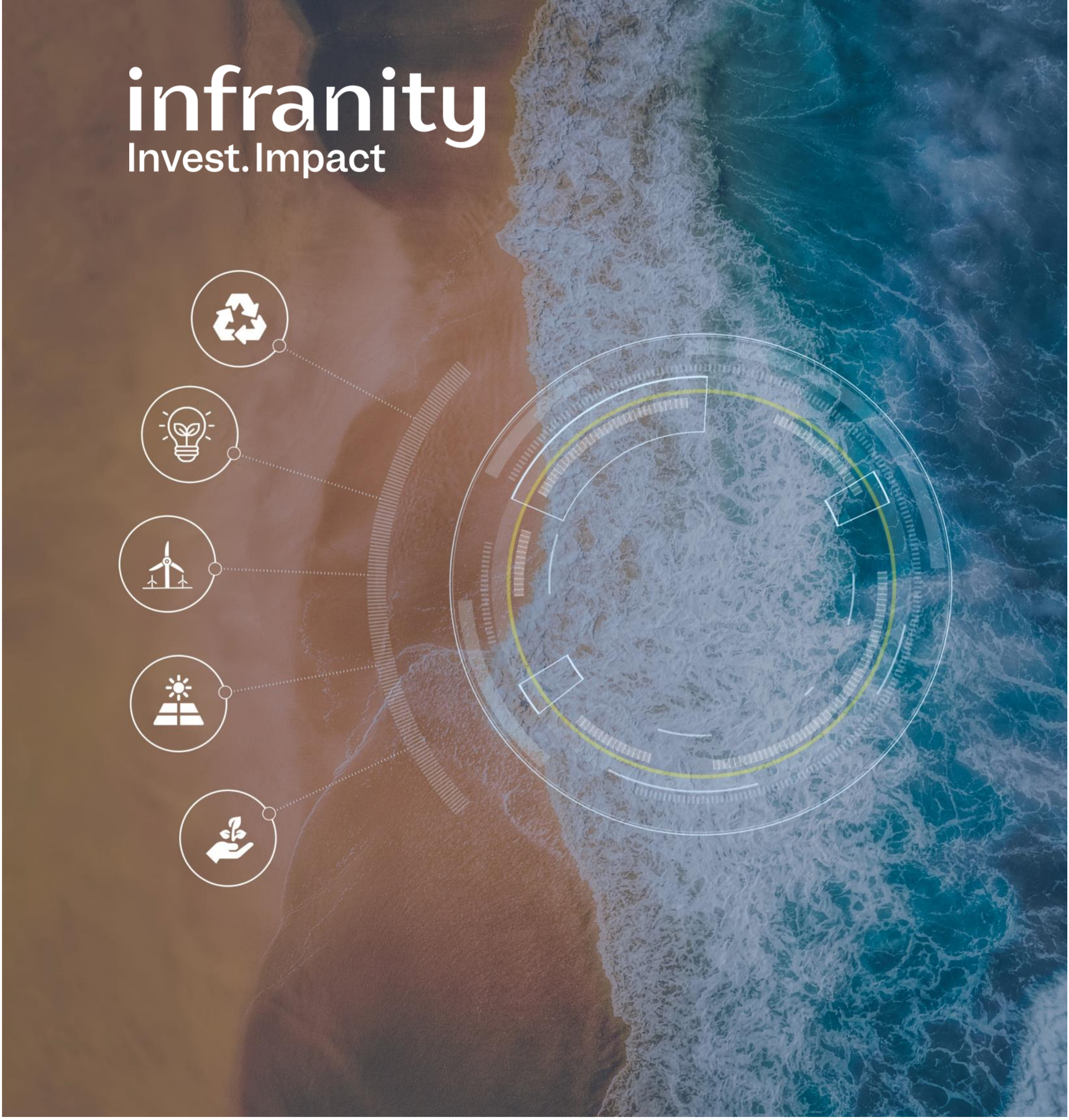

Statement on principal adverse impacts of investment decisions on sustainability factors

Year 2022

LEI : 969500Q2KIYRFU90OR39

June 2023

Infranity – LEI : 969500Q2KIYRFU90OR39

This report is published in response to article 4 of the EU/2019/2088 Sustainability Finance Disclosure Regulation (“SFDR”).

Infranity has also published on its website:

» Its sustainable investment report known as the "article 29 report" in response to the requirements of decree no. 2021-663 of May 27, 2021 taken in application of article L. 533-22-1 of the monetary and financial code resulting from article 29 of law no. 2019-1147 of November 8, 2019 relating to energy and climate

» Its sustainable investment policy, which includes the policy for integrating sustainability risks in accordance with the requirements of Article 3 of the SFDR

» Its remuneration policy, notably in relation to the inclusion of ESG performance in the variable remuneration of the management company's teams, in accordance with article 5 of the SFDR

» A proprietary definition of sustainable investment based on Article 2(17) SFDR

» Its engagement policy in response to the implementation in France of the European Directive 2017-828 through Act No. 2019-486 and implementing decree n° 2019-1235, aiming at promoting long-term shareholder’s engagement

The report contains the following elements:

01. Summary

A. English

Infranity, LEI : 969500Q2KIYRFU90OR39, considers principal adverse impacts of its investment decisions on sustainability factors.

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Infranity.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1st of January to 31st of December 2022.

Taking into account Infranity's investment universe in terms of sectors (Energy transition, Environment, Transportation & Green Mobility, Telecom & Digital transition, and Social infrastructures) and geographies (mainly Europe and North America) we have identified the following principal adverse impacts on sustainability:

- Climate change (materialized by KPIs such as GHG emissions, carbon footprint, GHG intensity, share of non-renewable energy consumption, production or exposure to fossil fuels and the share of investments in companies without carbon emission reduction initiatives):
- Biodiversity
- Human rights in particular in the solar PV supply chain covered by the indicator "Lack of a human rights policy"
- Governance practices, such as but not limited to, business ethics (corruption in particular) or gender diversity. The following additional indicators were selected:
    - Lack of grievance/complaints handling mechanism related to employee matters
    - Insufficient whistleblower protection
    - Lack of anti-corruption and anti-bribery policies

They are presented in more detail further in the present report as well as the policies to identify, prioritize them and to engage with investees.

B. French

Infranity, LEI : 969500Q2KIYRFU90OR39 prend en considération les principales incidences négatives de ses décisions d'investissement sur les facteurs de durabilité.

Le présent document est la déclaration consolidée relative aux principales incidences négatives sur les facteurs de durabilité d'Infranity.

La présente déclaration relative aux principales incidences négatives de l'investissement sur les facteurs de durabilité couvre une période de référence allant du 1er Janvier au 31 décembre 2022.

Compte tenu de l'univers d'investissement d'Infranity en termes de secteurs (Transition énergétique, Environnement, Transport & Mobilité verte, Télécommunications & Transition numérique, et Infrastructures sociales) et de géographies (principalement Europe et Amérique du Nord), nous avons identifié les principales incidences négatives sur la durabilité suivantes :

- Changement climatique (matérialisé par des KPI tels que les émissions de GES, l'empreinte carbone, l'intensité des GES, la part de la consommation et de la production d'énergie non renouvelable, l'exposition aux énergies fossiles ou la part d'investissement dans des entreprises sans initiatives de réduction des émissions de GES) :
- Biodiversité
- Droits de l'homme en particulier dans la chaîne d'approvisionnement solaire photovoltaïque notamment couvert par l'indicateur « absence de politique concernant les droits de l'homme ».
- Pratiques de gouvernance, telles que, notamment, l'éthique des affaires (corruption en particulier) ou l'égalité homme/femme. Les indicateurs supplémentaires suivants ont été sélectionnés :
    - Absence de mécanisme de traitement des plaintes concernant les questions relatives aux employés
    - Protection insuffisante des lanceurs d'alerte
    - Absence de politiques de lutte contre la corruption et les pots-de-vin.

Elles sont présentées plus en détail plus loin dans le présent rapport ainsi que les politiques pour les identifier, les hiérarchiser et s'engager auprès des entreprises en portefeuille.

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02. Description of the principal adverse impacts of investment decisions on sustainability factors

The principal adverse impacts are detailed in the following table. Considering that this is the first year of reporting, and despite efforts made by Infranity to collect information as complete and accurate as possible, the data presented is still very incomplete with a coverage of 30-40% depending on the indicator considered. Besides, as the appropriation of definitions is still nascent, there may be inconsistency in the responses received. It should be noted in particular that:

1. The coverage rate may vary from one PAI indicator to another based on the level of data available from the underlying assets. For each PAI indicator, the coverage and the eligibility rate were calculated by excluding cash from the fund's total investment value
2. Given the lack of data currently available, and in an effort to be as transparent whilst giving the most accurate coverage rate representation, Infranity has taken the position to apply the following definition for **'current value of all investments'**: which only includes current values of investee companies that have provided data for each of the specific PAI indicators at the time of reporting (i.e. cash and investee companies' current value of investment are excluded if the data on a given PAI is either not available or not applicable).
3. Regarding the eligibility for each PAI, the only ineligible assets is the cash present in Infranity's funds. All other assets are eligible.
4. Please note that the PAI indicator Board gender diversity follows the latest recommendations from the Supervisory Authorities Joint Consultation Paper published in April 2023 and expresses the share of men at board level.
5. Please note that this is Infranity's first PAI indicators reporting exercise. As the data currently available remains inconsistent, we expect that the PAI indicators' performances will continue to evolve on the basis of new information provided by our underlying assets.
6. The disclosure is based solely on the data reported by assets for the reporting period, and aggregated following related SFDR methodologies. No third party ESG data has been used for the purpose of this reporting.
7. This PAI report has been performed for the first year, therefore the column "Impact [year n-1]" from the RTS template is not considered.

Table 1 - Statement on principal adverse impacts of investment decisions on sustainability factors

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG emissions	114 519	First year of reporting	Reporting coverage: 36%	**Actions taken:** - Strict fossil fuel exclusion policy (details on Infranity's website) - Selection of assets with decarbonization strategies and / or involved in renewable energy production - Inclusion of GHG targets in sustainability linked loans - Assessment of climate trajectories of all assets and engagement with portfolio companies on their trajectories and plans - Commitment to the Net-Zero Asset Manager Initiative **Actions planned:** - Define Net-Zero targets. - Pursue Engagement - Reinforce exclusion policy in 2023
		Scope 2 GHG emissions	7 997	First year of reporting	Reporting coverage: 34%	
		Scope 3 GHG emissions	850 724	First year of reporting	Reporting coverage: 35%	
		Total GHG emissions	973 240	First year of reporting	Reporting coverage: 34%	
	2. Carbon footprint	Carbon footprint	513	First year of reporting	Reporting coverage: 35%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	1 594	First year of reporting	Reporting coverage: 35%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	18%[1]	First year of reporting	Reporting coverage: 100%	**Actions:** Infranity has in place a very strict exclusion policy, which emphasises the need of a transition plan compliant with Paris Agreement should a company have a strong exposure to fossil fuel.
	5. Share of non-renewable energy consumption and	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to	60%	First year of reporting	Reporting coverage: 46%	**Actions taken:** - Strict fossil fuel exclusion policy (details on Infranity's website) - Selection of assets with decarbonization strategies and / or involved in renewable energy production - Inclusion of GHG targets in sustainability linked loans

[1] This figure includes heating networks that are highly decarbonised but still have residual exposure to gas or peat, and utilities that generate part of their sales from transporting, distributing and marketing gas, or producing heat and electricity from gas and coal. However, the exclusions introduced by Infranity ensure that sales exposed to coal remain below the 20% threshold. In fact, if weighted by the turnover exposed to coal, exposed outstandings are less than 1%.

	non-renewable energy production	renewable energy sources, expressed as a percentage of total energy sources				- Assessment of climate trajectories of all assets and engagement with portfolio companies on their trajectories and plans - Commitment to the Net-Zero Asset Manager Initiative **Actions planned:** - Define Net-Zero targets. - Pursue Engagement - Reinforce exclusion policy in 2023
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	3.42	First year of reporting	Reporting coverage: 38%	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	21%	First year of reporting	Reporting coverage: 51%	**Actions taken:** - Screening of assets before investment to limit the exposure to asset negatively affecting biodiversity sensitive areas **Actions planned:** - Further enhance our biodiversity analysis capabilities with new tools.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	First year of reporting	Reporting coverage: 44%	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.76	First year of reporting	Reporting coverage: 42%	
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	First year of reporting	Reporting coverage: 50%	**Actions taken:** - Strict exclusion policy prohibiting investment when major controversies are identified - Screening of assets before investment to assess social, governance and employee matters **Actions planned:** - Engagement to encourage investees to implement proper governance policies

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	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	44%	First year of reporting	Reporting coverage: 49%	- When having a seat on the board or an influential position, ensure that minimum safeguards are implemented
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	16%	First year of reporting	Reporting coverage: 30%	
	13. Board gender diversity	Average ratio of **male to female** board members in investee companies, expressed as a percentage of all board members	80%	First year of reporting	Reporting coverage: 44%	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	First year of reporting	Reporting coverage: 100%	Per our investment policy, exposure to controversial weapons is strictly prohibited.

Table 2 - Additional climate and other environment-related indicators

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	21%	First year of reporting	Reporting coverage: 49%	**Actions taken**: - Strict fossil fuel exclusion policy (details on Infranity's website) - Selection of assets with decarbonization strategies and / or involved in renewable energy production - Inclusion of GHG targets in sustainability linked loans - Assessment of climate trajectories of all assets and engagement with portfolio companies on their trajectories and plans - Commitment to the Net-Zero Asset Manager Initiative **Actions planned:** - Define Net-Zero targets. - Pursue Engagement - Reinforce exclusion policy in 2023

Table 3 - Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	12%	First year of reporting	Reporting coverage: 50%	**Actions taken:** **-** Strict exclusion policy prohibiting investment when major controversies are identified - Screening of assets before investment to assess social, governance and employee matters **Actions planned:** - Engagement to encourage investees to implement proper governance policies - When having a seat on the board or an influential position, ensure that minimum safeguards are implemented
Social and employee matters	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	12%	First year of reporting	Reporting coverage: 49%	
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	15%	First year of reporting	Reporting coverage: 50%	
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	5%	First year of reporting	Reporting coverage: 98%	

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03. Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

In order to carry out ESG due diligence, Infranity uses a proprietary ESG scoring framework and a climate trajectory methodology, which are applied at different stages of the investment process, from origination / screening of assets to monitoring and reporting.

For each main sector of Infranity's investment universe, the framework enables to identify the potential principal adverse impacts of infrastructure assets on sustainability factors. The prioritisation is based on the materiality of those impacts per main sector or activity as determined in Infranity's proprietary framework, developed with expert ESG consultants. Those key issues are then analysed with a view to either directly exclude certain investments or, for those remaining eligible, determining the adequateness of the mitigation measures including the policies and actions implemented by the investee. The quality of these mitigants weighs on the ESG score of the assets which in turn is a key driver of the investment decision. These issues are then monitored throughout the life of the assets.

The Sustainable Investment policy is reviewed on a yearly basis and the ESG scoring and PAI framework are reviewed when relevant as decided by Infranity's Sustainability Committee.

The Sustainability organization and responsibilities is detailed in the Sustainable Investment Policy.

To analyze principal adverse impacts, Infranity uses qualitative information stemming from the due diligence conducted on the asset. When available, quantitative information is used as well. On a yearly basis, Infranity undertakes to collect PAI indicators from underlying assets to complete and update the quantitative information. This takes the form of e-mail exchanges. Qualitative information in updated periodically as well, during the asset's ESG review. No external data provider is used in this process as Infranity's investment universe is in great part unlisted private assets for which there is no available public information.

For more detail on ESG integration within our investment process, please refer to Infranity's sustainable investment policy.

04. Engagement policies

As a signatory of the Principles for Responsible Investment, Infranity upholds all 6 principles. It has defined an engagement policy that frames Infranity's application of principle 2: *"We will be active owners and incorporate ESG issues into our ownership policies and practices"*

Infranity implements the following:

- » Regular monitoring and evaluation of investees' strategy, performance (both financial and non-financial), capital structure, social and environmental impact, and corporate governance to ensure that they align with Infranity's values, objectives, and interests.
- » Cultivate positive relations with the Investee Companies, the other shareholders, and the relevant stakeholders. By engaging in dialogue with investee companies in particular, Infranity can raise awareness of best practices in social responsibility, corporate governance, and sustainable development, encouraging improvement.
- » Managing risks and maximizing value and positive outcomes for society by making the best use of its influence as investor
- » Exercise of voting rights and other rights attached to shares in a responsible manner. The engagement policy establishes principles and conditions under which Infranity intends to carry out the exercise of its voting rights. It outlines the cases in which it exercises its rights and the terms of their exercise.
- » Manage actual and potential conflicts of interests in relation to such engagements.

Infranity's vision is to invest in infrastructure for positive impact and act as a responsible investor. We have a holistic vision of sustainability and place it at the heart of the investment process. Implementing our engagement policy fits into Infranity's broader sustainability strategy whereby we aim at fulfilling our responsibilities to create long-term value for stakeholders, and contribute to the sustainable development of the economy.

The AIFM does not restrict the scope of portfolios or investee companies which could be engaged with. However, it will define, on a regular basis, the priorities for its engagement strategy. To this aim, it will reflect of priority topics and priority sectors depending for instance (but not limited to) on each fund's sustainability objectives, sectors which have the most material impact on sustainability as identified through the aforementioned Principal Adverse Impacts prioritization, assets whose ESG performance is lagging behind and/or where the AIFM can generate the most positive impact.

As a result of the first PAI collection in 2023, Infranity aims to define engagement priorities. Considering Infranity's portfolio, the priority topics are Climate Change, Biodiversity, Human Rights and Governance Practices. This corresponds to the following indicators:

- GHG Emissions (in particular: GHG scopes 1/2/3 emissions, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production, carbon reduction initiatives)
- Biodiversity (activities negatively affecting biodiversity-sensitive areas)

- Social and employee matters (violations of UN Global Compact principles and OECD Guidelines for multinational enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for multinational enterprises, anti-corruption and bribery policy, board gender diversity, human rights policy, grievance handling mechanisms, whistle-blower protection)

The actions to be undertaken in the case of a failure of the engagement actions are detailed in an engagement strategy and will depend on the materiality of the issue and the potential impact on a breach of fund guidelines or of Infranity's exclusion policy.

05. References to international standards

Infranity is a signatory of the Principles for Responsible Investment.

Through the 2-infra challenge initiative, Infranity has sponsored the development by Carbone 4, a leading energy transition & climate change advisory firm, of an innovative and independent methodology, dedicated to the infrastructure asset class (CIARA – Climate Impact Analytics for Real Assets) This methodology allows not only to calculate carbon emissions and avoided emissions, but also to evaluate the alignment of our portfolios with the Paris Agreement climate trajectory

<u>Details of the methodology used for Paris Agreement alignment, indicators, data, scenarios employed:</u>

Indicators (PAI) #1 to #6 all play into the computation which is at the heart of the scenario-alignment methodology. The carbon footprint over the whole lifecycle of an infrastructure, its energy-intensity and the carbon-intensity of its consumed energy all play into whether a physical asset will be positioned above (in terms of carbon-intensity) or below the scenario benchmark.

CIARA works in the following way: The emissions associated with the service, by an infrastructure, of a specific end use (e.g. heat generation, biogas production, freight transportation, etc) are modelled across the infrastructure's lifecycle. They are expressed as carbon intensities (e.g. a certain level of gCO_2-eq/kWh). The forward-looking forecasts for these figures are compared against the rhythm at which climate scenarios (details on those below) prescribe that they should go down. An investment whose comparison against the scenario ends up being favorable is either one that results in a lower carbon-intensity for a well-identified activity (e.g. by reducing its energy-intensity, or by resorting to primary energy sources that are more low-carbon) or one that delivers a potential reduction in emissions elsewhere (for example by supplying heat at a lower carbon-intensity than average) - providing activity volume does not soar.

The climate scenarios used as part of the methodology (whereby the carbon-intensity investments are compared against long-term and sector-specific targets) are derived from IPCC data on carbon budgets and necessary reductions in emissions which are by design compatible with the objectives of the Paris Agreement (namely to maintain the rise in average global temperature by 2100 "well below 2°C"). The scenarios used in the aforementioned methodology are based upon IEA scenarios, whose most optimistic hypotheses (e.g. on the rate at which energy efficiency will increase) have been revised in a conservative manner. These scenarios are updated every 1 to 2 years – therefore the modelling used in the methodology is up-to-date with latest carbon constraints. Using the level of GHG concentration in the atmosphere (ppm) which must not be exceeded – as calculated based on the causation link between GHG concentration and global warming, a global yearly carbon budget is derived by the IPCC, which is then translated into sectoral yearly carbon budgets, on which sector-specific modelling is based.

In cases (n.b. those are a minority) where climate scenarios are not precise enough to associate a given infrastructure with a known use case (e.g. they do not prescribe a carbon-intensity for a given energy good or for a specific technology), other proxies are used to assess the contribution to the general decarbonation effort.

CIARA is applied throughout Infranity's portfolio. A simplified, high-level assessment methodology is used to screen investments in order to check their compatibility with Infranity's investment policy. The full assessment is carried out when the asset is booked in portfolios and updated when relevant.

Based on this methodology, Infranity has set itself the objective of aligning its global portfolio with the objectives of the Paris Agreement from 2021 and maintaining this alignment in the years to come. At the end of 2022, Infranity had reached this objective (already reached in 2021).

Infranity has also set a target for 75% of committed amounts under management to have a climate trajectory compatible with the Paris Agreement. By 2025, Infranity aims to achieve 80% alignment. At the end of 2022, 79% of committed amounts under management were aligned with the Paris Agreement.

Finally, Infranity wants to set a roadmap to achieve 100% alignment of its funds by 2040, putting us on a consistent path for carbon neutrality. At the end of 2022, Infranity affirmed its carbon neutrality target for 2050 as part of the Net Zero Asset Managers Initiative.

Infranity will therefore also set itself short and medium-term objectives by the end of 2023 in line with this ambition (“net zero”) and is working in this direction to adapt its tools for assessing climate trajectories.

06. Historical comparison

As this is the first reporting exercise, no historical comparison can be made.