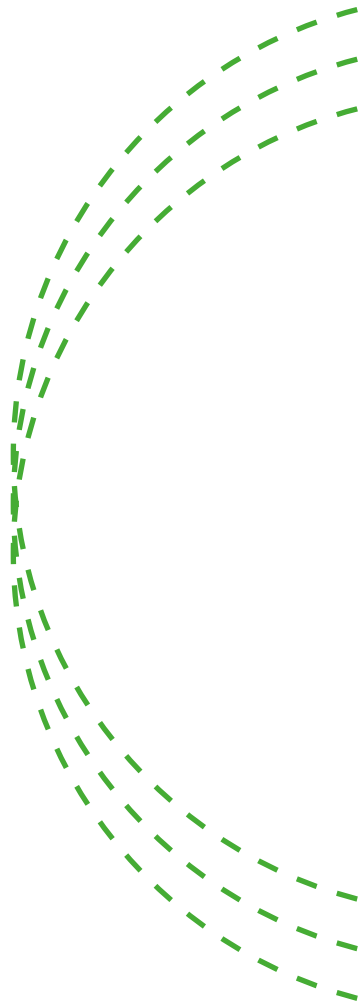


# Building the foundations for a sustainable future



**infrantry**  
Invest. Impact.



# Our ambitions



**We are long-term investors** with commitments extending beyond economic cycles. As an asset manager specialized in infrastructure investments, we seek to unlock potential for positive impact on the economy and society, achieving financial and sustainability performance.

**We endorse initiatives and frameworks** that support our ambitions. This approach, for the asset class is based on applying the following three principles:



## We channel capital

towards assets contributing to the UN Sustainable Development Goals (SDGs) with a focus on key themes that can be meaningfully addressed through infrastructure.

## We aim

to align the climate trajectory of our portfolios with the Paris Agreement objectives.



COP21 • CMP11  
**PARIS 2015**  
UN CLIMATE CHANGE CONFERENCE



## We require

demanding ESG standards on all our assets including meeting minimum social safeguards.

KEY FIGURES



**42**

**Number of employees**



**16**

**Number of hours of ESG-related training for all new joiners in the investment team.**

**100%**

**% of asset in article 8/9 funds**

**7.9 billion €**

**total Assets Under Management (AUM)**

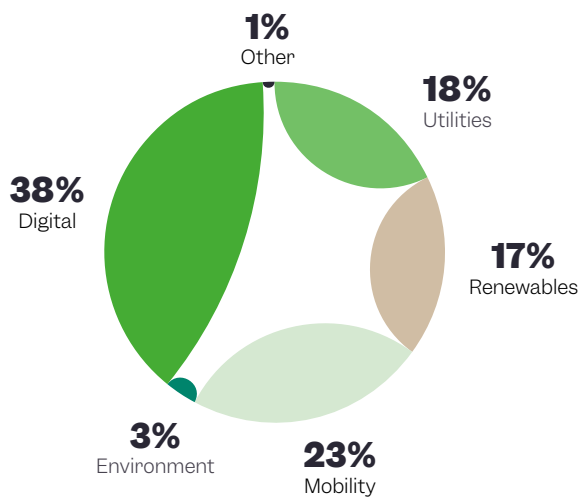
**Below 2°C**

**Infranity's alignment with the objectives of the Paris Agreement**

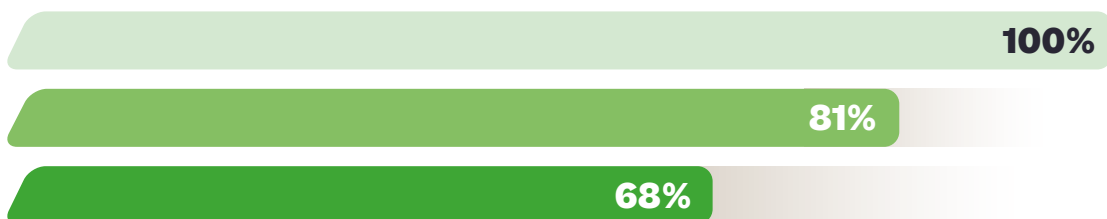
**1.1 GW**

**of renewable energy projects financed**

PORTFOLIO ALLOCATION PER SECTORS OF INVESTMENT



INFRANITY'S INVESTMENTS IN 2022



- Assets integrating ESG criteria in their selection and monitoring
- Assets with a contribution to SDGs
- Sustainable investments per SFDR Definition

All communicated numbers in this section have been reported at end of December 2022. The figures communicated in this page only include the financial products launched by Infranity.

# Summary

## 4 Infrantry at a glance

- 05 Partner's Interview
- 10 Our Journey
- 14 Our Sustainability Journey is only starting

## 16 Sustainable Investment Approach

- 18 Alignment with SDGs
- 19 ESG Integration
- 20 ESG Methodology
- 21 Active Ownership

## 22 Our Pathway to generate impact

- 24 Environmental Transition
  - Energy Transition
  - Green Mobility
  - Environmental Transition
  - Zoom 1: Climate Impact
  - Zoom 2: Climate Risks
  - Zoom 3: Case Study – Solar Infrastructures
  - Zoom 4: Case Study – Rail
- 32 Social and Digital Transition
  - Zoom: Case Study – Fiber Optic Infrastructure

01

# Infranity at a glance

---

# Interview



**Alban De La Selle**  
Managing Partner,  
Chief Investment  
Officer

**Philippe Benaroya**  
Managing Partner,  
Chief Executive  
Officer

**Gilles Lengaigne**  
Managing Partner,  
Head of Origination  
& Corporate  
Development

## How did you decide to create Infrantry?

**PB** – We first had the idea in 2009/2010 in the aftermath of the global financial crisis. Financial institutions had been severely affected by assets based on complex and opaque financial engineering, and we saw the opportunity to bring tangible, stable and resilient infrastructure investments to institutional investors. Gilles and I had participated in creating the Infrastructure Debt asset class with established asset managers, and we had the intuition that there

would be a lot of potential here if we could improve the model. We therefore decided to create a partnership with Generali, providing efficient access to strategic capital and create an alignment of interests with external clients.

Our ambition was to build an asset manager dedicated to infrastructure investments that demonstrates greater added value to investors by concentrating asset class expertise.

From the inception, we were convinced that financial and sustainability performance of infrastructure assets could and should go hand in hand. We have stuck to this conviction until today. Day-in and day-out we demonstrate that it is possible to remain consistent with our values while generating returns for our investors: we thus contribute very significantly to our clients' and parent company's sustainability commitments.

### OUR VALUES

**Alignment**  
**Entrepreneurship**  
**Innovation**  
**Sustainability**  
**Excellence**

## What values does Infrantry foster?

**GL** – Our values are the pillars of Infrantry. Defining and placing them at the center of our development has been at the core of the creation of the company. We recognize that certain elements are fundamental to us and, to this day, our 5 values still accompany everything we do.

First of all, we are by construction an entrepreneurial company. Created 5 years ago from scratch, we have now reached about 50 team members. While we experience rapid growth, we are focused on keeping this entrepreneurship spirit undiluted in the development of Infrantry and its increasing size. We promote a culture

of ownership, initiative, innovation and excellence, which nurtures our teams and positively impacts the way we do things.

Sustainability has been at the heart of the project: Infrantry was born to help respond to some of the major challenges of our times, and for which infrastructure can be part of the solution. The fight against climate change and the energy transition, more broadly the environmental transition, together with the fostering of more inclusive economies, have been driving the strategic direction of the firm and its investment strategies. Our commitment and contribution to

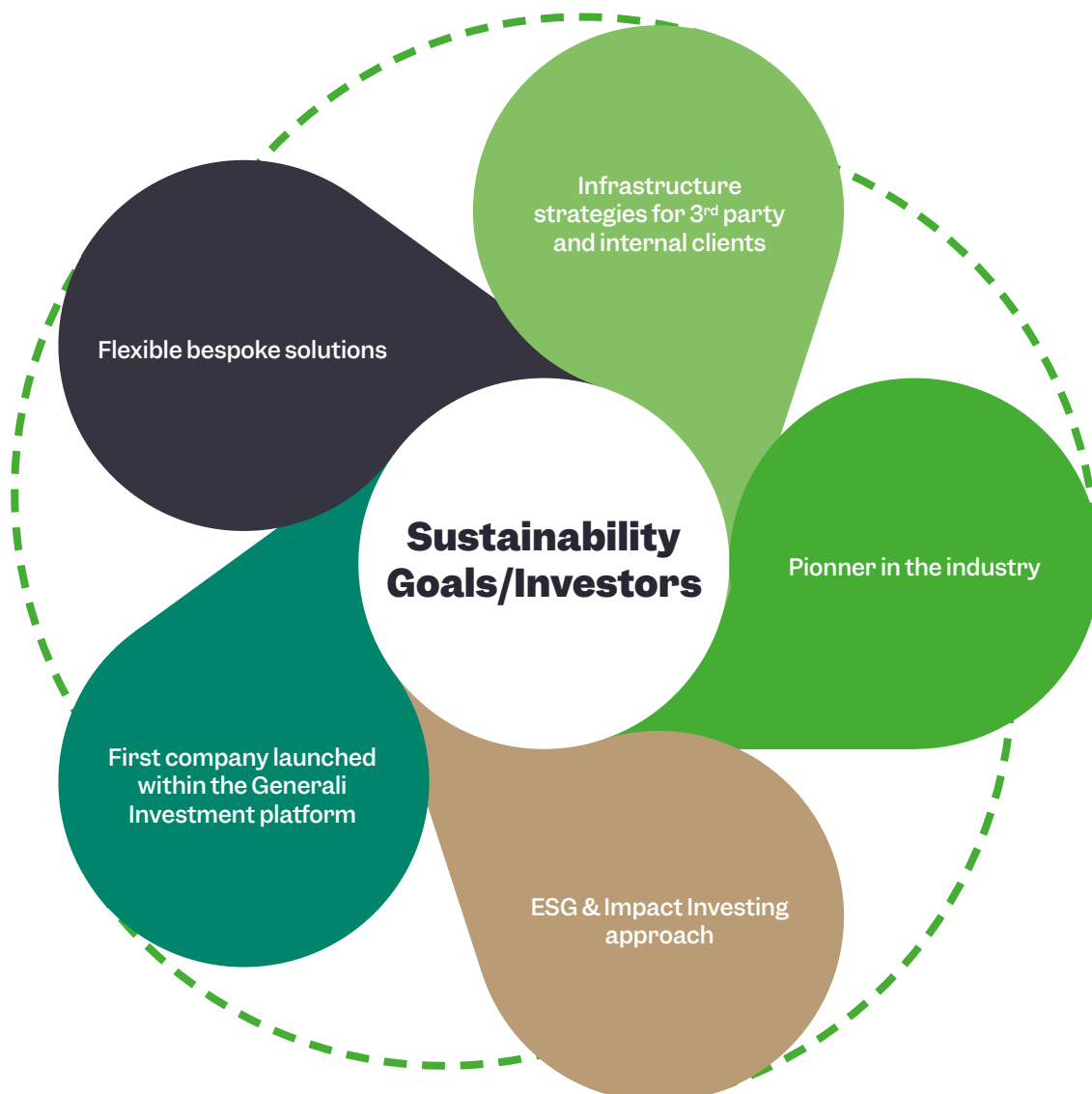
sustainable development has only been reinforced over the years as we have embarked more expertise, influence and scale through the significant pools of capital that are today backing Infrantry.

Establishing a strong fiduciary culture, clear alignment with our investors and stakeholders, is a core value without which we don't envisage the successful development of Infrantry.

We have always voiced very clearly our intentions to reconcile financial and ESG performance, and we attract investors who share that vision.

Our values simply bring together Infrantry.

### WHAT SETS US APART







Sustainability is not a “tick the box” in an investment process. It is a core value with which the whole team and our investors are aligned. It also happens to meet the aspiration of younger talents who look for strong purpose in their job.

“

**Alban De La Selle**

## What is your investment strategy?

**ADLS** – Our strategy is very much the reflection of our sustainability convictions and our values. This leads us to focus on sectors that are aligned with our vision of sustainable infrastructure and which can create sustainable positive impact for society. This mainly includes as renewable energy, public transportation, rail, district heating, digitalization, electric mobility, waste and water management...

For example, heat is one of the key sectors to decarbonize to reach net zero so we have strong beliefs that investing in district heating will be instrumental in a sustainable future - it allows more efficient heating and integrates renewable and low-carbon energies more easily in the mix.

Renewable energy is another sector where we see great market and sustainability potential to support the decarbonization of electricity. We have invested (and continue to invest) in many different solar and wind power portfolios particularly in Europe, in greenfield or brownfield, in debt or in equity.

Circular economy is another key topic for the environmental transition. Waste management will be an instrumental sector in this respect where investments are needed to develop sorting lines, recycling facilities... Water management is also facing numerous challenges: water saving technologies must be developed and implemented, investment in water networks are needed to reduce leakages, desalination will be developed in areas where potable water is lacking...

### OUR ESG OBJECTIVES



OUR TARGET SECTORS



**Energy transition**

Renewable energies and energy efficiency



**Green mobility**

Rail transport, electric mobility infrastructures



**Environment**

Waste and water management



**Digital transition**

Fiber networks, telecom towers



**Social infrastructures**

Hospitals, social housing, universities, schools

how is your investment strategy evolving?

**ADLS** – We keep focusing on environmental, social and digital transitions. In this realm there are some newer activities which are emerging or progressively coming to commercial maturity. We are keeping watch to ensure that we are ready to embark on the right projects at the right time.

For instance, electric mobility is an activity where business models are still fluid and require selectivity, but the potential is promising as electrification is needed to decarbonise transportation.

As a result of electrification and the development of intermittent power (solar, wind), more and more investments are also needed to reinforce power grids and provide services for balancing (storage, smart grid management...).

Finally, the nature of our investments is evolving. In the renewable power sectors for example, we are increasingly financing directly renewable energy producers to support these mid cap corporates with the capital they need to develop their pipeline of projects. This allows accelerating the energy transition beyond the traditional financing of ad hoc projects.



We have strong convictions regarding what we want to do and why, whether it is from a financial or an ESG angle. What drives us is our capacity to develop products responding to the needs of our investors.

**Philippe Benaroya**



Every new hire is a key moment. I am extremely proud of the team we have assembled, proud of the unequivocal support with our vision for Infrantry, which is really taking shape through our incredible team.

**Gilles Lengaigne**

## What do investors expect when it comes to sustainability?

**PB** – First of all, it is striking that a lot of investors have built impact strategies without including infrastructure. We believe that infrastructure has an amazing potential to create sustainable value for society and we work hard to demonstrate it to investors through tangible and future-proof investments which attract them to this asset class.

Some investors have not yet fully clarified what they aim at in terms of sustainability. This area is rapidly changing and the regulation is moving fast. This creates some confusion and makes the objective unclear. The maturity of investors when it comes to sustainability varies greatly so we still need to educate them on the subject, on our methodologies and objectives, how we analyze projects, collect information, overcome hurdles... We have developed advanced practices and are building leadership positions in sustainable and impact investing. We will continue to anticipate future needs and remain ahead of the curve to best guide our investors.

## How do you see the future?

**GL** – We want to unlock the full potential of this asset class to contribute to sustainable development. Infrastructure provides impactful solutions, though we have to work on it to ensure that projects are truly sustainable.

The infrastructure asset class represents both opportunities and a lot of responsibilities. We are a long-term investor in assets with long lives, and this means decisions must stand the test of time. At investment, we assess an infrastructure asset in today's context and through time. How will it evolve and how relevant will it be tomorrow, with increased focus on transition risks and opportunities.

Our DNA is to go beyond the energy transition to encompass broader environmental and societal challenges. We look to find opportunities to generate positive impacts on diverse essential sectors including from a circular economy and social services point of view.

In addition, we are going beyond simple asset selection and increase our level of engagement and support to our assets to aligning them with a sustainable trajectory.

**ADLS** – For me the essence of Infrantry is the team. We have created a culture that revolved around our strong convictions and the whole team is aligned. We need to keep this as we continue to grow. It is also thanks to this that we attract and retain talents who are seeking alignment with their values and want to contribute to sustainable development. ■

# Our journey



## 2018

Over €500 M AUMs  
8 team members

### March

Launch of Infranity's activity and first fund, dedicated to Generali

### June

First Investment



## 2019

• Sponsor of the 2 Infra Challenge

€1 bn AUMs  
13 team members

### September

First third-party investors and launch of Infranity's first co-mingled fund



## 2020

• Signatory of the United-Nations Principles for Responsible Investment

€3.4 bn AUMs  
18 team members

### February

Opening of the asset class to private investors through Generali life insurance products

### December

First Equity Investment



In our pursuit of long-term rationale for our investments, sustainability is at the heart of our strategy and investment philosophy since day one.

**Jaime Hector**  
Investment Managing Director



**Sacha Kamp**  
Investment Managing Director

The platform has grown significantly over the past five years and continues to be driven by its original conviction to build a better future.



## 2021

• Member of the Institut de la Finance Durable

• Sponsor of CDC Biodiversité Global Biodiversity Score

€5.9 bn AUMs  
27 team members

### 2021

Launch of 2 impact funds (social and green) to contribute to the European post-covid recovery

### April

Creation of the Sustainability Team



## 2022

• Member of the Net Zero Asset Managers Initiative

€7.9 bn AUMs  
42 team members

### September

Net-Zero Signing



## 2023

### January

Infranity ranked 3rd asset manager for Infrastructure Debt in Europe, ranked 7th worldwide by Infrastructure Investor



## June 2023

€ 8.3 bn  
47 team members

### June

Infranity celebrates its 5th anniversary

# Our Sustainability Journey is only starting



The road to a sustainable future is full of challenges we must overcome. This is exactly why Infranity was founded and why I joined the company.

**Jeanne Michon-Savarit**  
Head of Sustainability

2022 and the first half of 2023 have been very intense for the asset management industry in terms of new regulatory constraints. The adjustment of methodologies, processes and production of new reporting are necessary steps towards more transparency as the regulator is keeping us honest.

At Infranity, everything we had been implementing since inception in 2018 from our ESG methodologies to our internal processes and investor reports have allowed us to undergo a smooth transition, building on our strong foundations. The future still holds a few twists and turns as the regulation continues to evolve but all in all we are, as an industry, going in the right direction to provide more clarity to investors and allow them to make the right decisions to steer investments towards sustainable activities that enable the required transition.

The stakes are high, as we need to shift globally \$4 trillion annually just to reach Net Zero in 2050 according to the International Energy Agency. And this does not even account for other environmental issues:

- water management is becoming key as, year after year, we are facing more and more droughts and water scarcity even in geographic areas where we would not have identified it as an issue just a few years ago (the North of France comes to mind): the impact on populations, industrial activity, waterways transportation, energy production is still not fully considered;
- circular economy must be embedded into our industry and our supply chains to reduce the pressure on the environment due to the ever-increasing quantity of waste produced, and the scarcity of critical resources which need to be recycled from waste;

- adaptation to climate change can no longer be thought of as a thing of a faraway future: our society, our economy and our infrastructure need to adapt and build in resilience to face the already occurring challenges of climate change and anticipate their increase: climate change can be mitigated but it cannot be stopped, we are on a path to overshoot at best the 2°C target of the Paris Agreement and we are not ready for this.

Infranity's commitment to Net Zero in 2022 was the obvious thing to do, and 2023 will be dedicated to structuring methodologies and tools to be able to set precise targets and support our portfolio construction. We have an excellent basis for this as our portfolio is today globally aligned with a trajectory compatible with the Paris Agreement's 2°C objective and a great part is already invested in renewable energies, climate solutions and assets which are decarbonizing their activities.



Beyond Net Zero, Infrantry intends to expand investments into sectors which are key for the environmental and social transition such as waste and water management, climate solutions to produce, distribute and store clean energy, improve power grid management to integrate more and more intermittent renewable power. Green and public transportation will also play a key role both on the climate change mitigation side and the social inclusion side to allow more citizens to commute in a way that both respects the environment and is affordable to all. We will also pay attention to infrastructure's plans to adapt to climate change in order to steer investment towards more and more resilient and climate-proof assets.

We want to remain ahead of the curve by challenging ourselves, our methodologies, tools and processes to reinforce our asset selection process and build the best portfolios possible. We are also developing our capabilities by implementing cutting edge tools and hiring and training new talents to engage more and more with our assets and monitor their progress so that our support creates even more added value for investee companies to advance their ESG profiles, decarbonize their activities and become more resilient.

5 years after the creation of Infrantry, we look back with pride at how far we've come but we will never be complacent as we continue to challenge ourselves to be as bold, innovative, cutting edge as possible and strive to align our actions with the values which are deeply rooted in our DNA. ■

“



The platform has developed a lot since inception five years ago, yet among the things which never changed, the search for long-term rationale of our investments has remained central to the way we invest.

**Nicolas Oddos**  
Investment Executive Director



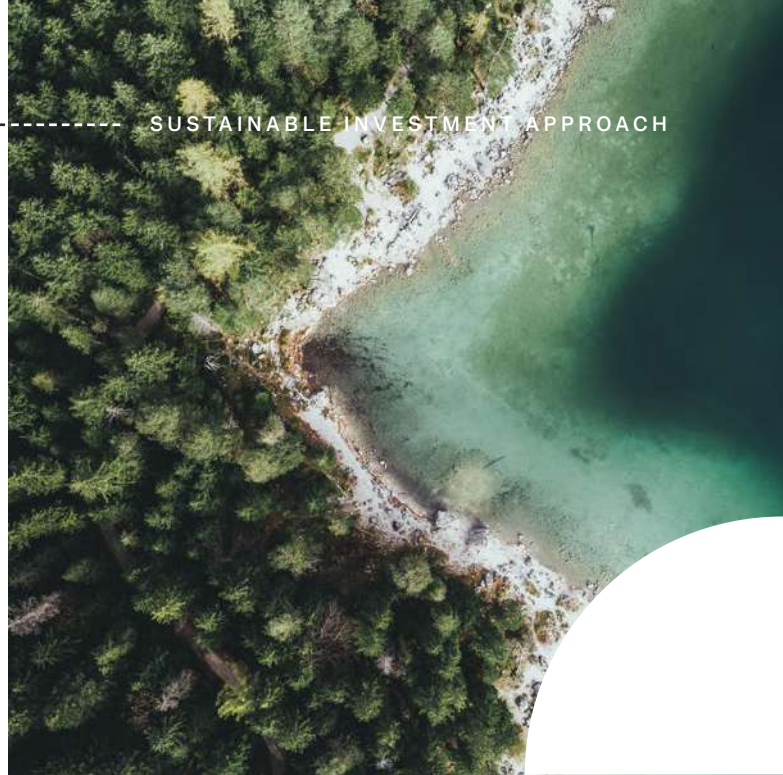




02

# Sustainable investment approach

# Alignment with SDGs



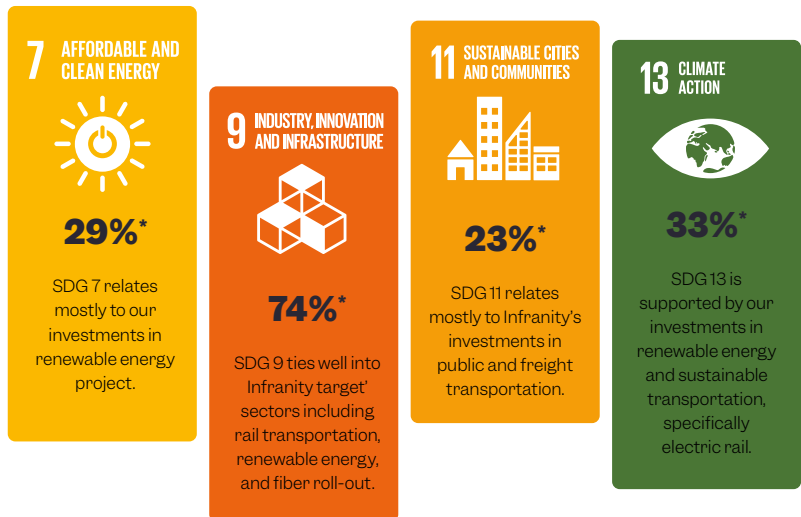
Our conviction that infrastructure investments have the potential to contribute to the Sustainable Development Goals (SDGs) is the cornerstone of our approach.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

We have developed a proprietary framework that allows us to capitalize on emerging environmental and/or social developments and opportunities, all the while minimizing negative impacts.

The promotion of environmental and/or social outcomes does not mean trading off financial benefits. We are committed to demonstrating a positive impact on society while ensuring maximized risk-adjusted returns and sustainable value creation for our beneficiaries.

**Four SDGs resonate strongly with our investment strategy:**



**In addition, our investments also cover the following SDGs:**



\* it corresponds to the share of investments contributing to SDGs. One investment can contribute to several SDGs.

# ESG Integration

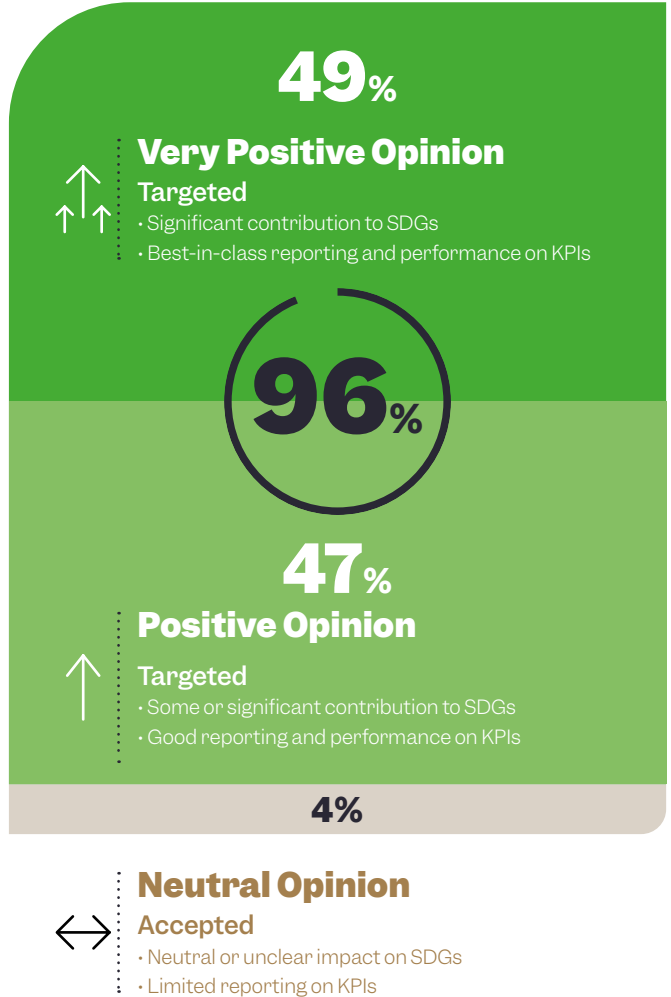


At Infranity, ESG assessment is fully embedded in our investment process from origination to closing and monitoring. Infranity considers every company's performance along with material ESG dimensions and financial metrics when making investment decisions. Investment selection is notably driven by assets' potential contribution to sustainable development, potential for positive impact where relevant, and potential for adequate risk mitigation. It illustrates therefore a long-term strategy to manage downside risk and/or exploit the competitive advantage of sustainable enterprises and projects.

This level of integration can only be successful if supported by the right level of expertise and resources. We attach importance to our team's capacity to navigate through understanding ESG stakes and identifying value creation. For instance, we require that all members of our investment teams be fully trained and capable of performing an ESG due diligence themselves, even though they are supported by our dedicated ESG analysts. The combination of the expertise of the financial and ESG analysts allows to have a 360° assessment of an asset, take advantage of the best opportunities and analyse and/or implement adequate risk mitigating strategies.

To guarantee the integrity and quality of the analysis performed, assessments are reviewed by an independent third party, as well as by the Head of sustainability who delivers a sustainability opinion on the company or project analyzed to inform the Investment Committee's decision.

## IN-DEPTH ESG ANALYSIS



**The sustainability team was created in 2021 and has been growing to reach 3 people in 2022 totaling 30 years of experience.**



**Karan Kapoor**

**ESG Analyst**  
 Responsible for the ESG analysis and monitoring of assets.

**Jeanne Michon-Savarit**

**Head of Sustainability**  
 Responsible for defining and implementing the company's sustainability strategy and roadmap.

**Thomas Candela**

**Sustainability Officer**  
 In charge of the operational implementation of the sustainability roadmap.

# ESG methodology

Infranity is committed to accelerate the transition to a more sustainable economy. To do this, Infranity uses a proprietary framework, a climate trajectory methodology developed with Carbone 4, and its asset class-specific sustainability risk framework, which are applied at different stages of the investment process, from origination/asset screening to monitoring and reporting. These assessments inform investment decisions, enable ESG performance and sustainable development objectives to be monitored, and form the basis of ESG reporting to investors.

## Sustainable Investment

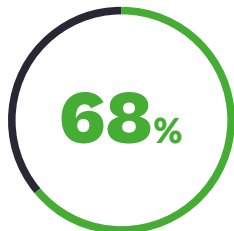
2022 has been a regulatory milestone for sustainability within the implementation of the level 2 of the Sustainable Finance Disclosure regulation (SFDR), a welcomed regulatory framework for greater transparency by financial participants. Infranity has adopted a strong definition of what constitutes a sustainable investment, in line with SFDR requirements, which leverages on our existing ESG methodology in order to define which company or project is deemed to be considered sustainable.

We have a strong will to steer capital toward sustainable assets and continuously increase our overall share of sustainable investments as a statement of our convictions.

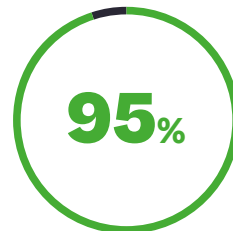
To support this mission, we believe in the needs of transparency to share best practices and our Sustainable Investment Definition Guideline can be found here: <https://infranity.com/wp-content/uploads/2023/06/Sustainable-Investment-Definition-Guideline.pdf>

## Governance and business ethics

Infrastructure investments face the specificities to encompass investments mostly in unlisted companies/projects of various sizes and locations. Good governance and ethical business practices in this context is not a question of protecting the interests of absentee shareholders. Rather, it deals with establishing a framework of company policies and processes that add value to the business and help ensure its long term continuity and success. We value businesses with strong governance and business ethics and it is the first dimension we look at. When relevant, we support our investees in improving in those dimensions and reinforcing the governance framework adapted to their context and business stakes. In 2022, we started to monitor Principal Adverse Impact and we were confirmed that our assets are already mature on business ethics governance addressing amongst other things corruption.



**% sustainable investments per SFDR definition**



**% of investments with anti-corruption and anti-bribery policies**

# Active Ownership



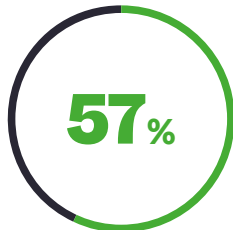
With a strong focus on providing capital to infrastructure companies, Infrantry has always granted great emphasis on engaging with company's management and/or shareholders. We value a proactive dialogue with our investee companies toward a specific purpose, consistent with our fiduciary duties.

In addition to engagement, effective stewardship requires that the investment process takes into consideration how the investor will measure, monitor and manage ESG dimensions of investee companies once they are in the portfolio. These critical aspects are systematically covered during our investment committee.

Transparency to our investors on our portfolio is important. On a quarterly basis, Infrantry provides a detailed report on ESG performance associated with sustainability objectives and the climate trajectory of the assets to all its investors.



**Infrantry engages with all its assets**

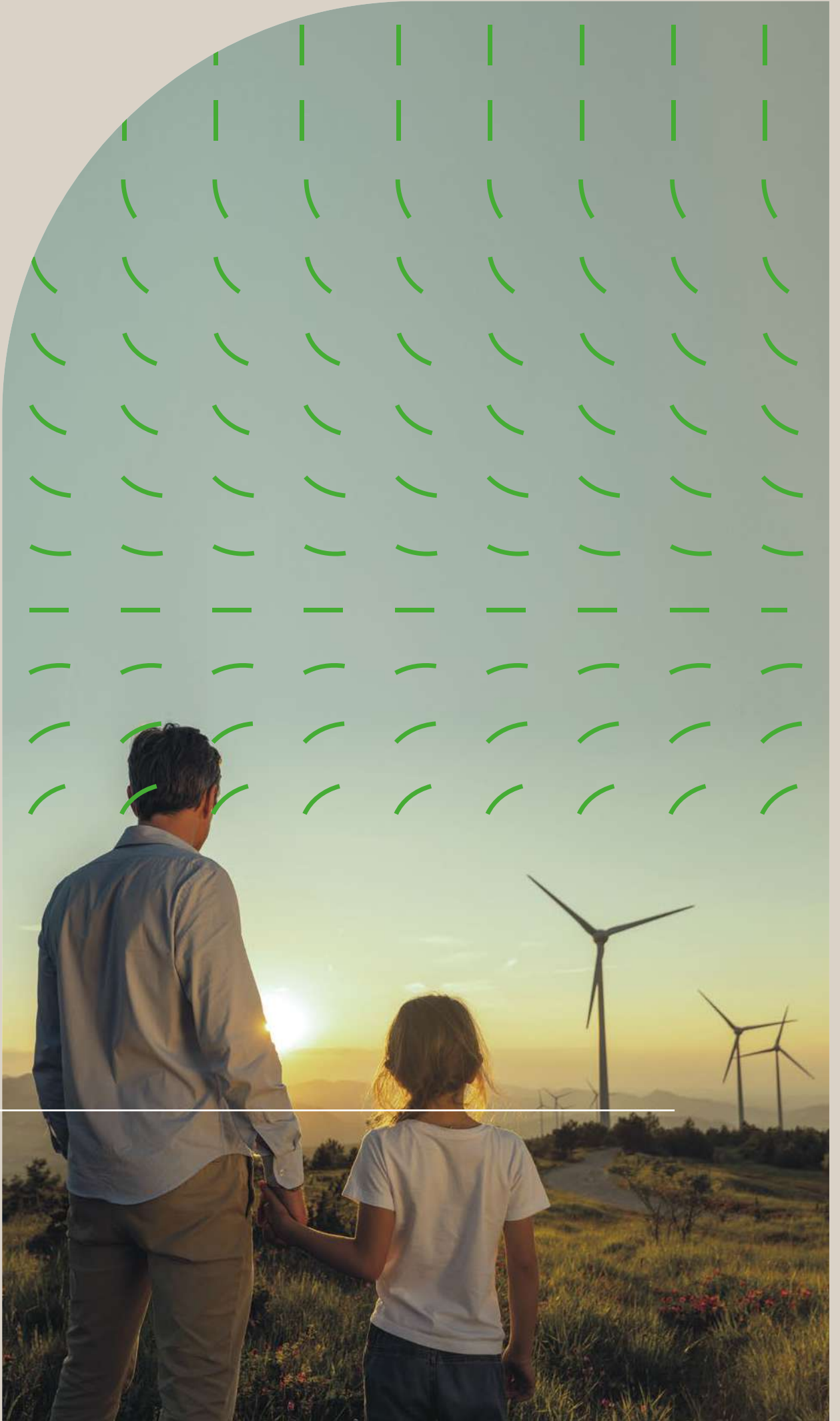


**% of assets with direct sustainability dialogue held in 2022**

03

# **Our Pathway to generate impact**

---



# Environmental transition



Our aim to support and contribute to the objective of Net Zero



The objective to keep global warming below 2°C in 2050, and preferably below 1.5°C was set in stone with the Paris Agreement in 2015. To support this objective, the EU targets<sup>1</sup> to lower GHG emissions by 55% by 2030 (with respect to 1990 levels) and be climate neutral by 2050. This transition requires substantial investments and will not halt all greenhouse gas emissions overnight.

To affirm its determination to support the EU targets, and contribute to the decarbonization of the economy, Infranity has integrated the alignment with the Paris Agreement in its core pillars since inception. More recently, we committed to the Net Zero Asset Managers Initiative in 2022. We also believe that to be successful, the transition cannot be limited to greenhouse gas emissions but shall also embrace the protection of natural resources through better water and waste management, the preservation of our biodiversity and the enablement of a more circular economy. ■

### Environmental Transition

As society continues to put our planet and its biophysical processes under pressure, it remains critical to tackle other dimensions of the environmental transition. For instance, the energy supply depends on water. Water supply depends on energy. The interdependency of water and energy is set to intensify in the coming years, with significant implications for both energy and water security. Further investments are critical to ensure resilient water stewardship capable to face climate hazards and help reduce freshwater constraints.

1. Fit for 55<sup>1</sup> package adopted by the Commission on 14 July and 15 December 2021





**927**

**MW of solar and wind energy projects financed**



**110**

**Km of district heating network**



**321 166**

**Tonnes of avoided emissions by solar and wind energy projects financed**

## Energy Transition

As the world takes on the fight against climate change, companies need to transition to less emissive energy production in order to still provide the necessary services to society with as little impact on climate change as possible.

Our investments aim at transforming the overall energy system and creating a shift toward a more frugal system based on decarbonized energy sources that are renewable, clean and resilient. They have contributed to the increase of the production and transportation of renewable and clean energies and the improvement of energy efficiency, which ultimately lead to a reduction of GHG emissions. The capture and storage of CO<sub>2</sub> is an emerging activity that is also necessary in some instances for hard to abate sectors and is slowly becoming part of the infrastructure investment space.

Electrification is identified as a critical means to support decarbonization and needs to be considered within the broader energy picture. To avoid putting pressure on the overall power system and ease the transition, additional investments are required in energy infrastructure to foster innovation, create more flexibility and higher penetration of intermittent renewable energies in the electricity mix.

Another effective means for decarbonization is district heating. Europe currently leads renewable energy integration in district heating, with about 25% of its district heat supplies produced from renewable sources. Greater heat source diversification (especially shifting from fossil fuels to renewables, electricity and waste heat) and the integration of both large-scale and decentralized consumer heat pumps associated with reinforced insulation measures will propel the transition towards lower-temperature and more flexible district heating networks.

## Green Mobility

People and objects are in motion, and we are moving greater distances and more quickly than ever before.

Supported by public and private demand, the transport sector shall operate a major shift in its organization and operations, not only to support Paris Agreement targets and limit global warming but also to reinforce its widespread impact on global sustainable development.

Solutions already exist and usually share a common goal: transforming mobility, which means more efficient and therefore lower energy consumption without restricting mobility, combined with an energy transition in the transport sector, in other words switching to emission-free propulsion technologies such as electromobility or renewable fuels.

Our investments contribute to the improvement of transportation of people and goods, by increasing the availability and service quality of public transportation, electric mobility, and green logistics, which ultimately lead to a reduction of GHG emissions and air pollution. We also observe a new youth for rail infrastructure in Europe with growing demand for all types of technologies including high-speed railway, metro, or rolling-stock.



**Our investments were directed toward**

**2**

**metro and**

**1**

**high-speed railway line, as well as several rolling-stock companies**

These indicators were calculated at end of 2022 and weighted by Infrantiry's share of investment

# Climate Impact



ZOOM

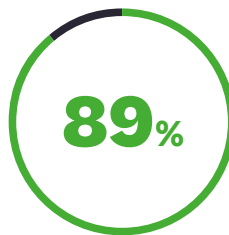
We have sponsored the development of CIARA (Climate Impact Analytics for Real Assets), an innovative and independent methodology dedicated to the infrastructure asset class by Carbone 4, a leading energy transition & climate change advisory firm.

This methodology allows us not only to calculate carbon emissions and avoided emissions, but also to evaluate the alignment of our portfolios with the Paris Agreement climate trajectory.

It is fully embedded within the investment strategy of Infranity to support our aspiration to be aligned with the Paris Agreement.

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 (reached in 2021).

Besides, at the end of 2022, 78% of committed amounts under management were aligned with the Paris Agreement (at fund level).

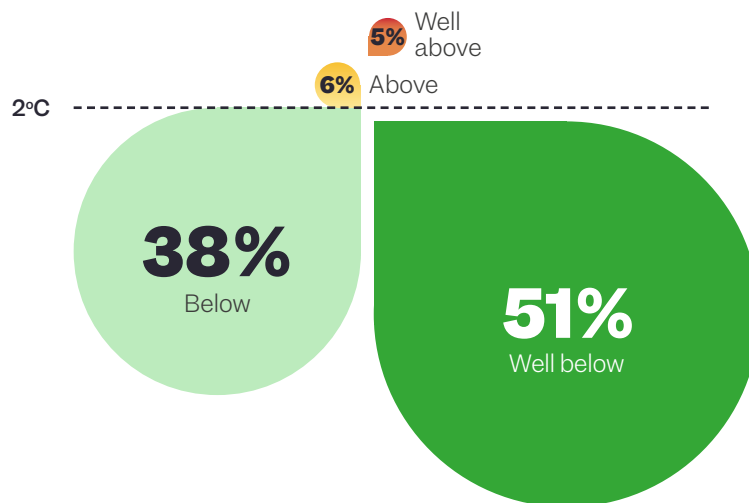


**At the end of 2022, % of committed amounts under management aligned with the Paris Agreement\***

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.

In 2023 Infranity will therefore also set itself short and medium term objectives in line with its net zero ambition and is now working to adapt its tools for assessing climate trajectories.

## INVESTMENTS ALIGNMENT WITH THE PARIS AGREEMENT\*



\* The figures communicated in this page only include the financial products launched by Infranity.

# Climate Risks



ZOOM

Climate change is a systemic risk that threatens to significantly undermine future prosperity. Even if our society manages to meet its climate-neutral target, we will not reverse the climate impacts we already experience and that will keep increasing for many years to come. We need to continue to adapt to the effects of climate change to sustain prosperity and well-being for future generations.

We can estimate some of the physical risks due to climate change and their potential costs for infrastructure, businesses, communities, and the economy as a whole, but what we can assess so far is only the tip of the iceberg: many other risks loom under the surface.

We have a responsibility to address the risks we do understand while seeking to better understand and prepare for the many that we don't.

## RISK FOR WHICH WE CAN ESTIMATE THE SCALE AND THE COST

Infrantia has engaged with third-party data providers to review and analyze the resilience of its portfolio to climate hazards. Emerging data and models allow us to analyze potential direct damage from increased heat, flooding, wildfires and water stress to vital infrastructure, including roads, railways, electricity systems, and buildings. First order of costs was related to delays and outages to primary users of critical infrastructure, such as transportation, energy, and communications systems. Existing data and models can only capture a limited picture of the broader effect of climate change on our investments, and continuous training and research is also performed by our team to maintain expertise and have the ability to capture the weak signals hidden.

## CLIMATE IMPACTS WE SUSPECT WILL AFFECT OUR SOCIETY BUT EXISTING TOOLS LACK OF CAPABILITY FOR ASSESSMENT

- Unpredictable changes to precipitation, wind, and cloud cover patterns that may affect renewable electricity generation. Cascading impacts across multiple infrastructure and social systems, such as shutdown of healthcare systems during more frequent power outages, or inability of emergency responders to reach those in need after road network damage.
- International supply chain interruption impacts and deterioration of access to resources supporting the environmental transition.

## MID TO LONG TERM CONSEQUENCES THAT MAY HAVE MAJOR IMPACTS THROUGH COMPLEX INTERACTIONS AND PROCESSES THAT ARE VERY CHALLENGING TO PREDICT

- Deterioration or collapse of ecosystems that provide vital ecological services and underpin our society's economic activity.
- International conflict and migration exacerbated by climate change, leading to global geopolitical and economic instability.

# Case Study – Solar Infrastructures



ZOOM

The decreasing cost of solar energy over the last decade and the increasing demand for decentralized, clean and affordable energy make solar power one of the cornerstones of a rapid and more ambitious deployment of renewable technologies.



“

The financing of Enpal is a very good example of Infranity's diversified contribution to the energy transition.

Enpal plays an important role in the decarbonization of the German electricity mix while also providing energy independency and economic benefits to its customers

**Garbine Unda**  
Investment Vice-President



**Infranity has also been responsive to changing demands of moving from a traditional centralized energy system to a decentralised and decarbonised one.**

Europe's roadmap for reducing the dependency on fossil fuels is now clear via the REPowerEU package which highlights the need to accelerate the deployment of solar technologies among member states. As part of this package, EU aims to bring online over 320 GW of solar photovoltaic by 2025 (more than doubling compared to 2020) and almost 600 GW by 2030<sup>2</sup>. The response from individual countries' policy makers is evolving. For instance, with the intention to reduce gas dependencies, Spain aims to double its share of renewable energy to 74% of power generation by 2030 and has been focussed on fast-track permitting system for renewables.<sup>3</sup> Aligned with these objectives, Infranity has been investing in solar for numerous years already, having already financed 484 MW of solar energy projects in total.

In 2022, Infranity acquired from Foresight Group a brand-new solar portfolio of 12 operational PV plants with installed capacity of 58 MW located across high irradiation areas of Spain and Portugal. This portfolio contributes to Spain's goal of replacing fossil-fuel-based energy generation with a zero-emission alternative. Power-purchase agreements between corporates and solar developers have become mainstream in Spain, thus allowing businesses to benefit from these PV plants to have greater energy cost certainty, long-term budget visibility and integration of renewable energy in their activities to lower their carbon footprint.

2. EU Solar Strategy, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A221%3AFIN&qid=1653034500503>

3. Spain Integrated National Energy and Climate Plan (INECP), [https://energy.ec.europa.eu/system/files/2020-06/es\\_final\\_necp\\_main\\_en\\_0.pdf](https://energy.ec.europa.eu/system/files/2020-06/es_final_necp_main_en_0.pdf)



Infranity has also been responsive to changing demands of moving from a traditional centralized energy system to a decentralised and decarbonised one. Many homeowners in Germany are seeking to switch to residential renewable energy solutions, further driven by drastically rising prices of electricity, heating and gasoline. However, to become completely self-sufficient, Germany needs to invest around \$1.47 trillion in renewable energy within the next 15 years.<sup>4</sup> Furthermore, many start-ups are finding it very difficult to raise capital to deploy their innovative solutions in the renewable energy space. In 2022, Infranity entered the financing of Enpal, the Berlin-based green-tech energy company, a new debt facility, which is being used to refinance more than 30,000 new solar plants, energy storage systems and EV chargers. Enpal aims to equip every German household with an integrated energy system, including rooftop solar panels, EV charger and smart energy management. Therefore, Infranity has a strong mandate to support Enpal to foster the adoption of decentralized energy systems, making green energy accessible for everyone and contributing to supply stability and decarbonisation.

While the EU aims to make solar power one of the largest sources of energy by 2030, the solar industry has faced multiple human rights controversies over the past years due to its dependence on China's production of polysilicon, the main raw material for solar panels. Uyghurs, a Muslim minority group based in Xinjiang, China, have been allegedly forced to produce polysilicon under state-sponsored labour transfer programs for several years. Aware of these risks, Infranity has established minimum social safeguards within its investment approach to address this particular subject. Failing to comply with these safeguards, including human rights violations, during the due diligence phase may result in disqualifying an asset. To further mitigate these risks, Infranity uses its

asset-class specific sustainability risk framework which includes human rights risk assessment at different stages of the investment process followed by an in-depth analysis of the mitigation plans put in place by the potential investee. As part of its equity strategy, Infranity also engages and supports its investees to implement proper policies and compliance measures to mitigate these risks in the future.

Post investment, Infranity constantly monitors adverse media on all the high-risk suppliers along the solar value chain. Infranity is also actively on the look out for the developments in the Solar Stewardship Initiative (SSI), a solar-specific sustainability assurance programme by Solar Power Europe and Solar Energy UK, as part of its due diligence process. This initiative provides guidelines for the European solar market, combining supply chain integrity with ESG performance.

4. <https://www.reuters.com/business/energy/germanys-half-a-trillion-dollar-energy-bazooka-may-not-be-enough-2022-12-15/>

# Case Study – Rail Infrastructures



ZOOM

Railway infrastructure is not just limited to tracks, but it is a grand tapestry of complex and multi-disciplinary engineering systems, including rail tracks, rolling stock that runs over these tracks, structures, buildings, and rail equipments that together account for the smooth flow of traffic over the rail networks.



“

I view our investment in VTG as a key enabler of European transport sector decarbonization, in line with our sustainability objectives and truly impactful.

**Pierre-Alexandre Buil**

Investment Vice-President

**The Lisea high-speed rail track thus meets citizens' needs for mobility while offering a fast, low-carbon intensity transport option, both at the local and European levels.**

Recognized as the most energy and CO<sub>2</sub> efficient mode of motorized transportation, rail can play a major role in lowering the transport sector's emission impact and aiding Europe's climate-neutral goals by 2050.

The European Investment Bank points out that only 7% of passengers and 17% of goods in the European Union travel by rail and supports the objective to double rail freight and to triple high-speed rail activity by 2050, an objective of which Infranity is already at the forefront. Through its participation in the debt refinancing of Lisea, a high-speed rail track between Tours and Bordeaux that significantly reduced the travel time between Paris and Bordeaux, Infranity contributed towards facilitation of a greener mode of transport and bringing inhabitants of two of the most economically dynamic cities in France closer. Lisea thus meets citizens' needs for mobility while offering a fast, low-carbon intensity transport option, both at the local and European levels. It thus represents a real opportunity for economic, social, tourist and demographic development for all the regions it runs through.

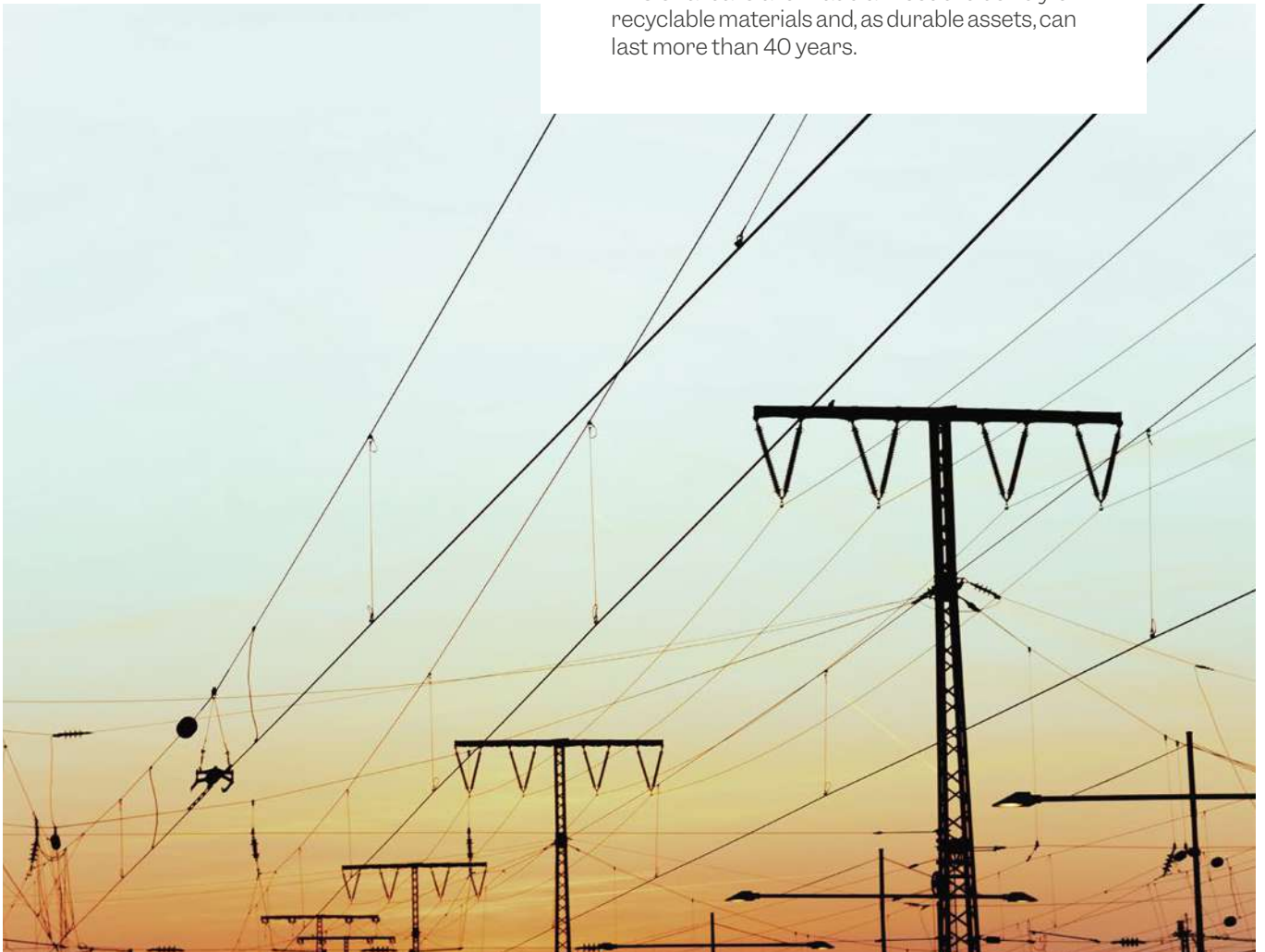


# Over 3.5 million

**Number of travelers benefiting of low carbon mobility infrastructures network**

Regarding the rail transport for freight, Infranity has also been an active participant across debt or equity financing of freight railcar lessors, in particular its co-investment in VTG. Headquartered in Hamburg, Germany, VTG is the largest private freight railcar lessor in Europe with a well-diversified fleet of railcars, operating across European countries. VTG's railcar leasing business contributes to accommodating increasing demand for European rail freight and supporting the policies of Germany and the other European countries where it operates. One freight train can replace up to 52 trucks.<sup>5</sup>

This is also aligned with EU's targets to increase intermodal rail transportation in order to minimize the negative impact of the expected strong growth of land-based transport. The intermodal part of VTG's fleet further leverages the benefits and efficiencies of both road and railways, reducing emissions per ton-mile when compared to traditional long-haul trucking. VTG's railcars are made almost exclusively of recyclable materials and, as durable assets, can last more than 40 years.



# Social and digital transition



Social and digital infrastructure are the bedrock of our society and a necessary mean to support the environmental transition we finance. For instance, Infranity places a great importance on the growing risk of social exclusion in rural areas.

We believe that rural areas should be home to empowered and vibrant local communities. The further development of rural areas is dependent on them being well connected between each other and to peri-urban and urban areas. This makes them easier to reach while improving access to a wider range of services for local communities. To support this need, Infranity looks at investment which can maintain or improve public transportation services and connections, as well as expand digital infrastructure.

Mobility is a critical aspect of social inclusion and an important determinant of human well-being, especially for disadvantaged groups. Transport, recognised as an essential service in the European Pillar of Social Rights, fulfils a basic need in enabling citizens to integrate into society and the labour

market, but also constitutes a significant part of household expenditure.

The coverage and accessibility of public transportation within rural areas remain critical and more needs to be done to increase its quality, accessibility and ensure better integration between public transport, shared mobility services and active mobility (urban node), including micro-mobility services in order to cover the last mile where access points are far or frequency of public transport is insufficient.

In addition, digital infrastructure is also required to enhance linking communities and mitigate the risk of marginalisation. The EU has defined a declaration on European digital rights and principles to promote a digital transition shaped by European values. One of the 6 pillars is Solidarity and Inclusion, stating that “everyone should have

access to the internet, to digital skills, to digital public services and to fair working conditions”. Ensuring access to excellent connectivity for everyone, wherever they live and whatever their income is, is a key stake. Our investments in fiber roll-out projects, and telecom tower assets in rural areas, as well as data centre assets allow to build useful and modern digital infrastructure networks.

Finally, access to decent social infrastructure such as healthcare services, education facilities, and social/student housing remains a continuous challenge for which more investments are required. ■



# Case Study – Fiber Optic Infrastructure



ZOOM

To reduce the digital divide in Europe, the French government has been an early mover, as evidenced by the launch of its 'Plan Très Haut Débit' in 2013 to bring fast connection to all metropolitan areas by the end of 2022. Infranity has been playing a crucial role in bolstering the French governments' plan, particularly in rural regions of the country that still face gaps in the coverage.

One such example is the Alsace region in France where a public initiative network to promote the deployment of high-speed broadband was implemented, giving birth to Rosace, a concession type public service for the design, building, financing, operation, and maintenance of a fiber-to-the-home network in the region.

In 2022, Infranity provided a €125m of Holdco financing of Rosace to leverage the unique opportunity to back one of the most emblematic French rural network developers. Rosace represents the development of an infrastructure that sustainably serves strong and growing demand for fibre from households in rural areas. Fiber-to-the-Home (FttH), owing to its competitive characteristics (high bandwidth, low latency, symmetrical signal, lower energy consumption, etc) is imposing itself as the one technological solution to address a high and fast-growing demand for broadband.

The impact that the technology has is especially accentuated in rural areas where insufficient or very weak fast broadband infrastructure was available.

In April 2022 the network reached roll out completion, ahead of plan, covering now 428 k homes. With commercia-

lization having started in parallel to roll out, Rosace has demonstrated years of successful commercialization with 215 k end subscribers as of June

**By bringing very high-speed broadband in rural areas of the Grand Est region, Rosace participates at its level to reducing digital divide and territorial inequalities.**

2022 reached through contracting on a wholesale basis with many internet service providers (ISPs) including the main French telecom operators. Thanks to the roll-out completion, residents and businesses will have access to new digital spaces, teleworking, remote data hosting, new home automation services (surveillance, personal assistance, etc.). This FttH deployment is also an essential enabler for the industry 4.0 as well as for connected objects for everyday life.



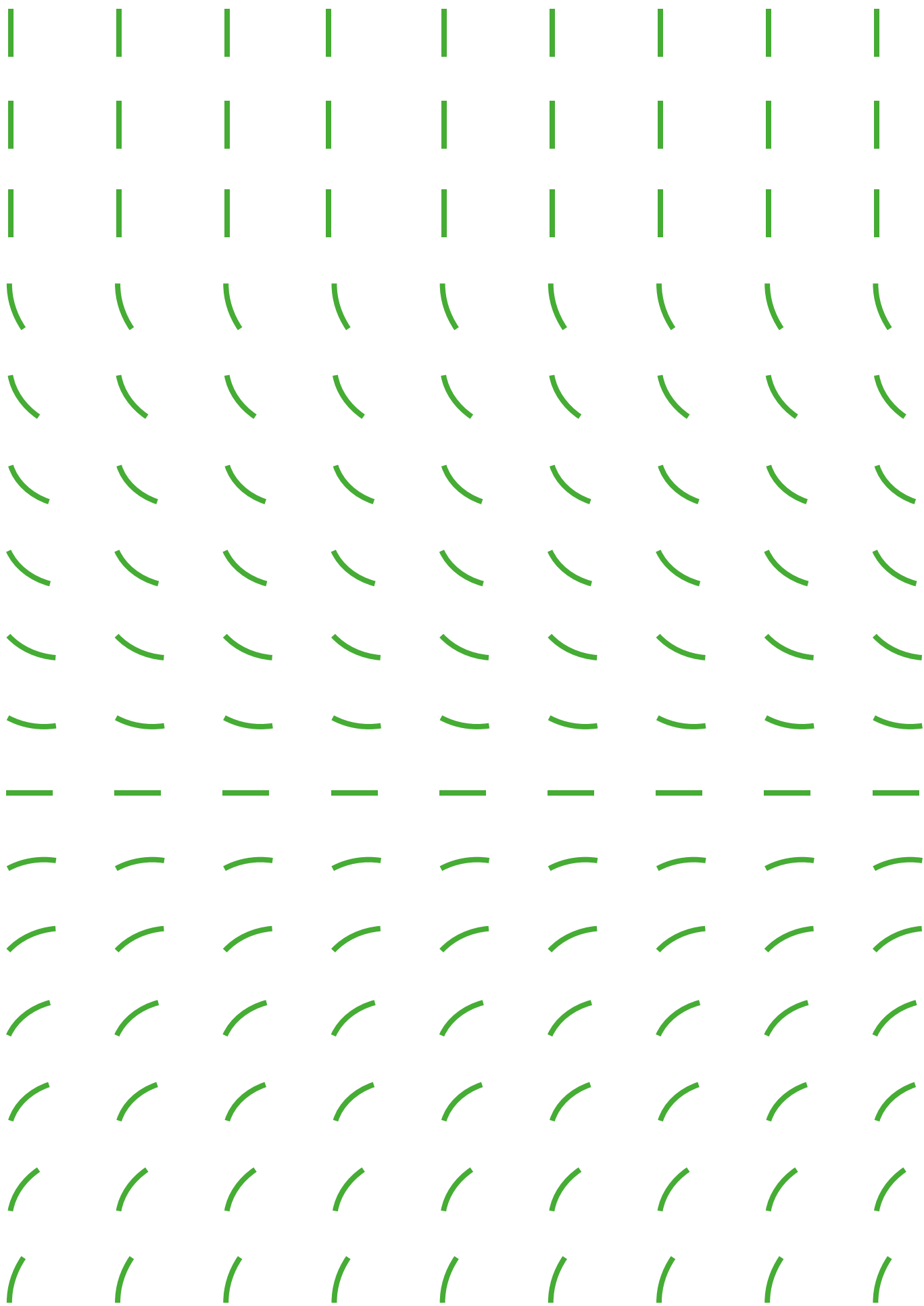
“

I am very proud to have been part of a team that helped bring very high-speed internet to rural areas, and thus helped reduce the digital divide and territorial inequalities.

**Marion Jacquet**  
Investment Associate

## Around 2 million

**Number of households connected to a broadband internet connection**

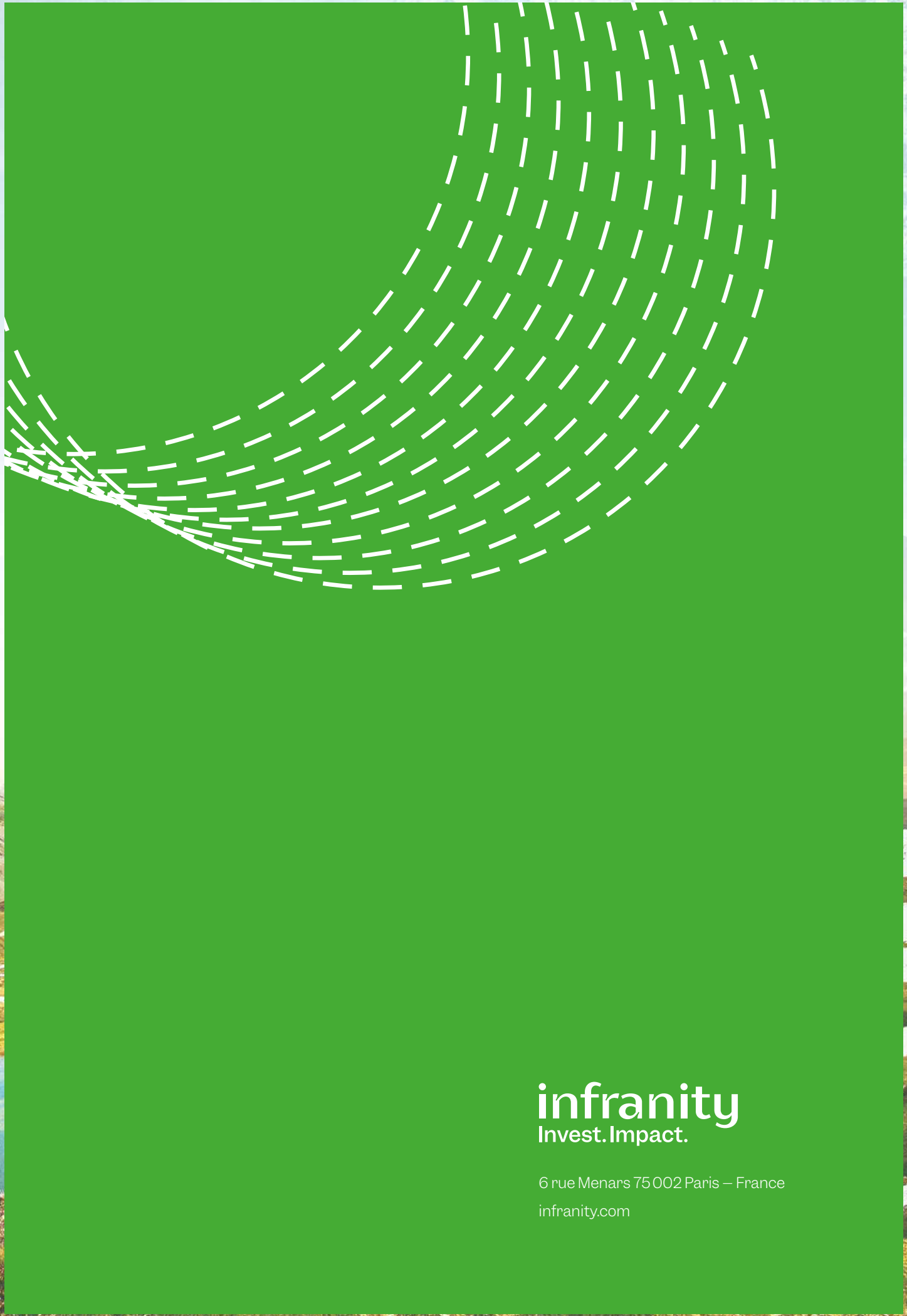


# infranity

## Invest. Impact.

If you have questions  
or want to speak about us  
about ESG or our business,  
please contact

[infranity.IR.CS@infranity.com](mailto:infranity.IR.CS@infranity.com)



**infranity**  
Invest. Impact.

6 rue Menars 75 002 Paris – France

[infranity.com](http://infranity.com)