



**infranity**  
Invest. Impact

# Engagement Policy

May 2023

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## 1. Introduction

### 1.1. Objectives

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

This Policy aims to ensure that the AIFM ("the **AIFM**") achieves the following:

- Regular monitoring and evaluation of its strategy, performance (both financial and non-financial), capital structure, social and environmental impact, and corporate governance to ensure that they align with the AIFM's values, objectives, and interests.
- Cultivate positive relations with the Investee Companies, the other shareholders, and the relevant stakeholders.
- 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 policy establishes principles and conditions under which the AIFM 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 this 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.

### 1.2. Approval and Review

The Policy was approved by the Board of Directors of the AIFM upon proposal of the Head of Origination and Corporate Development.

The Policy is reviewed annually to reflect the evolution in legislation, market and/or best practices, the AIFM's strategy and organization.

The Head of Origination and Corporate Development is empowered by the board of directors of the AIFM to approve Minor Changes<sup>1</sup>.

### 1.3. Effective date

The Policy is effective as of 17<sup>th</sup> of March 2023 and shall be immediately implemented.

### 1.4. Scope of application

The Policy applies to :

- The AIFM
- In particular, it applies to voting rights attached to shares held by AIFs managed by the AIFM.

### 1.5. Implementation, monitoring and information flows

The Head of Origination and Corporate Development is responsible for overseeing and supporting the implementation and monitoring of the Policy.

Any relevant organizational unit shall promptly inform its Risk Management and Compliance functions of any facts and/or circumstances connected with this Policy which may be relevant for the performance of their duties.

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<sup>1</sup> As defined in the GIRS Policy.

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## 2. Executive Summary

France has implemented the European Directive 2017-828 through Act No. 2019-486 and implementing decree n° 2019-1235. The Directive aims to promote long-term shareholder's engagement.

The Policy outlines the principles and minimum requirements for processes, including governance requirements and monitoring of strategy, performance, risks, capital structure, social and environmental impact, and corporate governance. It also covers the exercise of voting rights and other shareholder rights, with specific conditions for their exercise, as well as the AIFM's relations with third parties, such as dialogue with investee companies, cooperation with shareholders and stakeholders, and prevention and management of conflicts of interest.

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## 3. Governance, Strategy, Risks and Impact monitoring

The AIFM recognizes the importance of promoting good corporate governance standards as part of its ownership responsibilities. This involves ensuring that the governance bodies of the investee companies, the supervision and control mechanisms, and the stakeholder relations are functioning effectively with the view to create a framework that promotes the investors', AIFs' and society's long-term interests.

The BoD reviews and approves, on an annual basis, policies which include:

- Investment policy
- Sustainable investment- policy
- Engagement policy

The AIFM's performance and main risk exposure indicators are monitored quarterly by the Risk Department, Compliance, AFC and Internal Control function, Investment function, Sustainability function, and Operations department.

The AIFM communicates its performance through the following reports and instances:

- The Board of Directors
- The Executive Committee
- The Investment Committee [*is it one of the IC's missions?*]
- The portfolio monitoring Committee
- The Compliance and Internal Control and Risk Committee
- The AFC Committee
- The Sustainability Committee
- Portfolio ESG monitoring committee
- The Remuneration Committee.

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## 4. Relationship with Third Parties

### 4.1. Dialogue with Investee Companies<sup>2</sup>

Maintaining strong relationships with the companies and projects invested by the AIFs under management, including delegated funds is essential to the AIFM. Engaging in dialogue with these companies can raise awareness of best practices in social responsibility, corporate governance, and sustainable development, encouraging improvement.

To improve the transparency, the AIFM will publish an annual report on its website, from 2025, that includes information on its engagement actions and the results achieved.

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<sup>2</sup> Investee companies are entities in which a managed AIF has invested, either in private debt or private equity. These companies are not publicly traded and represent the portfolio holdings of the managed AIFs.

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, assets whose ESG performance is lagging behind and/or where the AIFM can generate the most positive impact.

The actions to be undertaken in the case of a failure of the engagement actions will be detailed in the 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.

## 4.1. Monitoring of Investee Companies

The AIFM's ongoing monitoring of investee companies is crucial to managing risk and achieving long-term investment objectives. Whenever concerns arise related to a company's business, such as changes in management, financial performance, sustainability strategy and/or results or market dynamics, the AIFM engages with the investee company proactively in accordance with the rights held or not by the managed AIFs in such companies and to the extent they are legally entitled to exercise a significant influence on the affairs of the investee companies.

This monitoring approach helps the AIFM identify potential risks and opportunities and take appropriate action to manage the investment portfolio.

Apart from ongoing monitoring, the AIFM may also engage with investee companies under specific circumstances. For example, engagements may be triggered when the AIFM's third-party ESG ratings provider significantly downgrades a company's rating or when the AIFM's review of the investee company reveals a deteriorated ESG performance.

## 4.2. Cooperation with other Shareholders and Stakeholders



The AIFM pays a particular attention to the relationships established with its various stakeholders and ensures that their expectations, in particularly in terms of ESG policy, are considered.

On the basis of the Generali Group's guidelines regarding the mapping of stakeholders, the AIFM will establish its own relevant stakeholders' map, including those towards whom it is responsible, as well as those that can influence performance. Their proximity, significance and authority will also be considered.

The AIFM interacts with two main categories of counterparties: **business facilitators** (including infrastructure sponsors and operators, investment funds, banks, financial advisors, and brokers) and **co-shareholders**.

The AIFM maintains strong relationships with key infrastructure sponsors and portfolio companies and

meets with them to review the performance of portfolio companies, including from a sustainability perspective. The AIFM engages with relevant stakeholders to collect information, discuss performance and results and, when relevant, remediation actions.

Through strong relationships and open communication, the AIFM believes that it can identify attractive investment opportunities, manage risk effectively, and generate value for its investors and society.

Besides, Infranity recognizes the importance of corporate citizenship and is an active member of the sustainable finance community. For that purpose, it supports industry initiatives and collaborates and shares knowledge with stakeholders to advance practices.

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## 5. Exercise of voting rights attached to shares

### 5.1. Scope of Application in the exercise of voting rights

The AIFM manages both debt and equity investment strategies. The principles regarding the exercise of voting rights apply to strategies involving the holding of shares in unlisted companies.

### 5.2. Principles

In the context of investments in which the AIFM, through the managed AIFs, has a significant influence over a portfolio company, the AIFM will exercise its powers in the portfolio company as a shareholder and, as the case may be, a board member, with the view to promote:

- the sustainability, profitability, and development of the portfolio company;
- the transparency of the information given to shareholders and the fact that this information is communicated in compliance with applicable laws and regulations;
- the proper application of shareholders' rights.

For the purposes of this policy, "significant influence" means the situations in which the AIFs managed by the AIFM hold a board member position.

### 5.3. Organization within the AIFM and the Method of exercising voting rights

The AIFM actively manages its investments through its investment, portfolio and sustainability teams, as well as the various committees referred to above.

Members of the relevant teams will represent the AIFM or will appoint representatives entitled to exercise their rights in the frame of the governance of these companies and will be:

- Attending meetings of the company's governance bodies;
- Participating in "ad hoc" meetings organized to deal with specific topics, such as a new development projects;

### 5.4. The report on the exercise of votes and its communication

The AIFM is required to provide a report on the exercise of voting rights for unlisted securities<sup>3</sup> that are integral to the investment strategy in the annual report of the managed AIFs.

Subject to the confidentiality obligations binding on the AIFs and/or the AIFM, the report will include a summary of the voting policy of the AIFM, its general voting position and explanations on the most important decisions made during the year.

Additionally, the AIFM must ensure that the report on the exercise of voting rights is communicated to the investors of the managed AIFs in a timely manner and in accordance with applicable regulations. The report shall be made available on the AIFM's website and/or through other means of communication to facilitate easy access for investors.

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<sup>3</sup> for securities that are not traded in a regulated market

## 6. Prevention and Management of Conflicts of Interest

The AIFM follows the rules for the protection of the interests of investors, as mandated by the Financial Markets Authority (“**AMF**”) and the provisions and recommendations of the *Code of Ethics applicable to portfolio management companies involved in the private equity sector*, issued by France Invest (formerly the AFIC).

To prevent conflicts of interests, the AIFM has put in place a set of internal procedures and controls, including the exercise of voting rights.

All employees must comply with the AIFM's Code of Conduct and Ethics and declare any outside business activity. They receive annual training on these policies and must complete annual self-certifications of compliance.

Information barriers between the AIFM's entities and other companies in the Generali Group ensure that AIFM employees remain independent and neutral in the exercise of their responsibilities.

All potential conflicts of interests and their resolution are recorded and archived in accordance with applicable legal requirements. Material conflicts of interests trigger an escalation process involving the managing partners (CEO, CIO, and Head of Origination and Corporate Development), the Chief Global Client Officer, the CRO and the RCCI with the "best interest of clients" principle being paramount in the decision-making outcome.

If a conflict of interest is identified, it is disclosed to the concerned clients where applicable laws so require.

## 7. Glossary and Definitions

Acronym/Term	Explanation/Definition
Infranity BoD	The Board of Directors of Infranity
CEO	Chief Executive Officer
ESG factors	Environment Social and Governance
Major Change	Any amendment to be introduced in a internal regulation already in force, not falling under the definition of Minor Change, e.g.: addition, deletion, replacement or substantial amendment of/to principles and/or provisions, as amendments of roles and responsibilities, alignment to different external regulatory requirements, change to the Accountable Function, any amendments affecting the BoD).
Minor Change	Non-substantial amendment to be introduced in a internal regulation already in force, namely: <ul style="list-style-type: none"> <li>• alignment to the latest IRS standard templates attached to the GIRS Group Policy;</li> <li>• updates to reflect formal changes in the organizational structure (i.e function/structure/unit names provided that the entrusted responsibilities remain unchanged) already approved by the relevant corporate bodies and disclosed through internal memoranda;</li> <li>• updates to annexes referring to standard forms or supporting technical details, as long as they do not include additional substantial elements;</li> <li>• linguistic corrections (e.g. typos).</li> </ul>
Voting rights	The rights associated to equity/debt instruments or to funds shares, to express votes on decisions taken on the basis of the majority rule, normally (but not necessarily) within a meeting venue and a predetermined formal voting agenda.