Principle adverse impact statement

November 2021

01. Introduction

Infrastructure is widely recognised as an asset class with major potential to contribute to sustainable development, providing (reliable) access to basic services such as power, energy, heat, public and individual transport, (clean) water, waste collection/treatment, telecommunications, health, education and other social services.

However, infrastructure assets may also carry relatively high social and environmental risks, including ***adverse impacts***[1] on major global challenges such as climate change or loss of biodiversity.

Infranity recognises the principle of double materiality, considering both the risks and impacts of infrastructure assets on sustainability, as well as the sustainability risks impacting our investments such as the consequences of climate change on infrastructures. In applying our sustainable investing philosophy, described in Infranity's Sustainable Investment Policy, we reconcile financial and ESG performance, with the conviction that our approach enhances the risk/return profile of our investments.

This Principle Adverse Impact Statement is published in line with article 4 of the SFDR.

02. ESG integration & Due diligence process

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 principle adverse impacts of infrastructure assets on sustainability factors. 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.

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

[1] Entity's negative impact on environmental and social issues

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03. Description of the principal adverse impacts on sustainability of Infranity

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 3 principle adverse impacts on sustainability.

A. Impact of Infranity's investments on climate change (materialized by KPIs such as GHG emissions, carbon footprint, GHG intensity, share of non-renewable energy consumption and production or exposure to fossil fuels):

- Energy, Environment (Waste and Water management), Transportation assets, and, to some extent, Telecommunications, present a high carbon footprint (scopes 1, 2 and 3).
- As measures to mitigate this impact Infranity has implemented:
  - A strict fossil fuel exclusion policy;
  - The analysis of the carbon footprint of the asset and its alignment with a climate trajectory compatible with the Paris agreement;
  - A regular monitoring of the assets' exposure to fossil fuels, carbon footprint and climate trajectory.

B. Impact of Infranity's investments on air pollution

- Energy, Environment (Water & Waste) and Transportation assets can also have an impact on air pollution if no protection measures are implemented
- In order to mitigate these impacts, Infranity assesses, through its due diligence, the implemented air protection measures (prevention and control systems) and monitors them during the life of the assets.

C. Impact of Infranity's investments on biodiversity:

- Large infrastructure projects can have an important impact on biodiversity if not designed and carried out properly.
- In order to mitigate these impacts, for construction projects in particular, Infranity considers:
  - The location of the project ;
  - The environmental impact analysis carried out including the potential impact on biodiversity;
  - The compensation measures committed, if any.

Impacts on biodiversity are also monitored during the life of the assets, including by checking that compensation measures are implemented according to plan.

In addition to these principal adverse impacts, Infranity's (i) applies a strict exclusion list of activities, including in relation to controversial practices or sectors such as fossil fuels (see "Exclusion policy"), and (ii) carries out an extensive analysis of main relevant ESG risks and factors, tailored to the various types of infrastructure assets it invests in, to ensure that investments demonstrate adequate ESG standards and risk mitigation.
The areas addressed in Infranity's ESG analysis are described in greater detail in Infranity's sustainable investment policy and involve: good governance practices such as the existence of policies regarding corruption, tax evasion, money transfers, accounting fraud and fair competition; good environmental performance through measures in place to avoid impacts on biodiversity and ecosystems or to ensure resource efficiency; sound social standards such as stakeholder dialogue implemented, the upholding of internationally recognized labour rights or the application of such social and environmental standards throughout the supply chain. Finally, Infranity looks at, and favors, opportunities to promote sustainability through its investments, and notably on the basis of their potential contributions to the UN SDGs.