

infranity
Invest. Impact



Sustainable Investment Definition Guideline

November 2022

01. Introduction

According to the Sustainable Finance Disclosure Regulation (SFDR), 'sustainable investment' means:

- » an investment in an economic activity that **contributes to an environmental objective**, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water, and land, on the production of waste, and on greenhouse gas emissions, or on its impact on biodiversity and the circular economy,
- » or an investment in an economic activity that **contributes to a social objective**, in particular, an investment that contributes to tackling inequality or that fosters social cohesion, social integration, and labor relations, or an investment in human capital or economically or socially disadvantaged communities,
- » provided that such investments **do not significantly harm any of those objectives**,
- » and that the investee companies follow **good governance practices**, in particular concerning sound management structures, employee relations, remuneration of staff, and business ethics.

It is up to the financial institutions to derive from this high-level definition concrete and operational criteria to identify and select sustainable investments in their own context, asset class, methodologies, and investment universe.

These guidelines present Infranity's approach to defining sustainable investments on this basis.

02. Scope

This document presents the rationale behind the definition of "sustainable investments" as per SFDR article 2.17 and how it is applied by Infranity during the investment decision-making process.

03. Our Approach

To carry out its ESG due diligence, Infranity uses a proprietary Environmental, Social and Governance (ESG) scoring framework, developed with an expert ESG consultant firm, which is applied at different stages of the investment process, from the origination to the closing and the monitoring and reporting. The details of Infranity's methodologies can be found in Annex III of our Sustainable Investment Policy available on our website.

On top of this approach, Infranity applies a strict Exclusion Policy outlined in Annex V of our Sustainable Investment Policy which ensures the exclusion of investments associated with controversies which potentially infringe the principles of the United Nations Global Compact or the OECD principles for responsible business conduct (including human and/or

labor rights violations, environmental damages and gross corruption and bribery).

A. Contribution to an environmental/social objective

For each investment evaluated, the contribution of investments to the UN Sustainable Development Goals (SDG) is analysed. SDG contributions are analysed per activity according to a rating grid ranging from strong obstruction to strong contribution and the total contribution score is calculated based on the share of revenues in the different activities. Based on our internal assessment grid, a minimum score of 60 points over 100 points shall be achieved to demonstrate a contribution to an environmental or social objective.

B. Do Not Significantly Harm (DNSH) criteria

For each main sector of infranity's investment universe, Infranity's proprietary framework enables to identify the potential principle adverse impacts of the infrastructure assets to any environmental or social objective.

Based on our proprietary ESG Scoring criteria, DNSH criteria are thus evaluated by leveraging relevant qualitative information provided by the investee. When available, quantitative information such as, but not limited to, the Principal Adverse Impacts, can also be used. Infranity requires a minimum score / standard to be achieved in respect to those relevant environmental and / or social criteria. When the investment does not reach that level, it triggers further investigations to confirm whether or not we conclude on such non-eligibility.

In addition, Infranity may require a minimum score / standard to be achieved with other relevant environmental and/or social KPIs to provide further comfort that the investee should not cause significant harm.

It should be noted that the quality of the information provided weighs on the ESG score of the assets which in turn is a key driver of the investment decision.

C. Good Governance Practices

Infranity's ESG scoring methodology also requires performing a governance assessment across all investments by using our proprietary framework. This framework allows reviewing the governance policies in place. It covers numerous governance topics such as corruption, money-laundering, tax evasion, antitrust (non-exhaustive list). To be qualified with good governance practices, the investee company shall reach a minimum consolidated governance score.

04. Objective, monitoring and engagement

Based on this definition, each infranity's article 8 funds has a defined objective of Sustainable Investment to achieve, and article 9 funds will only invest in sustainable investments as per SFDR requirements, which then steers the fund's investment strategy. This strategy is designed to ensure that investments comply with our holistic view of sustainability. This notably means that investments, beyond their contributions to SDGs and climate trajectory alignment, need to demonstrate adequate/progressive governance standards and environmental & social safeguards throughout the life of the asset.

ESG information supporting our Sustainable Investment approach is monitored during the monitoring phase. Monitoring of ESG-related topics is conducted through detailed and standardised reporting, and regular meetings with stakeholders. We believe that active ownership through regular monitoring of specific and relevant matters can support sustainable outcomes and value creation.

05. Annex – other relevant SFDR documents

SFDR requirements are fully integrated in Infranity's investment process and also documented in the following documents:

Information on our Sustainable Investment Policy, including sustainability risks policy	Sustainable-Investment-Policy-public-version-Feb-2022-Infranity-.pdf
Information on PAIs	PAI-statement-public-version-Nov-2021-Infranity.pdf
Information on our Remuneration Policy	Remuneration-Policy.pdf (infranity.com)