non-pharma) and Fur Trade	0%
aa)	Endangered Wildlife	0%
ab)	Sovereigns under U.S. or International Sanctions	0%
ac)	Activities that threaten biodiversity and/or land use controversies – including large plantations and lumber & pulp (forest logging)	0%
ad)	Banned pesticides or chemicals	0%
ae)	Speculative soft commodity trading (excludes agricultural and trading companies)	0%
	2 Assessment of ESG Regulatory, Litigation/Compliance, and/or Reputational Risks	
a)	Has the direct or parent entity recently been identified in the media for any ESG issue that could pose a reputational risk for stakeholders in the transaction?	No
b)	Have any existing or proposed regulations that may result in a material ESG risk for the direct or parent entity been identified?	Yes 2
c)	Have any existing or prior litigation/compliance issues that may result in a material ESG risk for the entity been identified?	No
d)	To the best of your knowledge, has the company violated the United Nations Global Compact (UNGC) principles?	No

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Case Study: ESG Due Diligence *(continued)*

3 **ESG Risk Assessment summarized**	**4** **Investment teams may leverage existing relationships with entities and/or sponsors to conduct engagement on ESG issues and gather information on an entity's ESG strategy, relevant KPIs, and/or performance**	**5** **Investment teams identify and incorporate ESG characteristics directly into deal structures, as applicable and appropriate**	**6** **Investment teams incorporate ESG considerations into their views on repayment or refinancing risk**

3	**Application of Apollo ESG Risk Assessment**	
a)	Has the preliminary and/or final Apollo ESG Risk Assessment and Momentum been assigned?	Yes
	Please provide overall ESG Risk Assessment.	Average ESG Risk
	Please provide overall Momentum.	**Neutral**
	Please provide ESG Risk Assessment rationale.	The Manager is an investment firm focused on public and private companies in the global internet, software, consumer and financial technology industries. [redacted] The portfolio is quite diverse, mitigating company-specific risk. [redacted] The Manager is generally a passive, minority investor, which means that their opportunity for input and influence on ESG-related issues can be limited. However, the Manager has made a push to integrate ESG practices into its investment decisions. [redacted] 3
	Please explain why the ESG Risk Assessment was applied at the transaction level or parent/originator/manager level.	The fund in scope is the company's flagship fund and therefore we view the ESG risk of the fund to be generally aligned with our view of ESG risk for the manager.
b)	Does the entity have any ESG subthemes that are identified as a High ESG Risk (3.01 to 4.00) or a Very High ESG Risk (4.01 to 5.00)?	Yes
	Please identify those subthemes and whether they are High or Very High ESG Risk (ESG sector must be selected above).	
	Cyber Security & Data Privacy	High ESG Risk
	Board or Management Quality	High ESG Risk
4	**Disclosure of Material ESG Key Performance Indicators (KPIs)**	
a)	Has the direct or parent entity proactively disclosed any material ESG Key Performance Indicators (KPIs) relative to the entity's subsector?	No
b)	Has engagement been initiated to obtain material ESG KPIs?	Yes
	Please detail the ESG KPIs requested and whether the engagement was successful in acquiring this information.	We have sent the Manager the ESG IDP questionnaire. They came back with DEI and ESG policy and mentioned "we do not provide ESG reporting to investors at this time, but we plan to periodically communicate our ESG-related progress and performance to investors and other key stakeholders." We have asked for an update on any info they can share. 4
5	**Identification of ESG Opportunities within Deal Structuring**	
a)	Can the Transaction potentially be identified as a Green, Social, Sustainability (based on company or project-level), Green or Social Sustainability-Linked, or Energy/Climate Transition (company/project level or sustainability-linked)?	No
b)	Has the transaction classification been reviewed by the Sustainable Credit & Platforms Team?	N/A
c)	Are there any other sustainability-related aspects of the transaction structure?	No
d)	Have any sustainability-linked KPIs been offered as a term of the loan/bond?	No 5
e)	Have any other recommended changes to the initial structure of the deal been offered to encourage positive change in the entity's ESG performance or behavior?	No
6	**Evaluation of Collateral and Exit Viability**	
a)	Has the evaluation undertaken to determine the value of the loan/bond collateral or the ability to refinance the loan factored in current/evolving ESG risks?	Yes 6
b)	Have ESG factors been evaluated in relation to Apollo's position and future potential buyers in the event of an entity's default and collateral possession by loan/bond holders?	Yes

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Case Study: Business Services

In 2023, Apollo-managed credit funds passed on an opportunity involving a business services company due in part to ESG risks, in particular governance and regulatory risks. In-depth due diligence conducted by the investment team highlighted issues with the management's credibility and a lack of transparency. Specifically, the company exhibited poor financial disclosure compared to peers which made it difficult to validate organic growth given the company's highly acquisitive nature. Additionally, the company had significant exposure to highly regulated industries (including online gaming and financial services) which elevated the potential risk of earnings volatility. Finally, the company's founder and CEO holds a meaningful economic and voting interest in the company and also serves as chairman of the board, which we believe concentrates decision-making and presents key-person risk. For these, and other reasons, Apollo decided to pass on the opportunity, despite the company having a differentiated technology offering and exposure to high growth industry verticals.

> **ESG Risk Assessment and Due Diligence Memos comprise a core component of investment memos along with fundamental credit, financial, legal, and other analysis.**

Impact and Sustainable Investment Assessment Framework

While Apollo endeavors to incorporate environmental, social and governance considerations into all of our investment decision-making processes, certain investments may be classified as "Impact" or "Sustainable." Potential Impact or Sustainable investment opportunities are identified within Apollo's investable universe after receiving approval from the relevant investment committees. Identified investments are then evaluated through an Impact or Sustainable Investment assessment.

The Impact and Sustainable Investment assessment, from screening to final determination relies extensively on the input and experience of both the investment team and dedicated Sustainable Credit & Platforms Team. We believe this deep level of coordination and collaboration across the platform differentiates Apollo's approach and provides the Firm with a significant advantage in identifying and assessing sustainable opportunities.

Case Study: Professional Services

In 2023, MidCap Financial financed a healthcare research and consulting firm with expertise in publicly funded healthcare, including Medicaid. The company provides research and consulting services to state governments, payors, and providers. Using highly experienced and reputable consultants, including former health system and policy leaders, the company helps clients navigate complex program and policy issues by reducing the time and cost associated with these activities. The company plays an important role in ensuring individuals receive appropriate healthcare services and supporting improved outcomes in the healthcare sector. This is just one example of how Apollo's origination platforms can help deliver returns to investors while also helping to expand opportunity and achieve positive social outcomes for at-risk populations.

Case Study: Impact and Sustainable Investment Assessment – Social

1. Transaction achieves positive outcomes alingned with the UN SDGs
2. Collinearity demonstrated
3. Activities benefit underserved populations
4. Scale and depth of the impact determined
5. Unique or unreplaceable role in supporting impact mission
6. Potential risks to the company achieving the positive impact and associated mitigants
7. Apollo may engage with entity on disclosure of core KPIs

The company is a healthcare research and consulting firm with expertise in publicly funded healthcare, specializing in Medicaid services.

ESG Risk Assessment	Average ESG Risk
Impact category	Impact Enabling
Classification	Social
Entity/Use of Proceeds	Entity

5 Dimensions of Impact Screen

	COMPANY OUTPUT	INTERMEDIATE OUTCOMES	TARGET OUTCOMES & SDG ALIGNMENT	
What	• Provides consulting services in strategy and operations, procurement advisory, finance, policy and regulatory and more for Medicaid programs.	• The company's services help underserved individuals receive necessary medical services.	SDG 3: Good Health and Well-Being	1
	• *As the company grows its product and service offering, it expands its client reach and as a result the positive impact it has on the livelihoods of ultimate beneficiaries.*			2
Who	• Low-income, children and disabled individuals.			3
How Much	• The company is a leading provider in the Managed Medicaid Services market with very few competitors.			4
Contribution	• The company helps clients navigate complex programs and policy issues, and therefore plays and important role in supporting improved quality of care, patient experiences and outcomes in the healthcare system.			5
Risks and Mitigants	• **Risk:** Workforce turnover. • **Mitigant:** The company has a maintained historically high consultant retention rates and has established redundancies across relationships, reducing the risk of elevated workforce turnover.			6
Tracking & Engagement	• Further engagement is required to attain ESG KPIs such as savings generated, customer satisfaction/net promoter scores (NPS).			7

As of March 2023. The case studies provided herein have been provided for discussion purposes only and were selected using an objective non-performance based criteria to illustrate our impact and sustainable assessment approach and capabilities. The assessment process described herein may change over time. There is no guarantee that similar investment opportunities will become available in the future. Additional information is available upon request. The information herein is provided for illustrative purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Opinions and views expressed reflect the current opinions and views of the authors as of the date hereof and are subject to change. Please see the end of this document for important disclosure information.

Climate and Transition Assessment Framework

To address the global energy transition, Apollo believes the world requires substantial, immediate and ongoing investment in both businesses and technologies that support decarbonization and the transition to cleaner sources of energy. As mentioned in Principle 6: Client Care and Communication – Diversified Product Offerings, Apollo defines Climate and Transition investments as those which contribute to a Sustainable Economy Activity falling within five distinct themes (and aligns with the firm's proprietary Climate and Transition Taxonomy): energy transition, industrial decarbonization, sustainable mobility, sustainable resource use, and sustainable real estate. Transactions qualify as either a Climate or Transition investment via a robust proprietary review and approval process, which is overseen by the Apollo Global Climate Task Force. In 2023, Apollo's Credit platform introduced innovative financing structures and led several opportunities that contributed to progress on the Firm's climate and transition financing targets.

Case Study

In mid-2023, Apollo provided financing to a vertically integrated manufacturer of wide bandgap semiconductors focused on Silicon Carbide (SiC) and Gallium Nitride (GaN) materials and devices for power and radiofrequency (RF) applications to support the company's expansion in the US. The company's products are used in a variety of applications including solar energy and EVs. Compared to traditional semiconductor silicon (Si), SiC exhibits lower resistance, better thermal conductivity and higher temperature capacity which results in lower conduction losses, lower levels of dissipated heat, reduced switching losses and reduced cooling needs, which combine to result in significant energy savings. If countries are to meet their EV targets, there needs to be a robust supply of semiconductors and SiC material from such suppliers.

Case Study: Climate and Transition Assessment – Transition

The company is a vertically integrated manufacturer of wide bandgap semiconductors focused on Silicon Carbide (SiC) and Gallium Nitride (GaN) materials and devices for power and radio-frequency (RF) applications.

Activity Category	Industrial Decarbonization
Activity Sub-Category	Energy Efficiency/Electrification
Sustainable Economy Activity	Electrification–Commercial
Activity Tag	**Transition**
Investment Classification	**Currently contributing to Transition Activity**
Transaction Type	Private Credit Issuance
Deal Team	Opportunistic

Climate & Transition Investment Screen

What	**COMPANY OPERATIONS & OUTPUT**	**INTERMEDIATE OUTCOMES**	**TARGET OUTCOMES & SDG ALIGNMENT**
	• The company provides Silicon Carbide (SiC) and Gallium Nitride (GaN) materials and devices for power and radio-frequency (RF) applications. The company's products are used in a variety of applications including solar and EVs.	• Compared to traditional semiconductor silicon (Si), wide-bandgap semiconductor SiC exhibits lower resistance, better thermal conductivity and higher temperature capacity which results in lower conduction losses, lower levels of dissipated heat, reduced switching losses and reduced cooling needs, which combine to result in significant energy savings. • In EVs, there is a 25% loss of energy from the battery to the wheels, and about 1/3 of that energy is expended from power electronics. This results in an ~ 10% increase in inverter efficiency from switching to SiC.	SDG 11: Sustainable Cities and Communities SDG 13: Climate Action
Who	• Environmental benefits are global.		
How Much	• According to MSCI, >50% of the company's revenue comes from clean technology product lines. 37% of FY22 sales are related to power devices which are mainly used in EVs and 40% of FY22 sales relates to SiC and GaN Materials, which eventually also power devices further down the value chain. The deal team has conservatively estimated that of the power and material segments 70% of revenues can be attributed to sustainable activities such as EVs and renewables applications. By 2027 the company estimates that 7/10 of their top 10 customers, making up 51% of total revenue, will be EV manufacturers. This number does not include the materials companies which can also be attributed to sustainable activities.		
Contribution	• Transport is responsible for approximately 20% of global energy-related Co2 emissions. The overall life-cycle emissions from EVs with a decarbonised power system could be 70-90% lower than those of ICE cars. If countries are to meet their EV targets there needs to be a robust supply of semiconductors and SiC material from suppliers. In addition to this SiC semiconductors are more efficient than their pure Si counterpart therefore SiC semiconductors reduce the energy loss and therefore demand of EVs per mile driven vs their Si counterparts.		
Risks & Mitigants	• Risks: site health and safety, and energy consumption (the furnaces for silicon carbide processing must be able to reach up to 2000°C). • Mitigants: In addition to the company's H&S policies, in 2022, the company also initiated the process of registering their Occupational Health and Safety Management System to ISO45001:2018 standard. On energy consumption, SiC semiconductors produced by the company are much more efficient than their Si counterparties and the company is also investing in new ways to reduce the energy demand/emissions footprint of their manufacturing process. Mohawk Valley, NY which receives hydropower from Niagara Falls. The company's owned manufacturing operations are certified to ISO 14001:2015 environmental management system standard.		

As of May 2023. The case studies provided herein have been provided for discussion purposes only and were selected using an objective non-performance based criteria to illustrate our climate and transition assessment approach and capabilities. The assessment process described herein may change over time. There is no guarantee that similar investment opportunities will become available in the future or, if available, achieve target returns. Additional information is available upon request. The information herein is provided for illustrative purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Opinions and views expressed reflect the current opinions and views of the authors as of the date hereof and are subject to change. Please see the end of this document for important disclosure information.

Equity

Apollo's Equity business seeks to deliver value to investors by building and financing stronger businesses. We believe in enabling portfolio companies to have a positive impact on the environment, workplaces and communities in which they operate. The Responsible and Sustainable Operations Team partners with Apollo-managed Funds' portfolio companies to build strong foundations and capabilities that aim to deliver near-term value and set them on a path of continued value creation beyond Apollo Funds' investment period.

Due Diligence

We believe in enabling portfolio companies to have a positive impact on the environment, workplaces and communities in which they operate. The Responsible and Sustainable Operations Team partners with Apollo-managed Funds' portfolio companies to build strong foundations and capabilities that aim to deliver near-term value and set them on a path of continued value creation beyond Apollo Funds' investment period.

Our due diligence process includes traditional legal due diligence and risk assessment, a detailed climate diligence for applicable companies, and a review of public information including Sustainability reports and public filings, among other available materials. Findings from our diligence processes are documented and communicated with deal teams and management teams.

Where Apollo-managed private equity funds invest in a significant equity stake of a portfolio company, financially material environmental, social, and governance factors are assessed as part of Apollo's due diligence processes. For certain transactions, legal counsel complete an ESG diligence checklist and prepare a due diligence memorandum addressing environmental, social, and/or governance risks that are deemed to be material to the company's business. The results of these diligence processes can help inform the nature and focus on potential future engagement opportunities by Apollo and its advisors with portfolio company management.

In addition to its broader environmental, social and governance due diligence, the Responsible and Sustainable Operations Team applies climate due diligence to new investments in its flagship strategy and delivers proportionate climate insights that inform decision-making, carbon reduction and value creation opportunities. By implementing climate alongside operational, commercial, and legal diligence, we can identify opportunities to drive decarbonization that also deliver other business value creation opportunities including ROI from operational efficiencies or growth in more sustainable products. Any material diligence findings are included in Investment Committee memos and are evaluated with other business opportunities and risks that may be incorporated into the deal thesis.

APOLLO'S LATEST FLAGSHIP FUND VALUE CREATION APPROACH SPANS THE LIFE OF A DEAL

Diligence	Sign-to-Close	Early Investment	Ownership	Exit Prep
• Execute ESG diligence in parallel with broader diligence • Embed material risks and opportunities in Investment Committee considerations and model	• Set expectations on planning and execution with Management team • Align on integration of ESG in Board Oversight and Management Incentive Plans	• Identify executive leaders for ESG initiatives • Begin to develop data foundations • Develop multi-year roadmap for execution with target KPIs	• Integrate ESG across business at Board, Management, and Cross-Functional levels • Engage company to support in on-going planning and execution via subject matter expertise, playbooks, technology, and preferred partnerships	• Develop data-driven narrative for exit

Driving Value-Creating Improvements

We are continuously identifying opportunities and pursuing improved performance across our Funds. In 2022, Apollo created a Private Equity ESG and Value Creation Playbook designed to guide investment and management teams on Apollo Private Equity's ESG framework, illustrate how to promote best practices and good governance, and provide examples of ROI-positive carbon reduction levers. In 2023, we expanded our Private Equity ESG and Value Creation Playbook that guides investment and management teams on environmental, social and governance value creation strategies.

The Responsible and Sustainable Operations Team is currently focused on improving existing capabilities, building where there are untapped value-creation opportunities and actively engaging with Apollo-managed Funds' portfolio companies across three key areas:

- Connecting the portfolio community more effectively and creating additional forums for knowledge sharing.
- Broadening capabilities to support portfolio company needs in strategic focus areas, such as employee health & safety.
- Actively delivering on Apollo Equity's goals including supporting portfolio company efforts to decarbonize their operations.

APOLLO'S PRIVATE EQUITY RESPONSIBLE & SUSTAINABLE OPERATIONS MISSION & VISION

Responsible & Sustainable Operations Vision for Private Equity

Apollo is committed to building better businesses that create shareholder value by driving measurable improvements in sustainability, inclusion, diversity & community and responsible stewardship resulting in a positive impact for people, the planet and the communities where we operate.

Responsible & Sustainable Operations Mission for Private Equity

We partner with portfolio companies, leveraging subject matter experience, data and education, to create value by helping them identify and execute on opportunities that minimize their resource-use footprint, maximize operational efficiencies, improve safety, and encourage diverse workforces and supply chains, among other initiatives. We strive to become the most responsible stewards of the assets with which we are entrusted.

There are three goals for Apollo-managed Funds' portfolio companies that are designed to help generate value: Board Diversity, Supplier Diversity and Climate Decarbonization. In 2023, portfolio companies made meaningful strides toward each goal, including:

- Exceeding Apollo's Board Diversity goal by leveraging a considerable network of qualified experts and advisors with diverse backgrounds and experiences across industries.
- Doubling the Supplier Diversity goal to $2 billion in spend with qualified diverse suppliers[10] — after reaching the initial goal — impacting both top-line growth and bottom-line profitability through the market, sourcing and brand perception impact for Apollo-managed Funds' portfolio companies.
- Expanding Climate Decarbonization work to include additional robust tools and templates designed to simplify and drive GHG reduction efforts, as well as developing decarbonization strategies for companies that are new to Apollo-managed Funds' portfolios.

In the spirit of continuous improvement, the team revisited Apollo's Equity ESG strategic framework in 2023 and made updates based on where we are focusing our efforts. The team expanded the scope of one pillar and enhanced two of its focus Responsible Stewardship. Each of these pillars, in turn, has three underlying focus areas. The updated pillars of the Equity strategic framework now cover Sustainability; Inclusion, Diversity & Community; and Responsible Stewardship. Each of these pillars, in turn, has three underlying focus areas.

10. We define diverse-owned companies as those that are certified by accredited agencies as being at least 51% owned and operated by members of ethnic minority groups, women, veterans, members of the LGBTQ+ community and people with disabilities.

OUR STRATEGIC FOCUS AREAS WITHIN PRIVATE EQUITY

Sustainability	Inclusion, Diversity & Community	Responsible Stewardship
We believe we have a role in protecting ecosystems and preserving natural resources for future generations. We aim to do this by:	We believe that inclusive, diverse teams who engage local communities outperform and that our funds' portfolio companies should model inclusive behaviors and create opportunity by:	We believe that assessing risk and protecting our employees, customers and stakeholders is key to having a strong foundation on which we will build better business by:
Improving climate through efforts to reduce our carbon footprint, conserve nature and biodiversity	Building diverse boards, management teams and employee populations	Improving employee safety and mental health awareness while ensuring human rights are upheld
Eliminating waste with the aspiration of zero waste to landfill, increasing circular business models	Developing diverse & local supply bases that ensure economic opportunity is accessible to all	Safeguarding privacy by identifying and mitigating vulnerabilities and better day-to-day monitoring
Improving water utilization throughout our supply chains	Creating opportunity and inclusiveness across our employee and community populations	Enhancing governance through stronger training, processes and reporting

Case Study: Heritage Grocers Group

Environmental, Social, and Governance (ESG) Strategy

HERITAGE GROCERS GROUP

Investment Overview[1]

Date of initial investment: 2022
Region: US
Industry focus: Consumer Staples
Headquarters: Ontario, CA
Website: https://heritagegrocersgroup.com/

Challenge

Heritage Grocers Group ("Heritage") is a leading specialty grocery retailer with 115 total stores under the Tony's Fresh Market, Cardenas Markets, and El Rancho Supermercado banners. Carbon emissions intensity was selected as one of the investment's Impact KPIs. We worked with the company to establish a Scope 1 & 2 baseline and set go-forward targets for the investment hold period. Four key challenges were identified:

- **There was no central data repository** – energy consumption tracked at the business unit level and housed in different systems by type (electricity, natural gas, refrigerants, propane, etc.)
- **A significant amount of data needed to be harmonized** across numerous facilities and sources, tracked in different units of measurement by month
- **Numerous data gaps and outliers needed to be managed**
- **A tight deadline of four weeks** (typically a 2-3 month exercise) from kickoff to complete carbon reporting goal was required
- While there was some in-house familiarity with CA regulatory reporting requirements, there was **no dedicated GHGP carbon accounting or sustainability functional expertise**

Solution

The Heritage, Apollo and Persefoni teams collaborated to support implementation of Persefoni's technology-based carbon accounting solution to manage Heritage's end-to-end carbon accounting process including setting their baseline:

- **Persefoni (carbon accounting software) + Persefoni Footprint Data Services delivered the implementation service**
- **Agile software-based platform enabled Heritage to easily recreate an organizational hierarchy** by division, location, facility, etc. allowing the team to drill down on relevant drivers of emissions and corresponding consumption
- **Urjanet integration allowed for automated collection of utilities data** (~1,600 data points which would otherwise have to be pulled manually from corresponding invoices)
- Software that leveraged human expertise helped to manage data nuances and synthesize relevant data across various systems and sources for ingestion into Persefoni carbon accounting platform
- Transparency/auditability was provided via carbon ledger ensuring company will be ready for eventual exit with impending emissions reporting regulation
- Persefoni team provided Heritage with data governance recommendations for future process improvement including:
  - Create and manage a central data repository
  - Implement data accuracy/reasonableness checks

Outcomes

- **Heritage was able to stand up its carbon accounting with Persefoni in one of the fastest implementations to date**
- Estimate **~50% time saving** for individuals responsible for calculating carbon emissions
- Created **processes for repeatable data collection & governance** in accordance with GHGP best practices
- Delivered **a real-time, transparent and granular view into carbon footprint** to enable decarbonization planning in highest emitting areas of the business

Company Overview

Heritage Grocers Group ("Heritage") is a leading specialty grocery retailer with 113 total stores under the Tony's Fresh Market, Cardenas Markets, and El Rancho Supermercado banners. The grocers, founded in 1979, 1981 and 1988, respectively, offer a differentiated value proposition to customers with full-shops of high-quality food at affordable price points while providing Hispanic and ethnic offerings that honor diverse cultural traditions and are often unavailable locally.

1. Data included is as of April 2023.

Monitoring and Exit Playbook

Apollo evaluates the information provided by reporting companies to track how they are integrating ESG considerations into their business activities, measure year-over-year progress on a variety of indicators, identify best practices that can be shared among reporting companies, and identify opportunities for improvement and value creation.

Apollo seeks to equip portfolio companies with success beyond our Funds' holding period. The Responsible and Sustainable Operations Team assists portfolio companies with integrating value creation plans into their go-forward strategies and materials for their time beyond Apollo's investment. In 2023, the team developed and deployed an exit playbook for portfolio companies that details evolving regulatory requirements and investor expectations, assessing company readiness.

A COMPREHENSIVE APPROACH TO ESG EXIT READINESS

Gap Assessment	Future State Roadmap & Timelines	Implementation & Other Considerations
• Review **ESG disclosure guidelines** of LPs/prospective buyers • Assess applicable **ESG regulatory requirements** and reporting standards for your industry • Complete **Materiality & Climate assessment** and **Benchmarking** • Evaluate ESG performance based on **ESG ratings** frameworks, industry benchmarking, and prospective investor expectations • Ensure **KPIs** tracked **align to ESG reporting frameworks** (e.g., IFRS) • Ensure **reporting systems meet standards** for ESG auditing (e.g., reporting history of each KPI, methodology details, alignment with global frameworks and applicable regulations)	• Define **ESG vision/mission** and how it **links to the company's overall vision** • Develop **comprehensive ESG strategy and commitments/ targets** (e.g., company policies, exec accountability structures, KPIs tracked) include plans to address ESG rating gaps • Develop **climate strategy,** defining risks and opportunities in line with TCFD, reduction strategy, climate risk governance, and KPIs, if not already in place • **Link goals to Sustainable Development Goals** (SDG) where appropriate • Create **ESG report** and include ESG **narrative in marketing materials** detailing commitments, timelines, and value-add	• Establish/refine **processes/controls** • Establish **governance structures** and **board oversight** • Set **tracking & reporting** on climate and other targets • **Synthesize ESG narrative** across website, relevant marketing pages, i.e., IPO prospectus, road show slides

Case Study: ABC Technologies

ABC Technologies is one of the world's leading automotive systems and components manufacturers. The company expanded operations in recent years, requiring key components of its environmental, social and governance program to scale as well. Chief among them was ABC's health and safety program as the company acquired and now operates additional large-scale manufacturing facilities. The company partnered with Apollo's Responsible and Sustainable Operations Team to create a formal mergers and acquisitions ("M&A") onboarding program that included orientations and checklists for environmental health and safety personnel. The M&A onboarding program allowed ABC to integrate new business units and plants into the company's high-level operating standards and processes. Through this program and other health and safety activities such as weekly safety talks and more frequent management inspections, ABC improved both their lost time incident rate and total recordable incident rate in 2023.

A Coordinated ESG Approach Across Apollo's Investment Platforms

While many of Apollo's businesses can solely utilize the Sustainable Credit & Platforms or Responsible and Sustainable Operations frameworks, certain businesses, such as the Apollo Aligned Alternatives (AAA) platform, hybrid value, certain types of real estate equity, and infrastructure, require a coordinated approach given the various ownership structures of the investments. Such businesses are fully integrated within the Apollo platform and follow the Firm's rigorous approach to investing, whereby material considerations are evaluated throughout the investment life cycle, including in the selection and monitoring of relevant investments. Our investment framework leverages aspects of the Equity and Credit/Platforms approaches, resulting in a hybrid approach to integrating material environmental, social and governance considerations that apply to all investments — from structured debt to majority equity.

Teams have implemented an approach that applies Apollo's proprietary ESG Risk Assessment Framework and ESG Due Diligence Memo.

Following the investment, the teams may:

- Engage in supplemental diligence on any material factors that warrant additional research, including, but not limited to, Physical Climate Risk, Employee Health & Safety and Transition Planning for a future lower-carbon economy.
- Refresh assessments of existing portfolio investments at least once per year during internal portfolio reviews.
- Leverage the expertise of the Responsible and Sustainable Operations Team to help portfolio companies implement ROI-positive initiatives and accelerate value creation, including for example, GHG monitoring and reduction plans for investments with majority equity ownership.
- Encourage portfolio companies to participate in Apollo's Annual ESG Reporting Program. For more information on Apollo's Annual ESG Reporting Program, please refer to Principle 9: Engagement with Issuers – ESG Reporting Program.

Case Study: Hybrid Value - Healthcare

As part of our ESG due diligence on physician-owned integrated emergency and acute care platform, US Acute Care, we evaluated the company's management of various social risks which we assess as material to the healthcare industry. These included the quality and affordability of the company's product offering, the social/societal impact of this offering, and the company's human capital management and workforce safety practices. Through our due diligence process, we determined that the company has a high hospital Net Promoter Score (NPS) relative to scaled competitors. In addition, the company has very limited out of network exposure so it has been less impacted than competitors by the surprise billing legislation which took effect in 2022. Furthermore, the company's premiums to Medicare rates have historically been lower than its competitors. While the company saw an increase in clinician turnover in recent years, the magnitude of this turnover is directionally aligned with the rest of the industry. We believe these factors result in lower investment risk for US Acute Care, compared to other companies operating in the healthcare services and delivery industry.

To further mitigate social and governance risks, in 2023:

- U.S. Acute Care Solutions continually monitored its stringent data security policies and practices. Employees at every level received regular training and communications from the IT department highlighting and encouraging data safety, privacy and smart stewardship. USACS reacted quickly and decisively to all potential security threats to ensure the highest standard of patient confidentiality and care.
- Provided and expanded many beneficial employee engagement and support programs. For example, USACS offers an employee-funded Employee Assistance Program, aimed at providing financial assistance to employees facing undue financial hardship. Additionally, USACS boasts an innovative Culture Committee, made up of employees who volunteer their time to develop programs and events that foster employee sociability, engagement and morale.
- Regularly hosted webinars focused on empowering employees of all backgrounds to create positive change for themselves, their families and their communities.

Case Study: Infrastructure - Aviation

In 2023, we made an investment in a fixed base operator (FBO) network for private aviation. Following numerous conversations with management and additional due diligence by the investment team, we assigned an "Average" ESG Risk Assessment to the company. While we acknowledged the elevated ESG risk that comes with a reliance on private aviation, we concluded that the company's experienced management team is well aware of the ESG risks facing their industry and has already taken steps to reduce the environmental impact of their facilities by upgrading and replacing equipment with more energy efficient models and the travel of their customers via the procurement of sustainable aviation fuel (SAF). We also engaged a third-party consultant to help us understand further transition-related risk to the business, specifically, the potential for future reductions in private and commercial aviation travel. The consultant's findings helped us gain comfort with the company's risk exposure as there were no significant disruptions to their main revenue channels found during our hold period. Additionally, the consultant affirmed our plans to support the reduction of the company's carbon footprint while also engaging with offerings such as SAF to reduce Scope 3 impacts.

Case Study: Real Estate

Apollo's Real Estate platform includes credit and equity strategies across the real estate investing landscape, as Apollo-managed funds act as both investors and lenders. Our Real Estate teams work closely with Apollo's businesses and utilize the same value-driven approach to source, underwrite and structure transactions.

For certain real estate investments in Europe, Apollo has started integrating environmental, social and governance considerations to create long-term value, where applicable and appropriate. For these specific investments, evaluating ESG considerations is included in the due diligence and underwriting processes. Specific factors, such as renewable energy sources and property use (e.g., affordable housing), are considered when evaluating a building's physical structure and operations during the deal origination phase, where appropriate. Investment committees also consider financially material environmental, social and governance-related aspects of a transaction and take policies and procedures into account while completing an overall assessment.

In 2023, an Apollo-managed fund elected to hold and refurbish the Ravenstein office building in Brussels. The investment team identified the asset, which was built in 1936, for its strategic location and potential for value enhancement through repositioning. After a thorough review, refurbishing the asset, rather than selling it, proved to be the more value-accretive next step. The refurbishment plan includes various property improvements and is aligned with a 27-year lease agreement, demonstrating a long-term commitment to the property and its residents. A key step in renovating the building is improving its energy efficiency, with goals to obtain a BREEAM® Excellent certificate and an energy performance credit ("EPC") A rating. These upgrades are expected to deliver value by significantly enhancing its sustainability profile.

Case Study: AAA Platform

The AAA Platform aims to provide capital growth over the long term by being exposed to a diversified portfolio of private market opportunities across equities, real assets and credit. In 2023, the AAA Platform investment team worked closely with Apollo's dedicated Sustainable Credit & Platforms and Responsible and Sustainable Operations teams to determine a formal approach to ESG integration for the AAA Platform.

For example, through the ESG Risk Assessment process, the AAA investment team evaluates the relevant risks and opportunities of investing in third-party fund managers and their underlying funds. This may include but is not limited to a review of the manager's investment process (including the consideration of ESG factors in investment decisions), ESG policies and practices at the firm level, governance structure and oversight, and transparency. A similar analysis is performed for each of Apollo's origination platforms by our Financial Institutions Group (FIG).

AAA PLATFORM ESG INTEGRATION FRAMEWORK

Investment Type	ESG Risk and Opportunity Assessment Process
Third-party managed funds	• AAA investment team assigns ESG Risk Assessment to third-party managers • The Sustainable Credit & Platforms Team provides detailed feedback on the ESG Risk Assessment to the investment team through an iterative process • ESG Risk Assessments are updated by the AAA team on an annual basis
Apollo Origination Platforms	• Apollo's Financial Institutions Group (FIG) assigns ESG Risk Assessment to the origination platforms • The Sustainable Credit & Platforms Team provides detailed feedback on the ESG Risk Assessment to the investment team through an iterative process • ESG Risk Assessments are updated by the FIG team on an annual basis
Apollo-managed funds utilizing Sustainable Credit & Platforms process	• Relevant investment teams assign ESG Risk Assessments to eligible positions in the funds • The Sustainable Credit & Platforms provides detailed feedback on the ESG Risk Assessment to the investment team through an iterative process • Sustainable Credit & Platforms produces aggregated ESG Risk Assessment reporting on an annual basis
Apollo-managed funds utilizing Responsible and Sustainable Operations process	• Apollo's PE investment teams utilize PE team's standard diligence processes, with a legal ESG due diligence as the foundation where relevant

Investment Type	ESG Due Diligence Memo
New investments	• AAA investment team completes an ESG Due Diligence Memo • The Sustainable Credit & Platforms provides detailed feedback on the ESG Due Diligence Memo to the investment team through an iterative process

As of December 2023. For illustrative purposes only. Reflects the views and opinions of Apollo Analysts. The information set forth above is subject to change at any time without notice. In certain cases, majority equity investments may use the Sustainable Credit & Platforms integration framework.

PRINCIPLE 8
Monitoring Data Providers

MONITORING DATA PROVIDERS

The breadth of Apollo-managed Funds' portfolios across industries and regions necessitates leveraging multiple data and technology solutions to improve our ability to scale.

Data Provider Diligence

In selecting our ESG data providers, the Sustainability Team reviews certain criteria including, but not limited to, data quality, availability, methodology, and coverage. We focus closely on the scope of the research provided and relevance to the alternative asset classes in which Apollo-managed funds invest. We also evaluate ease of communication with the data provider as well as its reputation and overall commitment to serve Apollo as a client.

Apollo's contracts with new data providers are also reviewed internally prior to approval. The process includes a review of the service/product along with a stakeholder analysis to determine how the service aligns with project and/or team needs. It also includes an evaluation of the expected benefits and return on investment of the service, comparing it to other alternatives or competitors.

Credit & Platforms

Various key data partners support Apollo's Credit & Platforms businesses. Third-party ESG data can serve as one of the inputs into our ESG due diligence process, helping investment teams integrate a more informed assessment of ESG risks and opportunities into their investment decisions. However, Apollo believes that the use of third-party data does not serve as a replacement for fundamental oversight of ESG risks, which remains the ultimate responsibility of the investment teams, with support from the dedicated Sustainable Credit & Platforms Team. Portfolio managers may also leverage third-party data to inform portfolio management decisions and provide internal/external reporting on a product- basis, enabling Apollo to meet various client requests.

APOLLO SUSTAINABLE CREDIT & PLATFORMS DATA PROVIDERS

		Primary Use Case		
Data Provider	**Description**	**Diligence and Stewardship (top-down and bottom-up)**	**Portfolio guidelines**	**Reporting**
Bloomberg Data License Plus (DL+)	Privately hosted, cloud-based data management solution that aggregates, organizes and links licensed Bloomberg data and multi-vendor ESG data for improved access in downstream systems and users.	✓		✓
Moody's	Provider of physical and transition risk data, metrics, and estimations to measure, benchmark, and manage climate-related exposure and risk for real estate, RMBS, and CMBS portfolios and transactions.	✓		✓
MSCI Inc.	MSCI is a provider of decision-support tools and services for the global investment community. MSCI One delivers cloud-based access to MSCI's sustainability and climate solutions through an integrated suite of tools to manage research, analyses, and compliance efforts across a range of ESG, Sustainability, and Climate factors.	✓	✓	✓

Case Study: Engaging with our Data Providers

Apollo has been working closely with third-party data providers to develop tools/platforms which aid issuers or their representatives in the disclosure process. For example, Apollo worked with MSCI on the launch of MSCI Private Company Data Connect, a centralized hub that leverages the ESG Integrated Disclosure Project (ESG IDP) template to provide GPs access to private companies' sustainability and climate data and disclosures. MSCI Private Company Data Connect also helps companies without emissions data perform carbon accounting through software from Persefoni AI Inc. ("Persefoni"), a carbon accounting software provider. The Persefoni emissions calculator, Persefoni Pro, is available for platform users. For more information on the ESG IDP, please refer to Principle 10: Collaborative Engagement To Influence Issuers – ESG Integrated Disclosure Project.

Data Quality Management

Apollo leverages its internal technology and data teams to help ensure data quality management in the use of reference data from third-party data vendors, including but not limited to ESG data. Our investment teams and Sustainability teams may also, on an ad hoc basis, review the quality and accuracy of ESG data supplied by third-party data providers. This may result in an engagement with data providers and/or the underlying issuer. The open line of communication with our data providers helps Apollo monitor data quality and accuracy, as applicable and practicable.

Our framework for maintaining data quality encompasses several key strategies, designed to ensure that investment decisions are informed by accurate, reliable, and actionable information. These include:

- **Vendor Due Diligence:** Rigorous assessment of third-party vendors' methodologies, modeling practices, and data collection processes.
- **Data Sourcing:** Acquiring data through multiple sources to mitigate data gaps and reduce reliance on estimates.
- **Data integration and management:** Centralization of data and implementation of automated data feeds to support data timeliness and integrity.
- **Quality Control and Assurance:** Incorporation of data validation rules that flag inconsistencies, outliers, and anomalies.

Equity

The Responsible and Sustainable Operations Team utilizes a reporting platform to collect and assess metrics from portfolio companies as part of our annual ESG Reporting Program. Apollo's portfolio company ESG Reporting Program measures the effectiveness and progress of portfolio company's sustainability performance by collecting annual responses to an in-depth questionnaire composed of more than 100 quantitative and qualitative questions. During early 2023, Apollo's Responsible and Sustainable Operations Team selected and rolled out a new reporting tool.

Apollo has engaged a third-party to assist with the collection of ESG data from in-scope portfolio companies on an annual basis. The vendor helps simplify the collection and analysis of portfolio company reported data. The vendor's service offering provides a view of certain Apollo-managed private equity funds' portfolio companies' sustainability performance and facilitates the:

- Collection of quantitative and qualitative environmental, social, and governance data directly from portfolio companies;
- Comparison of various metrics and display of data in an interactive dashboard; and
- Collection and aggregation of data that supports disclosure requirements and Apollo client reporting requests.

In 2023, the Responsible and Sustainable Operations Team developed an automated dashboard that allows us to analyze trends within companies over time, across industries, relative to external benchmarks, and across key metrics that support decision-making and value-creation efforts.

In addition, the team continued its work with Persefoni, a carbon accounting software provider, and helped several portfolio companies to gather detailed, actionable data while building company-level decarbonization pathways.

Case Study: Benefits of Carbon Accounting

Carbon accounting enables Apollo and portfolio companies to:

- Track complex data in a standard way
  - Reduces data collection, normalization, and reporting efforts by establishing a standardized and automated approach to collecting data at the portfolio company and fund level
  - Enables progress tracking via standardized dashboards
  - Minimizes potential for error in tracking, conversion, and reporting
- Drive progress and improve return on investment
  - Enables data-driven approach to decarbonization, providing necessary data analysis for go-forward decision-making
- Address customer requirements
  - Helps portfolio companies meet increasing customer requirements for emissions reporting on their operations and products

Firm-Level

Apollo-Managed Funds Financed Emissions

Since 2022, Apollo has been investing in centralizing and standardizing our tools and processes for collecting and calculating financed emissions attributable to certain investments held by Apollo-managed funds. 2023 was the second year of engaging with Persefoni to implement the Partnership for Carbon Accounting Financials ("PCAF") accounting standard for financed emissions. While the PCAF standards do not currently address all asset classes, they provide a foundation for Apollo to begin evaluating absolute emissions and emissions intensity at the product level for certain strategies. For Apollo, disclosing our financed emissions reflects our commitment to improving data access and data quality across investment portfolios in response to the evolving regulatory environment, investor-driven demands, and funds we manage with ESG-specific mandates.

Proxy Voting

As an alternative asset manager, Apollo does not generally receive proxy voting rights with the investments it makes. In cases where an Apollo-managed fund holds proxy voting rights for a given entity, Apollo has retained a third-party proxy voting service provider to support Apollo in the proxy voting process. Our third-party provider provides detailed research and voting recommendations related to proxy votes, including those that relate to environmental, social and governance matters. All voting recommendations are ultimately made by portfolio managers or investment team members in accordance with their fiduciary obligation to maximize value for investors.

Where appropriate, proxy vote requests are generally reviewed by Apollo's Sustainable Credit & Platforms Team. The Sustainable Credit & Platforms Team assesses whether any of the votes cover material environmental, social and/or governance topics. If no material topics are identified, the Sustainable Credit & Platforms Team provides clearance to the proxy recipient who coordinates with the portfolio manager or investment teams responsible for the entity issuing the proxy. The portfolio manager or investment teams instruct the proxy recipient how to vote the proxy, and the proxy recipient will retain such direction.

If a material environmental, social, or governance topic is identified, the Sustainable Credit & Platforms Team may conduct additional due diligence on the entity and vote(s) in question prior to providing a voting recommendation to the proxy recipient.

Apollo leverages our third-party provider for its full proxy voting offering, which includes voting recommendations guided by its standard voting policy and separately its ESG Thematic Policy. Our provider's vote recommendations under the ESG Thematic Policy may differ from its standard voting policy recommendations. For avoidance of doubt, the Sustainable Credit & Platforms Team does not leverage or refer to the ESG Thematic Policy voting recommendations for its ESG proxy vote recommendations as they may not necessarily be consistent with Apollo's fiduciary obligations to maximize value for our investors. Notwithstanding the forgoing, we seek to comply at all times with the governing provisions of the Investment Advisers Act of 1940, as amended, including Section 206 and Rule 206(4)-6 thereunder.

Monitoring Data Providers

Where we have strategic arrangements with third-party providers, we have periodic meetings to review progress of implementations and also conduct business reviews to update senior leadership on progress, lessons learned, opportunities for continued improvement and go forward plans.

Periodic Meeting Sample Agenda

- Partnership Year in Review
    - Portfolio companies
    - Quality assurance
    - Key learnings & recommendations
- Looking Ahead: 2024 Partnership Alignment
    - Priorities & portco pipeline
    - Protduct plans

Should any data provider relationships no longer meet our expectations, we may terminate the business relationship based on the stipulations of our service agreement.

Third-Party Managers

Apollo seeks to integrate material environmental, social, and/or governance considerations into its due diligence process for third-party investment managers. We evaluate the Responsible Investing policy, or equivalent, and commitments of the investment manager, if any, via our ESG Risk Assessment process, described in Principle 7: Integration of Stewardship - ESG Risk Assessments: A Materiality-Based Framework. For example, we may examine how environmental, social, and governance factors are integrated into the manager’s investment process, including how they identify, measure, and manage risks and opportunities across their portfolios. We may also evaluate the manager’s consistency with respect to integrating material environmental, social, and governance considerations across different asset classes and investment strategies. We may also assess the manager’s strategy, if any, to engage with issuers or portfolio companies on material environmental, social, and/or governance issues, as well as the availability and quality of data used by the manager to measure its own responsible investment performance. Furthermore, Apollo investment teams may engage with third-party managers to gather additional information on their responsible investment philosophy/strategy, specific initiatives, and long-term sustainability goals. For more detail on our engagement strategy, please refer to Principle 9: Engagement with Issuers.

PRINCIPLE 9
Engagement With Issuers

ENGAGEMENT WITH ISSUERS

Apollo remains steadfast in our belief that driving measurable improvements in sustainability is important for businesses to sustain economic performance. Given our size, scale and capabilities, we believe we are in a unique position to lead the way in helping to drive these improvements across a wide range of industries within our Funds' portfolios.

Consistent with fiduciary obligations, our approach to engagement on environmental, social, and/or governance issues with entities in which Apollo-managed funds invest focuses on assisting the companies in which they invest to improve long-term financial and sustainability performance in order to generate or enhance returns. We engage on topics that apply across industries and geographies, such as, for example, governance structures that provide appropriate levels of oversight and internal processes for collecting and monitoring performance indicators. Where applicable, we also seek to tailor engagement topics to a particular entity's circumstances, taking into account factors such as sector, countries of operation, and the findings of our pre-investment diligence process. We aim to prioritize engagement that is expected to have a high impact on the protection of and improvement to the value of our clients' investments.

The Company's specific engagement strategy varies depending on, among other things, whether an investment is an equity investment or a debt investment.

Our engagement methods are determined by the relationship with the entity, research results, investment size, sector, issue, asset class, and market considerations, among other factors, and can occur at any stage of the investment cycle. Methods of engagement may include, but are not limited to, the following:

- **Written Communications:** Written correspondence with companies can offer an opportunity to develop relationships, gather data, and promote transparency. It is our policy that any written communication with companies in which Apollo-managed funds have invested do not promote social, political or ideological interests, subordinate the interests of the company's shareholders to the interests of another entity, or advocate for an entity other than the company's shareholders.
- **Meetings:** Company personnel may seek to collaborate with the entities in which Apollo-managed funds invest by meeting with company management teams, boards of directors, and other stakeholders. These meetings can help strengthen our collaboration with company management to help drive value and long-term sustainable performance.
- **Operational Support:** For certain investments where Apollo-managed funds own a significant equity stake in a company, the Responsible and Sustainable Operations Team may work with company management to help accelerate performance improvements with a focus on driving growth and value.

Credit & Platforms

Apollo believes engaging with issuers can be an integral part of the lending and investment process, and can play a meaningful role in encouraging positive changes in issuer disclosure, behavior, and decision-making thereby driving value creation.

We take a bottom-up, collaborative approach to engaging with issuers and their representatives, such as bankers or sponsors. Analysts can leverage Apollo's ESG Risk Assessment to identify where ESG factors may present a potential risk to an entity's long-term financial performance. Internal frameworks and tools may also be used to identify robust ESG practices that could present opportunities for value creation. In cases where risks or potential opportunities are identified, investment teams, can engage with issuers either unilaterally or with the support of the Sustainable Credit & Platforms Team.

Various methods of engagement can be employed throughout the investment lifecycle, including but not limited to:

- Prompting an issuer to clarify or provide specific ESG data through a questionnaire (i.e., ESG IDP) or other means;
- Engaging with the issuer on relevant ESG factors or sector themes that might present material risks or opportunities;
- Encouraging the issuer to set new or more ambitious ESG goals at the entity-level in cases where it can positively impact the investment quality or mitigate risk; and/or
- Proposing changes to the deal structure including, but not limited to: introducing ESG-ratchets, ringfencing proceeds for ESG-related projects, or modifying aspects of the transaction structure to account for ESG risks/opportunities (e.g., amortization schedule, covenants, collateral, etc.).

In 2023, Apollo's Sustainable Credit & Platforms Team established four key engagement pillars to further refine our engagement approach.

APOLLO'S ESG ENGAGEMENT PILLARS

Transparency and Disclosure	Financing the Energy Transition	Thematic Engagement	Value Creation
Engagement to improve the availability and consistency of ESG disclosure.	Engagement to provide tailored energy transition financing solutions to issuers.	Engagement on an evolving set of financially-material ESG themes.	Engagement on material ESG risks/opportunities to financial performance.
Development of tools which aid issuers or their representatives in the disclosure process.	Helps address the significant gaps that exist in the capital markets for climate and transition financing.	Our thematic engagement themes currently include human & labor rights and circular economy.	Apollo leverages its ESG Risk Assessment to identify priority ESG engagement areas tailored to individual issuers.

For illustrative purposes only. Represents views and opinions of Apollo Analysts. Provided is a general illustration of some of the criteria considered during the ESG engagement process and is subject to change at any time without notice. There is no guarantee that this information will be available in the future. The ESG engagement process described herein may change over time.

Case Studies: Value Creation

Case Study: Chemicals

In 2023, Apollo engaged with a chemical company regarding its "sustainable system" product offerings. The goal of the engagement was to better understand how the company defines a sustainable system, what benefits the sustainable systems provide, how they are determined to be sustainable (i.e. benchmarking methodology), and what proportion of the company's go-forward revenue will be derived from sustainable systems. Management views sustainability as a key competitive advantage as it seeks to compete with lower cost and lower value-add competition from Asia, making this a priority area for Apollo's engagement. The company shared that a sustainable system is based on the end application by customers and that the products involved in the system contribute to energy water or waste reduction or have a unique ecological profile. The company conducts a monthly C-suite review of sustainable opportunities and has set a strategic target to increase the percentage of sustainable products and systems to a minimum of 60% by 2026 (from the current level of ~50%). The proportion of revenue from sustainable systems is a key KPI that we will continue to track going forward.

Case Study: Waste Management

As part of our investment due diligence, in March 2023, Apollo engaged with a waste management company on a number of ESG-related topics. The purpose of the engagement was to gain more insight into the company's exposure to certain financially-material risks including labor turnover and unionization, as well as determine how it was progressing on its sustainability-linked goals. As a result of the engagement, we learned that the company has been facing an elevated level of attrition in the past couple of years relative to before the pandemic, however attrition has been trending back down more recently. The company's attrition rate is a KPI by which the management team's performance is measured, providing us a level of confidence that the trend will continue. Additionally, the company claimed that it does not see inflation to be a major headwind for the wages and benefits it is able to offer to its employees. Furthermore, the company disclosed to us that <10% of the workforce is unionized. Finally, the company shared that it believes it is on track to meet both of its sustainability-linked KPIs by the end of 2025.

Case Study: Power

As part of our value creation engagement pillar, we engage with companies (usually those located in emerging market nations) that have more significant thermal coal exposure. In our view, the elevated direct and/or indirect GHG emissions associated with their thermal coal operations present transition risk as various market, policy, and regulatory developments could adversely impact value and performance over time. As part of this engagement, we seek to understand the company's decarbonization strategy including but not limited to plans to phase out coal and invest in renewables.

In 2023 we engaged with a port operator on its thermal coal exposure and emissions reduction strategy. According to the company, thermal coal comprises less than 25% of the company's cargo mix today. This is materially down from 100% where they started. The company also expects that green hydrogen and green ammonia will emerge as viable fuel alternatives in the next 5-6 years. As a result, they expect a gradual reduction in thermal coal as a % of their cargo mix over this time period after which they expect a sharp fall. We also used the meeting as an opportunity to engage with the company on its approach to reducing its direct emissions footprint. The company shared that it is targeting carbon neutrality by 2025 and net zero by 2040. The main initiatives it is undertaking include the electrification of their inter-terminal vehicles and cranes with the goal that they can run entirely on renewable energy. The company also plans to increase its renewable energy capacity over the coming years.

The information gained from engaging with the above companies, allows us to form a better understanding of the ESG risks and opportunities to which the companies are exposed and to integrate this assessment into our investment thesis. We plan to continue engaging with the companies above through multiple forums including sending an annual request for updated ESG disclosure via the ESG IDP questionnaire[11] as well as holding periodic meetings to assess performance relative to their set goals and objectives. Where applicable, material environmental, social and/or governance considerations will be incorporated into our ESG Risk Assessment on the particular entity. If our engagement leads us to believe ESG risks have materially increased, we may pursue relevant escalation channels. For more information on escalation please refer to Principle 11: Escalating Stewardship When Necessary.

Case Study: Thematic ESG Engagement

Across Apollo's portfolio, human rights risks vary depending on industry, company, and geography. Where material human rights risks are identified, they are analyzed through Apollo's ESG Risk Assessment to determine the extent to which they can potentially be mitigated in order to drive value. Apollo sees engagement with issuers as an important part of this risk mitigation and opportunity identification process.

Given ongoing instances of child and forced labor globally – including in both emerging and developed markets – Apollo initiated a thematic child and forced labor focused engagement initiative across its Credit & Platforms businesses in 2023. The initiative began with a review of the child and forced labor policies and prevention practices across our holdings in the food, agriculture, retail/consumer, and technology industries. We view companies operating in these industries as among the most likely to be exposed to financial and reputational risk associated with child or forced labor in their operations and supply chain. As part of our focus on value creation and retention, our goal is to better understand how or if companies are mitigating these risks and which policies and initiatives are currently being employed to promote human rights and worker welfare.

In 2023 Apollo has engaged or approached over 30 companies as part of this initiative through various communication channels including meetings, calls, and electronic communication. Investment teams have engaged with issuers either unilaterally or with the support of the Sustainable Credit & Platforms Team.

For example, in 2023, Apollo's investment team, in collaboration with the Sustainable Credit & Platforms Team, engaged with management at a meat processing company as part of our thematic child and forced labor engagement initiative. The investment team had flagged the company's high social risk exposure due to its arduous labor conditions, often leading to workplace injuries and financial penalties. During the engagement, the company shared that it has started transitioning their sanitation services portfolio towards their own in-house services (albeit gradually given challenges associated with moving contracted services in house), to reduce the risk of child labor. The company has improved the audit and oversight of their third-party providers and increased incentives for whistleblowing. We requested greater transparency on progress and will continue to monitor the initiatives taken by the company to strengthen internal controls and reduce its exposure to human and labor rights-related risks.

In our view, thematic engagements help drive long-term sustainable value across the portfolio and act as an important signal to company management teams of Apollo's key areas of focus as they relate to potential financial materiality. Our engagement initiative remains ongoing as the Sustainable Credit & Platforms Team, in collaboration with the investment team, continue to monitor news reports and fund holdings for human-rights related risks.

Case Study: Financing the Energy Transition - Aviation

Where the opportunity arises, we may engage with borrowers to identify or structure tailored energy transition financing solutions. Our multi-year ESG engagement with Air France-KLM is an example of the success of this type of engagement.

The Sustainable Credit & Platforms Team and investment team met with Air France KLM multiple times in 2022 and 2023 to walk through the key pillars of the company's sustainability strategy. AF shared that they are committed to a 30% reduction in GHGs per passenger/KM by 2030 (near term target) and 45% next gen aircraft by 2025 and 70% 2030. The company also committed to use 10% Sustainable Aviation Fuel by 2030.

Our Sustainable Credit & Platforms Team and Investment team worked closely with AF-KLM to understand the airline's strategy around the purchase and development of sustainable aviation fuel (SAF). Following this engagement, Apollo

11. For more information on the ESG IDP please refer to Principle 10: Collaborative Engagement to Influence Issuers.

announced the signing of an agreement for Apollo-managed affiliated entities, funds and clients to invest up to €1.5 billion into an Air France-KLM operating affiliate which supports Air-France KLM's commitment to spend €100 million in sustainable aviation fuel over the next four years. We are proud of this effort, which is one of many examples the firm has transacted as part of our $100 billion clean energy and climate investment deployment target.

Case Study: Financing the Energy Transition - Air Purification

We engaged with an air purification company and asked for increased disclosure around the environmental efficiency of its products, the regulatory framework around how products are made and how waste is disposed, and how the products are providing a solution to climate change and air pollution. The company shared that it provides safe indoor air quality using less energy and increased performance than competitive technologies. It also confirmed that its products adhere to external guidelines for efficiency and comply with various environmental regulations. Many of its mechanical products are delivered with filters that are designed to protect the internal components of the system as well as clean the air being processed. This engagement allowed the Apollo Climate Task Force to classify the transaction as a Transition investment under our proprietary Climate and Transition Investment Framework.

Equity

A hallmark of Apollo's engagement is our commitment to periodic interaction with, and support of, PE fund investments. This is evidenced by our touchpoints with portfolio companies, including hosting webinars on a variety of environmental, social, and/or governance-related topics, circulating newsletters and other regular publications, convening conferences for portfolio company management, providing assistance with procurement initiatives, and helping companies leverage external resources.

Once a transaction has closed, our approach to engagement focuses on working with companies to improve long-term financial and sustainability financial performance. After closing, engagement is generally initiated with company management to familiarize them with Apollo's program. PE Fund Investments may be engaged and provided with assistance to help adopt business optimization and cost-saving initiatives, identify and execute follow-on acquisitions, focus on technology and innovation opportunities, and optimize capital structures.

Education and expertise are critical pieces of our engagement strategy with portfolio companies. We help them evaluate their current state, including their potentially unique set of material challenges and opportunities, industry expectations, and peer benchmarks, and assist management teams in creating roadmaps for future value creation and success. In addition to working one-on-one with certain portfolio companies, we also play a role in facilitating connections between them, which can lead to synergies, accelerated progress, and big wins. In addition to holding meetings with companies, Apollo maintains frequent touchpoints with portfolio companies, including hosting webinars on a variety of environmental, social, and/or governance-related topics, circulating newsletters and other regular publications, convening biennial portfolio company conferences, providing assistance with procurement initiatives, and helping companies leverage external resources.

In 2023, we hosted multiple webinars on a range of environmental, social and governance topics including: training on SBTI and carbon accounting, climate legislation, EHS programs, and human rights. More than 830 management team members from across our portfolio participated in these webinars. We leverage these forums to ensure portfolio companies are aware of what's on the horizon in the evolving ESG landscape, can prepare to ensure compliance and have access to resources that support their continuous improvement efforts.

Helping Portfolio Companies Drive and Realize Value

The Apollo Portfolio Performance Solutions ("APPS") team leverages its members' deep experience and capabilities to drive value creation and operational excellence for Apollo-managed Funds' portfolio companies. The Responsible and Sustainable Operations Team, within APPS, engages with portfolio companies to help them mitigate risk, achieve their business goals and create value tied to ESG considerations, that are material to their businesses' short- and long-term success. Members of the Responsible and Sustainable Operations Team engage with portfolio company leaders to help them evaluate priorities, share best practices and support implementation.

Decarbonization and Sustainability

Throughout 2023, the Responsible and Sustainable Operations Team discovered that having optimal tools, robust processes and strategic partnerships is critical when looking to achieve sustainability ambitions. Addressing decarbonization and evolving climate regulations is challenging, regardless of industry. The team experienced that data management, automated reporting and governance mechanisms are essential to building and implementing a feasible roadmap.

Supporting in-scope portfolio companies with decarbonization means engaging with them immediately after closing and throughout Apollo Funds' ownership. We seek to build capabilities across portfolio company sustainability teams, processes and technology to help ensure they are equipped to succeed during, and beyond Apollo Funds' ownership. We support operational execution through:

- **Apollo Private Equity Responsible and Sustainable Operations Industry Expertise**: The Apollo Responsible and Sustainable Operations Team is staffed with industry experts who have led, managed and operationalized value creation across industries and have more than 80+ years of operational experience scaling across large companies or even groups of companies. This experience enables them to support the development of strategies and road maps that are actionable from day one.
- **Data Management:** We believe a lack of a reliable and auditable data for baselining carbon footprints and tracking progress toward decarbonization represents one of the largest barriers companies face in seeking to deliver on climate goals. We are responding to the challenge of needing high-quality data with detailed baselining and tracking to include carbon accounting and emission calculations.
- **Detailed Decarbonization Plans:** We are developing detailed decarbonization plans in partnership with portfolio companies that leverage the playbooks and guides we have built. These tools help to accelerate the development of the plans required to deliver against both Apollo and portfolio company goals by driving ROI-positive solutions that deliver financial returns.
- **Value Creation Program:** We educate our stakeholders on the key characteristics of a successful value creation program, which include board- and executive-level oversight, management pay incentives linked to ESG performance, budget for initiatives that drive financial savings and impact, clear ownership across functions, key performance indicators (KPIs), and data-driven, technology-enabled strategy.

Case Study: Novolex

Environmental, Social, and Governance (ESG) Strategy

NOVOLEX®

Investment Overview[1]

Date of initial investment: 2022
Region: North America, Europe
Industry focus: Packaging Manufacturer
Headquarters: Hartsville, SC
Website: https://novolex.com

Challenge

Sustainability is critical to Novolex's competitive position—the company's breadth of product offering allows them to meet a wide range of customer requirements through products that meet increasing expectations for sustainable characteristics. In addition to product performance and differentiation, reducing the carbon footprint of the company's operations is also important for the business, customers, and investors alike.

Prior to Apollo Fund's ownership, Novolex had set targets to reduce emissions by 20% by 2025. The company had made significant progress through opportunistic execution of renewable energy contracts and implementation of energy efficiency projects on a site-by-site basis. **Through these measures, the company exceeded it's 2025 target three years ahead of schedule.**

Novolex extended its reduction target to 30% by 2030, and executed the largest sustainability-linked loan in North America at the time, tying cost of capital to achievement of the target. Novolex had to develop a plan to execute on the target with a high level of confidence.

Apollo worked with the Novolex team to help develop a centralized plan, that prioritized projects by ROI. This required a shift in approach to both planning and execution of decarbonization projects.

Solution

Through collaboration between the APPS Responsible & Sustainable Operations team, Novolex's Sustainability leadership, and cross-functional leaders in Capital Projects, Procurement, Finance and Accounting, a revised, holistic strategy was developed to achieve the 2030 targets.

The team identified an additional **+41% of decarbonization opportunity associated with positive ROI initiatives. Key levers include programmatic execution of energy efficiency initiatives and a market-by-market strategy for buying renewable energy.**

Critical Enablers for success include:

Data Visibility: 1) Access to accurate and flexible data which is key to assessing ROI associated with decarbonization projects; 2) Automated acquisition and reporting of Scope 1 & 2 data leveraging Engie and Persefoni; 3) Strategies to improve raw material data collection (i.e., product and supply chain data).

Centralized Planning: A central strategy with cross-functional engagement to ensure optimal capital allocation across decarbonization projects, and to leverage buying power across the business.

Funding Strategy: Prioritizing project options by ROI and assessing CapEx vs. "as-a-Service' funding models.

Program Planning: Apollo provided guidance to Novolex in sourcing a preferred partner for project development and execution, further enabling central planning, speed-to-execution, and accountability.

Outcomes

Novolex's decarbonization strategy targets $11MM in Opex savings associated with decarbonization projects that are estimated to **achieve +41% emissions reduction. Energy efficiency levers contribute 13%** of the 41% emissions reductions and have an **a simple payback better than 2.5 yrs.**

Company Overview

Novolex® is a leader in packaging innovation, choice, and sustainability. We manufacture products with paper, plastic, and renewable materials for food packaging, delivery and carry-out, food processing, and industrial markets. Our products offer superior performance, provide convenience, reduce food waste, and support food safety and hygiene for the benefit of millions of consumers who use our products every day. We meet their needs with a wide variety of products backed by a commitment to quality embraced by our more than 10,000 employees. With 56 manufacturing facilities in North America and Europe, including two world-class plastic film recycling facilities, we are close to our customers and ready to serve them through our Food & Delivery and Performance Solutions segments.

1. Data included is as of November 2023.

Inclusion, Diversity & Community

At Apollo, we believe that well-managed companies with talented, diverse professionals who cultivate inclusive workplaces and engage local communities can outperform those that do not. We also believe companies that are socially responsible and engage with their communities have higher levels of employee engagement.[12] We help portfolio companies implement best practices to build more inclusive workplaces that drive individual and business performance and generate value for our investors. We also celebrate portfolio companies that find ways to create opportunities for their local community population, driving win-win solutions that both serve those in need and deliver value to the business.

Case Study: The Venetian Resort Las Vegas

Nevada has the eighth highest food insecurity rate in the nation, with one in eight Southern Nevadans experiencing this hardship. To help address this need, the Venetian Resort Las Vegas has been rescuing food from large-scale conventions, tradeshows and meetings since 2014. While annual food rescue volumes ranged from 30,000 to 145,000 meals per year, the Venetian team wanted to expand their reach. In 2023, they launched The Food Rescue Alliance, a collaboration with a local nonprofit partner, The Just One Project ("TJOP"). This new partnership allows for prepared but unserved meals from the resort's major events to be transferred and stored safely and distributed into the community through TJOP's food distribution network. The innovative program will allow The Venetian to rescue up to 200,000 meals annually. While remaining an active founding partner, The Venetian's goal is to expand this alliance to other participating members. This program was one of only three food insecurity initiatives (out of over 100 submissions) that were recognized during a press conference at The White House focusing on the White House Challenge to End Hunger and Build Healthy Communities.

Responsible Stewardship

At Apollo, we believe that helping portfolio companies protect employees, customers and stakeholders is key to maintaining a strong foundation from which they can build better businesses. To emphasize the importance of health and safety, Apollo tracks data on portfolio companies' health and safety performance, policies and trainings. In 2023, Apollo's Responsible and Sustainable Operations Team supported portfolio companies by assessing gaps in their safety programs, training and metrics tracking while developing and implementing recommendations for sustained improvement.

ESG Reporting Program

Apollo encourages PE Fund Investments to participate in its annual ESG reporting program. Through this program, Apollo seeks to measure the effectiveness and impact of PE Fund Investments' performance by collecting quantitative and qualitative ESG data. The program consists of the submission of an annual report describing relevant initiatives and containing metrics for measuring and tracking progress over time. Apollo evaluates the information provided by reporting entities to:

- Track how entities are integrating sustainability considerations into their business activities;
- Measure year-over-year progress on a variety of indicators;
- Identify best practices that can be shared among reporting entities; and
- Identify opportunities for improvement and value creation.

Over the course of 2022 and 2023, we have undertaken a comprehensive effort to optimize our ESG Reporting Questionnaire to focus on ESG issues, risks, and drivers of value creation, while reducing the burden on reporting companies. The information provided by reporting companies is evaluated and used to identify opportunities for improvement and value creation, which can lead to cost savings, increased resiliency, and improved commercial positioning and, thus, better financial performance of the investments. Apollo also encourages companies to use the information they compile for Apollo's reporting program to develop their own reports and communication strategies.

12. How Community Involvement Can Boost Employee Engagement (shrm.org).

PRINCIPLE 10

Collaborative Engagement To Influence Issuers

COLLABORATIVE ENGAGEMENT TO INFLUENCE ISSUERS

We take a unilateral approach to participation in certain organizations and initiatives to help inform us of evolving market-wide developments and best practices that we believe are in the interests of our clients, are likely to maximize client financial returns, and comply with applicable laws and regulations. Our involvement may entail collaboration with other market participants (sponsors, companies, lenders, etc.) on a variety of topics, including sustainability standards, ESG data disclosure, and ESG metrics. Participation in such initiatives on these or related topics is in furtherance of our fiduciary obligations and ethical commitments to our clients to maximize risk-adjusted financial returns consistent with our client's specific investment objectives.

ESG Integrated Disclosure Project

In November 2022, group of leading alternative asset managers and industry bodies in the private and broadly syndicated credit markets announced the launch of the ESG Integrated Disclosure Project ("ESG IDP"). As a founding member of the ESG IDP and the inaugural Chair of the ESG IDP's Executive Committee, Apollo has been instrumental to the development and growth of the initiative.

The ESG IDP is designed to enhance transparency and consistency for both private companies and credit investors by providing a standard template for ESG-related disclosures.

- For investors, it enhances their ability to identify industry-specific ESG risks in their credit portfolios and compare data across alternative asset managers more consistently. The Template includes a set of general, industry-agnostic questions which offer a baseline ESG assessment of the borrower's business, as well as industry-specific questions, that have been sourced from the International Sustainability Standards Board's (ISSB) SASB Standards.

- For borrowers, it provides greater certainty on the ESG indicators that are most relevant to lenders. This allows them to concentrate their efforts on these most material disclosures rather than spread limited reporting resources thinly across a multitude of similar questionnaires.

- For credit fund managers, it supports their ability to engage with borrowers and issuers on disclosure, as well as to develop efficient investor reporting processes.

Strong governance and a growing executive committee

The ESG IDP is led by its Executive Committee members, Executive Chair and Vice Chair, along with the Secretariat. Together they:

- Oversee the use and development of the ESG IDP Template, to support the consistent collection of data from sponsored and non-sponsored borrowers across the private and broadly syndicated credit markets;

- Raise awareness and promote the sharing of knowledge and sound practices amongst borrowers, lenders and investors about the ESG IDP Template, by developing supporting materials; and

- Coordinate with stakeholders to support a harmonised approach to ESG data.

The ESG IDP is governed by a Secretariat composed of the Alternative Credit Council (ACC), the Loan Syndications and Trading Association (LSTA) and the Principles for Responsible Investment (PRI).

The Executive Committee has continued to attract new lenders since the ESG IDP's inception, demonstrating the broad and deep support for the project. A diverse coalition of market stakeholders sit on the ESG IDP's Executive Committee, including the ESG Data Convergence Initiative (EDCI). In 2023, credit rating agencies KBRA, Moody's, S&P Global, and Fitch and the Investment Consultant's Sustainability Working Group (US) joined the ESG IDP executive committee.

Increasing worldwide support

Support for the ESG IDP has continued to grow amongst industry bodies across the world. The EDCI, CDP, Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), European Leveraged Finance Association (ELFA), and other asset managers and industry associations confirmed their support for the initiative in 2023, streamlining cross-border disclosure efforts and increasing accessibility for investors.

The ESG IDP is supported by investors overseeing US$7 trillion (as of February 2024), and continues to attract new supporters from around the world.

Updated data points, third-party integrations, and expansion across asset classes

The ESG IDP Template was updated in 2023 to include additional data points (e.g. EU Sustainable Finance Disclosure Regulation's principal adverse impact indicators) and help promote consistent global disclosure standards.

The ESG IDP has been working closely with third-party data providers to develop tools and platforms which aid issuers or their representatives in the disclosure process. For example, as mentioned in Principle 8: Monitoring Data Providers - Case Study: Engaging with our data providers, Apollo worked with MSCI on the launch of MSCI Private Company Data Connect, a centralized hub that leverages the ESG IDP template to provide GPs access to private companies' sustainability and climate data and disclosures.

Other work to broaden the applicability of the Template includes collaborating with the Global Real Estate Sustainability Benchmark (GRESB) to cover real assets.

Early outcomes of the ESG IDP initiative

By harmonizing ESG data collection across the private and broadly syndicated credit markets, we believe the ESG IDP has fostered an increase in both the volume and quality of data reported to lenders. This has boosted investors' ability to compare data across lenders and identify industry-specific ESG risks in their credit portfolios, while also streamlining the disclosure process for borrowers and guiding them on lenders' ESG expectations. We believe that this harmonized approach will facilitate the development of ESG data disclosure, tackling what we view as one of the greatest challenges to ESG integration facing the private credit market today.

Within Apollo, credit investment teams are encouraged to send the harmonized questionnaire annually for their holdings and as part of the due diligence phase for new transactions.

Principles for Responsible Investment

As a signatory to Principles for Responsible Investment (PRI), Apollo is also an active member in certain PRI advisory committees and working groups including the Private Debt Advisory Committee (PDAC) and Circular Economy Reference Group. PRI advisory committees provide opportunities for Apollo to exchange insights with our peers and work with peers on the implementation of various responsible investment initiatives. The PDAC's primary role is to provide support to the PRI Executive in the design, delivery, and dissemination of private debt guidance products to help asset owners, service providers and investment managers implement PRI's Six Principles for Responsible Investment. Where appropriate, PRI committees may also advise or support other programs being delivered by the PRI Executive. Furthermore, the Circular Economy Reference Group is a voluntary body of approximately 70 signatories whose goal is to support investors in promoting circular economy practices across relevant supply chains by providing a forum for investors to share relevant developments on circular economy and exchange tools and experiences with other stakeholders.

ESG Data Convergence Initiative

Apollo participates in the ESG Data Convergence Initiative ("EDCI"), a collaborative effort primarily within the private equity sector aimed at standardizing the collection and reporting of ESG data. Carletta Ooton, Head of Responsible and Sustainable Operations for Equity, serves on the EDCI steering committee.

The EDCI Steering Committee, composed of 8 LPs and 8 GPs, makes strategic decisions about the initiative. The Steering Committee conducts annual sprints to review the initiative's progress, and its process, organization, and scope. This includes a retrospective of the initiative's annual cycle of data collection, and consideration of proposed changes to the initiative for the following year (e.g., refinements to the EDCI metrics).

As an EDCI participant, Apollo reports on a core set of ESG metrics that include greenhouse gas emissions, renewable energy, board and C-suite diversity, work-related accidents, net new hires, and employee engagement. These metrics are reported in a standardized format once per year and shared directly with invested LPs and aggregated into an anonymized bench report.

According to EDCI, this standard can allow GPs and portfolio companies to benchmark their current position and generate progress toward ESG improvements, while enabling greater transparency and more comparable portfolio information for LPs/Investment Managers.

PRINCIPLE 11

Escalating Stewardship When Necessary

ESCALATING STEWARDSHIP WHEN NECESSARY

Credit & Platforms

Apollo's multifaceted ESG risk identification, integration, and engagement process enables us to effectively escalate stewardship when required. In cases where material environmental, social, and governance risks are identified, they are captured via our ESG Risk Assessment which is factored in to an overall assessment of a particular investment position (for more information on our ESG Integration process, please refer to Principle 7). Investment teams, in collaboration with the dedicated Sustainable Credit & Platforms Team, may then raise the relevant issue(s) directly and with an issuer's management team or board of directors via one of our four engagement pillars, with the goal of driving meaningful change and enhancing investment performance over time (for more information on our engagement approach please refer to Principle 9: Engagement with issuers). Where investment teams have engaged with an issuer, Apollo evaluates the entity's performance on the relevant engagement topics concurrently with ongoing monitoring. Any changes to our view of the entity's exposure to ESG risks would be reflected in the ESG Risk Assessment and subsequently our investment view. In cases where engagement and stewardship efforts prove unsuccessful in addressing risks that could have a material impact on investment performance, Apollo may, consistent with fiduciary obligations, decide to decrease position size or divest to better align with the applicable fund and/or strategy requirements.

Case Study: Food Processing

In early 2023, as part of our thematic child labor engagement initiative described in Principle 9: Engagement with Issuers, Apollo's Sustainable Credit & Platforms Team and Emerging Markets (EM) investment team engaged with a Latin American food processing company. We were seeking to understand how the company managed child labor risks in its facilities, especially those in which it employs third-party providers. While the company shared that it does not have a tolerance for child labor in its operations or supply chain, the company was unable to share details on the mechanisms it has in place to fully guarantee the best practices of its third-party suppliers or its contracted employees. For example, the company did not provide evidence of supply chain audits nor training for its suppliers on child labor.

Immediately following our engagement with the company, we assigned a negative momentum to the social pillar of our ESG Risk Assessment on the name, raising the overall social risk to "High." In our view, the company's exposure to child labor-related risk is elevated compared to other EM companies given the company sells products into US markets where scrutiny of child labor is more severe. That said, the company recently started sending a supply chain questionnaire to its suppliers and has plans to use the data it receives to implement new action plans in the future.

In many cases, Apollo's engagement activities could span our holding period as we seek to appropriately assess the financial risk to our investments. We intend to monitor the company's progress on reducing human rights-related risks across its operations and engage with the company through future constructive dialogues as we aim to mitigate the financial risk of Apollo-managed funds' investment.

Case Study: Oil and Gas

Over the last two years, we engaged numerous times with an oil and gas refining company which we flagged as having high environmental risk given its significant emissions footprint which, despite actions to reduce flaring and increase spending on alternative energy, remained materially higher than peers. In Q2 2023, Apollo made the decision to divest from the name in certain Apollo-managed funds. This decision was partly driven by ESG factors including the company's high greenhouse gas emissions relative to peers. In our view, the elevated GHG emissions present transition risk for the company and various market, policy, and regulatory developments could, in our view, adversely impact its value and performance over time. Furthermore, we do not believe the company's steps to reduce its GHG emissions, including the establishment of a Scope 1&2 net zero goal by 2050, have yet translated into results which sufficiently mitigate the risks identified. This is reflected by a High Environmental Risk within Apollo's proprietary ESG Risk Assessment. As a result of these and other factors, Apollo chose to exit its position.

Equity

The Responsible and Sustainable Operations Team works closely with investment teams on the potential value of initiatives and integrating operational data into our investment decision-making process, portfolio company engagement and positioning at exit.

For decarbonization, for example, when we engage with portfolio companies, we help them establish KPIs to track progress and ensure accountability across the different corporate functions that play a role in executing a given decarbonization lever. We encourage accountability through board oversight of decarbonization goals and milestones, and scorecards to track performance and drive the right conversations with leadership about resources and prioritization. Senior leadership's visibility and accountability is particularly important when competing priorities surface. To help guide these discussions, we encourage companies to identify an executive-level leader to deliver the decarbonization program and that executive sponsors exist across mission-critical functions. In addition to board oversight, we recommend a review of progress against milestones be incorporated into existing business management routines so they are considered with the same rigor as other business goals and discussed with the same leaders who are making financial decisions, further reinforcing that this work is part of the core work of cross-functional teams.

A successful portfolio operations program must have senior PE leadership support and engagement. Obtaining this support begins by defining a goal that we collectively agree is competitive and value accretive both at the portfolio company and fund levels. In advance of setting a goal, we develop an end-to-end plan that has a line of sight to how we would engage portfolio companies to deliver on the goal (e.g., life cycle of engagement, management incentives, data requirements). We also collect feedback from investors and other stakeholders in preparation for setting a goal.

Apollo's flagship private equity strategy has established subcommittees of the Advisory Board, including an environmental, social and governance subcommittee that reviews and approves matters pertaining to the fund and its portfolio companies. At least on a semi-annual basis, Apollo reports on recent developments to the ESG subcommittee on matters within their purview which are reporting to the Advisory Board at each annual meeting. In the event of an extraordinary and time-sensitive ESG-related incident, Apollo will reach out to a portfolio company to gather factual information and may then communicate that information to the ESG subcommittee.

Internally, we meet with PE leadership quarterly to review progress, identify issues and opportunities, and address any barriers to success. Driving the change required to deliver on sustainability goals is a significant effort for portfolio companies and Apollo alike. As such, bringing leadership along on our journey is critical to executing a program with no prior history or road map for success.

Case Study: Atlas Air Worldwide

Atlas Air Worldwide is a leader in outsourced aviation logistics with one of the largest fleets of widebody cargo aircraft in the world and has a target to reduce absolute Scope 1 emissions by 20% by 2035. To achieve this emission reduction goal, Atlas partnered with Apollo's Responsible and Sustainable Operations Team and a third-party advisor to refine its decarbonization strategy in 2023. The team helped Atlas map out decarbonization levers across fuel efficiencies, equipment improvements and fuel purchasing and worked with functional leaders to prioritize these levers by CO_2 impact, ROI and feasibility. In addition to aligning on crucial initiatives, the company implemented new governance mechanisms and KPIs across seven functions, which are being used to monitor progress.

PRINCIPLE 12

Rights And Responsibilities

RIGHTS AND RESPONSIBILITIES

Proxy Voting

As mentioned previously, in cases where an Apollo-managed fund holds proxy voting rights for a given issuer, the fund seeks to exercise these voting rights in accordance with Apollo's internal Proxy Voting Policy, its fiduciary duty and related duties, and the best interests of the fund's investment strategy, which may include the consideration of material ESG factors.

Apollo believes that voting in the best interests of the fund's investment strategy means maximizing the clients' best economic interests over the long-term, including consideration of environmental, social and governance issues as appropriate. Apollo will therefore vote in line with management, when a vote seeks to serve shareholders' best interests.

Case Study: Proxy Voting

In 2023, Apollo-managed credit funds voted against a proposal to approve payments to executives of a company going through a merger, should the executives be terminated as a result of the merger. Following, detailed diligence conducted by the investment team and Sustainable Credit & Platforms Team, we determined that the proposed compensation structure was not the most appropriate use of the company's capital. For example, the executive payments made up a significant portion of the equity premium of the merger and an excessive proportion of the payments relied simply on a change in control (rather than a double trigger provision where payments are conditioned on the termination of the executive). As the approval of the compensation proposal was not a condition to the closing of the merger (for which we were supportive), we voted against the proposal.

Sustainability-Linked Assessment Framework

Apollo has developed an assessment framework in an effort to standardize the Sustainable Credit & Platforms Team's sustainability-linked assessment process. This framework allows us to evaluate most transactions with a sustainability-linked provision, including sustainability-linked loans and sustainability-linked bonds, and assesses KPI relevance, Sustainability Performance Target (SPT) ambition and ratchet structure/sophistication holistically, to help us form an overall view of an issuer's ambition.

ILLUSTRATIVE SUSTAINABILITY-LINKED ASSESSMENT

1. **Level of ambition identified based on rigorous evaluation of the SPTs and transaction structure**
2. **Ratchet structure and sophistication**
3. **KPI relevance, measurement, and comparability**
4. **SPT ambition and benchmarking**

The company is a major player in the global food ingredients market and services personalized ingredient solutions for the food industry in fish, meat, nutrition, ready meals, and snacks.

ESG Risk Assessment	Low ESG Risk	
Overall Ambition Level	Moderately Ambitious	1
Target(s) Classification	Social	

Sustainability-Linked Instrument Assessment

		KPI/TARGET(S) DESCRIPTION	**RATCHET(S) DESCRIPTION**	
Target/Ratchet(s) Overview		1. Increase % of revenues from "Better for you" food solutions. 2. Increase annual proportion of women among members of the Leadership Team.	• Two-way issuer coupon adjustment at the end of seven years if sustainability targets are met or not met.	
Transaction/ Ratchet Characteristics		• Two targets, annual interim targets. • Two-way, coupon adjustment penalty if targets are not met.		2
KPI #1 Relevance	Core	• **KPI Relevance:** Increasing revenue from "Better for you" food solutions is material to company's business. The unique definition of the KPI limits comparability to peers but strongly aligns with the company goal of providing innovative and sustainable food solutions that meet evolving customer needs and help customers make informed choices more easily.		3
SPT #1 Ambition	Moderately Ambitious	• **SPT Ambition:** The target is benchmarked against the company's historical performance. While the targeted increase in revenue derived from the food solutions over the lifetime of the loan is small, its measurement as a proportion of total revenue increases ambition. Additionally, the company has outlined a clear pathway to achieving the goal in its sustainability report, including increasing resources in areas of expertise, research, and development for innovative product solutions.		
KPI #2 Relevance	Secondary	• **KPI Relevance:** The proportion of women among members of the leadership team is considered a secondary KPI for the industry in which the company operates. That said, it is a metric that is widely reported across the industry which enables comparability and is a fundamental pillar and focus of the group's Diversity & Inclusion strategy for the coming years.		4
SPT #2 Ambition	Moderately Ambitious	• **SPT Ambition:** The target is benchmarked against the company's historical performance; no peer benchmarking has been performed. That said, we view the company's benchmark performance to be relatively strong which increases ambition of the target. The company has also laid out a clear plan to achieve the target in its sustainability report including the creation of a new diversity and inclusion working group, continuous review and improvement of its hiring selection process, and promotion of a positive working environment.		

As of December 2023. The case studies provided herein have been provided for discussion purposes only and were selected using an objective non-performance based criteria to illustrate our sustainability-linked assessment approach and capabilities. The assessment process described herein may change over time. There is no guarantee that similar investment opportunities will become available in the future or, if available, achieve target returns. Additional information is available upon request. The information herein is provided for illustrative purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Opinions and views expressed reflect the current opinions and views of the authors as of the date hereof and are subject to change. Please see the end of this document for important disclosure information.

We believe that sustainability-linked loans and bonds, when properly structured, should incorporate material KPIs that are core to the borrower's business strategy and address material ESG challenges of its operations. Collaboratively, borrowers and lenders can set targets to varying degrees of ambition commensurate with the maturity of the borrower's ESG strategy and availability of relevant data and resources.

Proposing Changes to Deal Structures

Depending on the nature of the investment and the results of investment due diligence, Apollo may negotiate for certain provisions in transaction documents, such as representations, warranties, and/or indemnification rights related to environmental obligations or liability, and other idiosyncratic and deal-specific considerations, as necessary.

In the private credit market, growing ESG awareness and increasing availability of ESG data have created opportunities for firms like Apollo to help to drive meaningful change in issuer ESG disclosure and behavior. One such tool is the sustainability-linked loan (“SLL”). In an SLL, the financial and structural characteristics are tied to predetermined sustainability-performance targets (“SPTs”), which incentivize entities to demonstrate improvement in ESG performance over the life of the investment. While linking the sustainability KPI to the margin is one way to structure an SLL, there are other options, such as, but not limited to, linking the call/ redemption price, amortization profile, remediation costs, and fee structure.

Apollo-managed funds may participate in the syndication of deals with sustainability-linked features when an attractive opportunity arises. However, where we aim to differentiate ourselves from the market is in our ability to incorporate ESG considerations directly into structures that we originate privately. Apollo’s direct origination investment teams often have access to an issuer’s management team, enabling us to offer tailored sustainability-linked target recommendations that we believe could have a meaningful impact on issuer sustainability and financial performance.

Case Study: Engagement Focused on Security Structure

Apollo engages with many issuers by offering a sustainability-linked loan feature on their eligible holdings or opining on existing sustainability-linked structures. This type of engagement provides Apollo an opportunity to highlight what it deems to be the most material ESG risks or opportunities to the borrower’s credit profile, better understand the borrower’s sustainability strategy, and promote more transparent ESG disclosure. Borrowers with sustainability-linked features in their loans report annually on their progress towards achieving the set targets, creating further windows for engagement.

In 2023, Apollo received a request from a digital services company to provide our consent on an amendment of the Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) in their sustainability-linked loan (originally introduced into the loan documents in 2021). Through collaboration between the investment and Sustainable Credit & Platforms Teams, Apollo was not supportive of the new proposed structure due to the following reasons:

- The proposed structure included less ambitious SPTs for the existing KPIs;
- The proposed structure introduced new KPIs and SPTs without adjusting the margin ratchet mechanism;
- The new KPIs had significant overlap with the existing set of KPIs; and
- A clear rationale was not provided by the company for why the changes were made.

Apollo decided not to consent to this request given the company diluted the relevance of the KPIs and ambition of the SPTs effectively making the margin benefit easier to achieve.

Evaluating Use of Proceeds Bonds

As described in detail in Principle 6, Apollo conducts a robust proprietary review and approval process for investments which may qualify as Climate or Transition under the firm’s Climate and Transition Investment Framework. This same review and approval process is applied to use of proceeds bonds purchased by Apollo-managed funds.

Case Study: Climate and Transition Assessment - Use of Proceeds (Public Market Bond)

In 2023, Apollo-managed funds made an investment in a green bond issued by a regulated electric and gas utility. The green bond financing criteria included various energy efficiency project categories. However, upon further diligence of the company’s allocation reporting, the Sustainable Credit & Platforms Team determined that the majority of proceeds had been allocated to natural gas metering systems which are not eligible category under our Climate and Transition Taxonomy. The bond was also rejected from certain green bond indices on this basis. As a result, Apollo determined that the green bond did not meet our Climate and Transition investment criteria and was therefore not counted towards our sustainable investing platform target.

Approval By The Governing Body

This UK Stewardship Code report has been reviewed and approved by the governing body of Apollo Management International LLP.

Robert Seminara

Partner and Head of Europe
Member of Apollo Management International LLP

LEGAL DISCLAIMERS

The UK Stewardship Code 2020 (the "**Code**") is a voluntary, principles-based code of best practice that provides a framework for asset owners, asset managers and service providers to report on their stewardship activities over a 12-month period. The Code is set by the Financial Reporting Council (the "**FRC**"), which is an executive non-departmental public body, sponsored by the UK Department for Business and Trade, that regulates auditors, accountants and actuaries and sets certain UK corporate reporting standards.

Asset owners, asset managers and service providers who choose to adopt the principles set out in the Code (the "**Principles**") may apply to the FRC for recognition as a "**Signatory**" to those principles. To become a Signatory, organisations must submit to the FRC a report (a "**Stewardship Report**") explaining how they have applied the Principles in the previous 12 months. The FRC will assess such Stewardship Reports and, if they meet the FRC's reporting expectations, the relevant submitting organisations will be listed as a Signatory. Under the requirements of the Code, a Stewardship Report prepared by a Signatory must be a public document and be made available on such Signatory's website.

Apollo Management International LLP ("**AMI**"), which is an indirect wholly-owned subsidiary of Apollo Global Management, Inc. ("**AGM**") (AGM, together with Apollo Asset Management, Inc. and its subsidiaries, including AMI, "**Apollo**" or the "**Group**", which for the avoidance of doubt excludes Athene Holding Ltd. and its subsidiaries), has voluntarily decided to apply to become a Signatory. This Stewardship Report, covering the period 1 January 2023 to 31 December 2023 unless otherwise indicated, has been prepared in line with the requirements of the Code for the sole purpose of applying to become a Signatory and, in accordance with the requirements of the Code, is a public document made available on Apollo's website. This Stewardship Report should not be relied upon for any other purpose. Information provided should not be construed as legal, tax, investment, or other advice. While certain matters discussed in this report may be significant, the inclusion of information is not and should not be interpreted as a representation about the materiality of that information and any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with the various legal rules and regulations with which Apollo, including certain of its affiliates, currently are, and in the future may be, required to comply. Additionally, we expect to have various reporting and other obligations under a number of legal rules that are coming into effect, including rules pertaining to climate-related disclosures, anti-greenwashing and reporting on sustainability matters. This Stewardship Report is not intended to comply with those rules as they will ultimately be promulgated. As such, this Stewardship Report should not be deemed to comply with those rules.

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