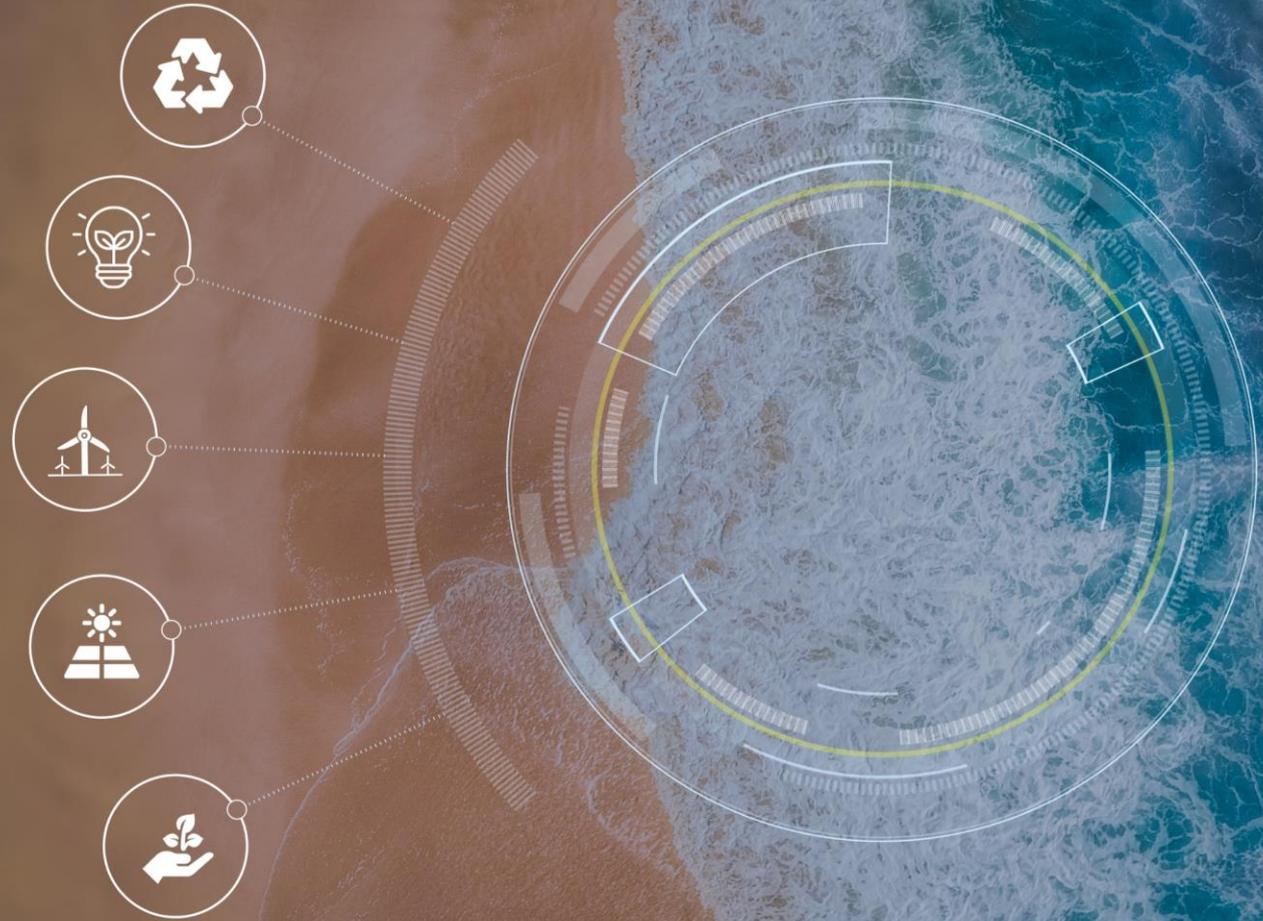


# infranity



## Statement on principal adverse impacts of investment decisions on sustainability factors

Year 2023

LEI: 969500Q2KIYRFU90OR39

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## 01. Main terms and definitions

Infranity is an asset management company authorized by the *Autorité des marchés financiers* (French Market Authority, hereinafter referred to as the “AMF”) under number GP-19000030, in particular for the purpose of conducting collective investment of alternative investment funds (AIFs).

The following terms are used in the current document:

The “SFDR Regulation” refers to the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

The “SFDR Regulatory Technical Standards” refer to the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

“Sustainability factors” are defined as “environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters”, according to the SFDR Regulation’s definition.

“Principal Adverse Impacts (PAI)” should be understood as “negative, material, or potentially material effects on sustainability factors that result from, worsen, or are directly related to investment choices or advice performed by a legal entity”.

“Investees”: in this document they are intended as the portfolio companies and / or assets in which the different Infranity funds are invested.

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## 02. Statement on PAI

This document is Infranity’s consolidated statement on principal adverse impacts (PAI) on sustainability factors, published in accordance with Article 4 of the SFDR Regulation. It covers the period from January 1 to December 31, 2023, and is available on Infranity’s website.

For asset managers that have less than 500 employees, the SFDR Regulation allows a “comply or explain” approach<sup>1</sup> regarding the consideration of PAI in their investment decisions on sustainability factors at a consolidated level.

Infranity falls below this threshold and has opted not to consider PAIs at consolidated level as per Article 4 of the SFDR Regulation.

Part of the obligations of Article 4 of the SFDR Regulation consists of monitoring the evolution of PAIs and defining and implementing mitigating actions designed to limit the negative impacts of investments at entity level. Infranity does take PAI into account for a majority of its funds under management. In this context, relevant PAIs are selected based on the fund’s specific investment strategy and mandate and the mitigating actions are defined and implemented at this level. As a result, deciding on global mitigating actions at the entity level may not be necessarily feasible or appropriate. Also, despite Infranity’s efforts to gather complete and accurate information, data from investees may still be incomplete or inconsistent, hindering full consistency with PAI consideration.

Indeed, it has to be considered that Infranity primarily invests in small and medium-sized entities whose environmental and social practices are still developing. These entities are not- currently subject to the same level of sustainability-related disclosures as Infranity, thus the systematic collection of the specific PAI indicators required by the SFDR Regulation may not be guaranteed.

The main data issues are related to availability and quality, as the data provided by investees is not currently audited by independent providers. While Infranity strives to ensure the highest quality and soundness of the data, it cannot be systematically assured at this stage for all the requested PAI under Article 4 of the SFDR Regulation.

As part of its commitment to its investees, Infranity seeks to develop robust systems for measuring and tracking key ESG indicators, including reliable PAI indicators.

This statement reflects Infranity’s current approach, which will be periodically reviewed and updated considering best practices and regulatory frameworks, at least annually or more frequently if material changes occur.

Considering the transition time needed for portfolio companies to allocate resources and implement necessary operations to support tracking PAI metrics, Infranity will monitor developments to determine if and when it may become relevant to revise this position.

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<sup>1</sup>Under this principle, as restated under Article 4 1.b) of the SDFR Regulation, management companies under the threshold may choose not to apply part of its regulatory obligations, in which case they must clearly and precisely justify their choice and explain how such obligations would not be relevant to them.

This process will consider the maturity and progress of investees on this topic, align with Infranity's sustainable investment policy, and ensure to uphold the fiduciary duty of Infranity to its investors.

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## 03. Infranity's approach to PAI

Despite having chosen not to consider PAI indicators at firm level under Article 4 of the SFDR Regulation, Infranity employs a proprietary ESG scoring framework and climate trajectory methodology to identify potential adverse impacts of infrastructure assets on sustainability factors within its main investment sectors. This framework is applied at various stages of the investment process, from asset origination and screening to monitoring and reporting, ensuring comprehensive ESG due diligence.

These impacts are prioritized based on their materiality per sector or activity, as determined by Infranity's proprietary framework and in line with the funds' specific investment strategy. Key issues are analyzed to either exclude certain investments or assess the adequacy of mitigation measures, including policies and actions implemented by the investee. The quality of these mitigants influences the ESG score of the assets, which is a crucial factor in investment decisions. These issues are continuously monitored throughout the asset lifecycle.

Given Infranity's investment focus on sectors such as Energy Transition, Environment, Transportation & Green Mobility, Telecom & Digital Transition, and Social Infrastructures, primarily in Europe and North America, the following principal adverse impacts on sustainability have been identified:

- » 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. Infranity continuously collects information on a best-effort basis to analyze the potential adverse impacts of its investments, utilizing both qualitative and, when available, quantitative data (potentially including but not limited to PAI indicators as defined in the SFDR Regulation) from due diligence and ESG reviews. Annually, Infranity updates quantitative information, when available, through email exchanges with underlying assets and periodically updates qualitative information during ESG reviews.

This information is also used at asset level to determine whether or not an asset can be considered sustainable under the SFDR Regulation. The methodology applied is described in a standalone document which is posted on Infranity's website.

No external data provider is used, as Infranity's investment universe primarily consists of unlisted private assets.

As much as possible, the quantitative information collected is used to build a database whose completeness and quality will improve over time. The available information is consolidated at fund level and provided to investors, whether funds take into account PAIs or not.

In addition, Infranity has also defined an engagement policy allowing to establish a dialogue with investees, enabling to raise awareness of best practices in social responsibility, corporate governance, and sustainable development, encouraging improvement of their impact. The engagement policy also establishes principles and conditions under which Infranity intends to carry out the exercise of its voting rights and thus influence investees' behavior.

Infranity defines, on a regular basis, the priorities for its engagement strategy. To this aim, it will reflect 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 adverse impacts prioritization, 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 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. An escalation process is also in place in case the investee is producing a significant negative adverse impact on one sustainability dimension.

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## 04. Infranity's sustainability-related disclosures and standards

Infranity keeps the following documents up to date on its website, describing the PAI integration, among others:

- » 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.
- » 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.

Also, Infranity's commitment is illustrated by the adoption of the following codes and standards:

- The United Nations Sustainable Development Goals (UNSDG),
- The Principles for Responsible Investment (PRI),
- The Initiative Climate International (ICi),
- The Net Zero Asset Managers Initiative.