

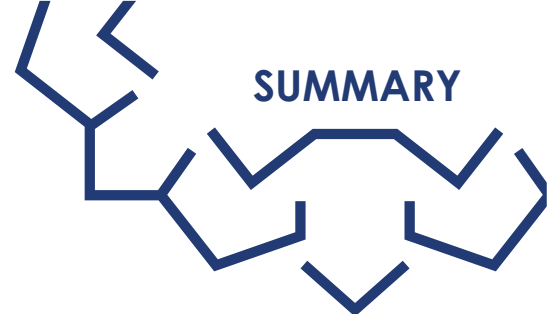


VAUBAN
INFRASTRUCTURE PARTNERS



ENERGY CLIMATE LAW ARTICLE 29 VAUBAN IP 2021 DISCLOSURE

2022-06



INTRODUCTION	3
1/ GENERAL APPROACH.....	4
1.1 Vauban IP's ESG approach.....	4
1.2 ESG integration across the investment cycle.....	5
2/ RESOURCES FOR ESG MANAGEMENT.....	6
2.1 Internal resources	6
2.2 External resources.....	7
3/ GOVERNANCE.....	8
3.1 Integration of ESG factors in the remuneration policy	8
3.2 Staff training & development	8
3.3 Guidelines & tools	8
4/ ENGAGEMENT STRATEGY	9
4.1 Shareholder engagement with portfolio companies.....	9
4.2 Review of our 2021 shareholder engagement	9
5/ EU TAXONOMY ALIGNMENT AND EXCLUSION ON FOSSIL FUELS.....	10
5.1 EU Taxonomy.....	10
5.2 EU SFDR	11
5.3 Exclusion policy and exposure to fossil fuels.....	12
6/ PARIS AGREEMENT ALIGNMENT.....	13
6.1 Climate strategy	13
6.2 Climate impact assessments	14
7/ BIODIVERSITY	15
7.1 Biodiversity approach	15
8/ ESG RISK MANAGEMENT.....	16
8.1 ESG risk policy.....	16
8.2 Portfolio ESG risk assessment	17
9/ IMPROVEMENT PROCESS	18
9.1 Next steps	18

INTRODUCTION

About the Article 29 of the Energy-Climate Law

In accordance with the French Energy-Climate Law "*LOI n° 2019-1147 relative à l'énergie et au climat*" published on November 27th 2019, this document relates to the disclosures referred in the implementing decree for Article 29, published on May 27th 2021.

Article 29 of the Energy-Climate Law aims at clarifying and strengthening sustainability related financial disclosure for market players. It contributes to greening the French financial system as it supplements existing European legislation in three complementary areas: climate, biodiversity, and the integration of ESG factors in governance and risk management of financial institutions ; making it is a cornerstone of sustainable finance legislation.

The current disclosure is based on our 2021 performance.

1/ GENERAL APPROACH

1.1 Vauban IP's ESG approach

Long term investing, sustainable value

Vauban Infrastructure Partners approach is to invest in essential infrastructures, with a 25-years-Buy & Hold strategy, providing positive impacts to local communities over the long term.

As responsible investors, we are therefore convinced of our role in financing public utility infrastructure projects that create sustainable development opportunities over several generations.

We were a founding member of the GRESB Infrastructure Assessment in 2015 and have served on the UN PRI Infrastructure Advisory Committee since 2021.

ESG POLICIES		
<u>ESG POLICY</u>	<u>ESG CHARTER</u>	<u>SFDR STATEMENT</u>

EXTERNAL INITIATIVES & MEMBERSHIPS		
<u>UN PRI</u>	<u>UN SDGs</u>	<u>GRESB</u>
<u>TCFD</u>	<u>icI (UN PRI)</u> <u>Initiative Climat International</u>	<u>France Invest</u> <u>Sustainability commission</u>

All the funds we manage are classified under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR) as promoting environmental and social characteristics among other characteristics.

Promoted characteristics for all funds and assets are the following:

- Reduction of carbon emissions
- Job creation with inclusiveness in mind
- Gender Balanced Governance
- Fostering ESG awareness

1.2 ESG integration across the investment cycle

Holistic vision of investment

We commit for systematic ESG integration across the entire investment cycle, with a special focus on materiality and contextualization.

Please find above the consolidated results at the investment manager level. Our LPs are also provided with detailed reporting at both fund and asset level.

PORTFOLIO ESG MONITORING						
PORTFOLIO as of 2021			COVERAGE			
FUNDS	VINTAGE	Size €	SFDR	EU Taxonomy	Climate impacts	Biodiversity
CIF III	2020	6001M	100%	100%	100%	100%
CIF II	2017					
CIF I	2015					
BTPIL	2014					
FIDEPPP2	2012					
Co-invest						
Concordance table in the document			5.1	5.1	6.2	7.1

Comments: all our funds and assets are concerned by our ESG strategy.

2/ RESOURCES FOR ESG MANAGEMENT

2.1 Internal resources

All staff is involved in ESG integration

We have 3 different layers of responsibility for integrating ESG:

ESG COMMITTEE

Validates the ESG strategy and main developments on these matters

The ESG Committee meets at least on a quarterly basis and has 11 members, including:

- CEO and Managing Partner, Gwénola Chambon;
- Deputy CEO and Managing Partner, Mounir Corm;
- 3 members of the Investment team;
- 2 members of the ESG team;
- The Chief risk, Compliance & Control Officer;
- The Chief Legal Officer;
- The Head of Investor Relations;
- The Head of Human Resources

ESG TEAM

Oversees the ESG strategy and its alignment with Vauban's long-term vision

The Team is composed of two members who are responsible for ensuring the consistency of ESG management within Vauban:

- ESG Director, Gwen Colin
- ESG Officer, Rothman Valencia Mazola

INVESTMENT & RISK TEAMS

Oversee screening, analysing, and monitoring ESG at the assets' level

Consistent ESG monitoring is considered as a criterion, to calculate investment teams' variable compensation and bonus:

- Before acquisition, a formalized ESG memorandum is systematically presented and discussed during investment committees: the screening committee, the NBO committee, and the BO committee
- After acquisition, investment teams are in charge of monitoring ESG and engaging with portfolio companies, notably at board level (and/or dedicated ESG Committees)

2.2 External resources

We are accompanied by leading experts

We have strengthened our collaboration with leading experts in order to sustain our ESG strategy over the long term. Each one of them provide specific expertise on key ESG topics:

<p><u>ENEA</u> <u>CONSULTING</u></p>	<p>EU Sustainable Finance strategy</p>	<p>Enea Consulting provides expertise and operational capacity on issues related to the EU Taxonomy and SFDR</p>
<p><u>CARBONE 4</u></p>	<p>Climate strategy</p>	<p>Carbone 4 carries out the independent climate impact assessments of the portfolio</p>
<p><u>SIRSA</u></p>	<p>Data management</p>	<p>Sirsa implemented the online platform (Reporting 21) allowing us to collect and consolidate our ESG data</p>
<p><u>ALTERMIND</u></p>	<p>Vauban open research</p>	<p>Altermind organizes and contributes to our infrastructure open research</p>

3/ GOVERNANCE

3.1 Integration of ESG factors in the remuneration policy

We align variable compensation with ESG

ESG monitoring is part of the KPIs of the staff's individual annual evaluation and variable compensation. Thus, we encourage all our teams to take ESG into account in their different processes.

3.2 Staff training & development

We see high value in human capital

We aim at training 100% of our staff every year by allocating a substantial budget for trainings. Several ESG trainings on specific topics are provided to all staff every year (e.g., on climate change, potential updates of our ESG processes, SFDR & EU Taxonomy, etc.).

3.3 Guidelines & tools

We benefit from internal guidelines & tools to facilitate staff's onboarding on ESG

ESG Guide	Explains the ESG methodology with detailed instructions on how to complete the analysis needed at each stage of the investment cycle	Launched in 2019 Update planned for 2022
ESG due diligence tool	Used by investment teams to analyse ESG risks and opportunities during the pre-investment phase	Launched in 2019 Update planned for 2022
ESG data management tool	Through this tool (Reporting 21), we monitor ESG performance on +70 indicators	Launched in 2021

4/ ENGAGEMENT STRATEGY

4.1 Shareholder engagement with portfolio companies

We are systematically represented at the portfolio company Board level

Vauban IP is systematically represented at the portfolio company board level insofar as our investment teams always sit as Board Directors.

At least annually, we strive to systematize ESG engagement with all portfolio companies and aim to support proactively the improvement of our main assets, by defining targets and dedicated action plans.

Besides portfolio companies are required to report immediately in case of any consequent incident that may have occurred. A quarterly check is also required.

4.2 Review of our 2021 shareholder engagement

We are an active shareholder, systematically engaging with portfolio companies

We are an active shareholder, exercising control through the board members we appoint in portfolio companies.

SHAREHOLDER ENGAGEMENT	
PORTFOLIO as of 2021	
Representation as Board members at the portfolio companies' board of directors' level	c. 100%
Representation as Board members at the portfolio companies' board of directors' governance committees (audit, remuneration, nomination, etc.)	c. 100%
Participation as Board members to the portfolio companies' annual general meetings	c. 100%
Participation as Board members to the portfolio companies' board of directors voting procedures	c. 100%

5/ EU TAXONOMY ALIGNMENT AND EXCLUSION ON FOSSIL FUELS

5.1 EU Taxonomy

We publicly disclose the EU Taxonomy alignment of our portfolios

We determined the EU Taxonomy alignment of our portfolios. The assessment was carried out by our external partner ENEA consulting. Results focus on the 1st objective of the EU Taxonomy: *Climate change mitigation*.

Please find above the consolidated results at the investment company level. Our LPs are also provided with detailed reporting at both funds and assets levels.

EU TAXONOMY ALIGNMENT			
PORTFOLIO as of 2021 expressed as AuM			
Eligible			Not eligible
Aligned	Work in progress	Not aligned	
29%	12%	38%	21%

According to the assessment we carried out with ENEA consulting:

- 29% of our AuM are **aligned** with the 1st objective of the EU Taxonomy
 - o 36% of aligned AuM were determined by estimating part of the answers (mostly DNSH), based on the characteristics of the assets
- 12% of our AuM are **work in progress** for data collection and determining alignment
- 38% of our AuM are eligible to the EU Taxonomy but currently **not aligned**
- 21% of our AuM are **not eligible** to the 1st objective of the EU Taxonomy

Comments: It is not excluded that the results will slightly vary from one year to another insofar as the methodology relating to the EU Taxonomy evolves. Moreover, collected data consistency and reliability is one of our continuous improvement objectives for this process.

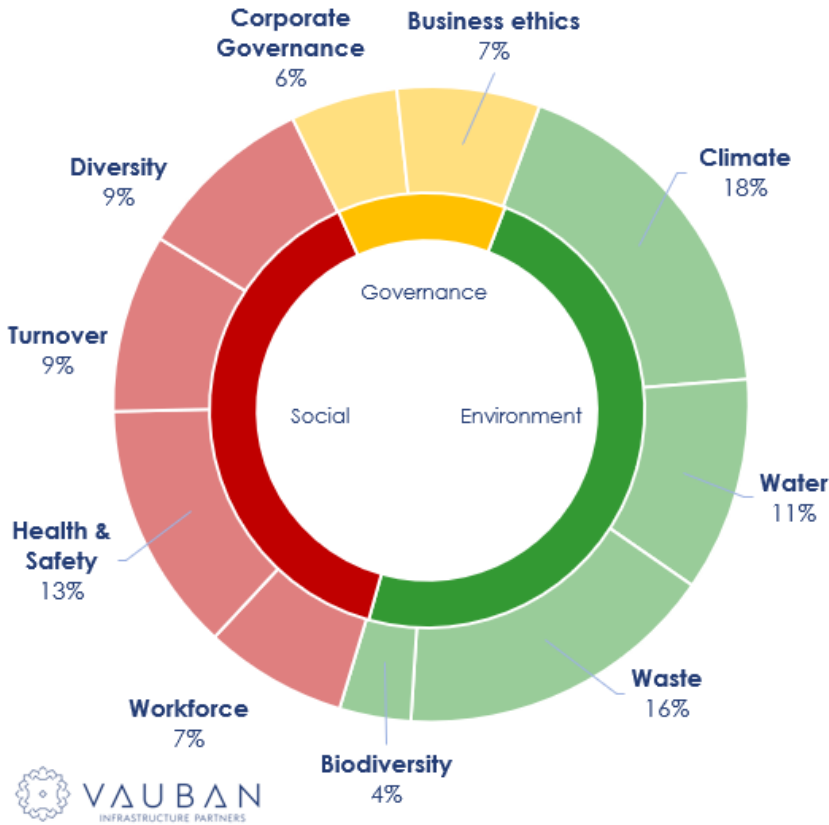
5.2 EU SFDR

We monitor the *Principal Adverse Impacts* of our portfolios

We monitor assets' ESG performance on +70 key indicators notably the *Principal Adverse Impacts* related to SFDR.

Disclosure on SFDR performance is communicated every year to our LPs.

BREAKDOWN OF OUR ESG MONITORING GENERAL FRAMEWORK
By number of indicators



Comments: depending on the sector or asset analysed, specific indicators are also monitored in addition to the ESG monitoring general framework above.

5.3 Exclusion policy and exposure to fossil fuels

We exclude from our scope of investment controversial sectors that do not comply with our vision of responsible investment

We commit to exclude from our scope of future investments, companies taking consolidated revenues from:

- Exploration or production of fossil fuels (coal, oil, gas);
- Production of nuclear energy
- Production and trade of tobacco, distilled alcoholic drinks or any products pertained thereto;
- Production or trade of weapons or munitions;
- Casinos or any gambling business;
- Pornography, prostitution, or similar enterprises.

EXPOSURE TO FOSSIL FUELS		
PORTFOLIO as of 2021		2021 DISCLOSURE
FUNDS	Size €	Exposure to fossil fuel exploration or production
ALL FUNDS	6001M	0%

Comments: we don't manage any asset exposed to fossil fuel exploration or production (coal, oil, gas).

6/ PARIS AGREEMENT ALIGNMENT

6.1 Climate strategy

We take part in the global efforts against climate change

Climate change issues are integrated at all stages of our investment cycle.

One of our main objectives is to formalize precise CO₂ reduction targets with our main assets (representing a significant weight in our portfolios and/or a significant climate impact).

Screening	Exclusion policy on fossil fuels exploration & production	Vauban IP
Due diligence	Climate impacts and risks are systematically considered and further assessed by Carbone 4 when relevant	Vauban IP & Carbone 4
100 days action plan	We strive to formalize quantitative carbon reduction targets for new investments	Vauban IP
Ownership	Every year, we systematically assess the climate impacts of all our portfolios	Carbone 4
	We strive to engage existing portfolio companies on the formalization of carbon reduction targets	Vauban IP
Exit	We commit to fully disclose all the track record of the climate impact assessments we made and the initiatives we implemented	Vauban IP

6.2 Climate impact assessments

We base our methodology on the best market standards

Every year, we determine the climate impacts of our portfolios. The process is carried out by our external partner Carbone 4.

We analyse climate impacts & transitions risks, but also physical risks.

Our LPs are provided with detailed reporting at both fund and asset levels.

ASSESSMENTS OF CLIMATE IMPACTS					
INDICATORS	COVERAGE				
	FIDEPPP 2	BTPIL	CIF I	CIF II	CIF III
	2012	2014	2015	2017	2020
Carbone 4 indicators Below					
Absolute emissions KtCO ₂ e scope 1-2-3	✓ LPs	✓ LPs	✓ LPs	✓ LPs	✓ LPs
Carbon footprint KtCO ₂ e/M€ invested	✓ LPs	✓ LPs	✓ LPs	✓ LPs	✓ LPs
Carbon intensity KtCO ₂ e/M€ revenues	✓ LPs	✓ LPs	✓ LPs	✓ LPs	✓ LPs
Physical risks assessment	X	X	✓ LPs	✓ LPs	✓ LPs
Portfolio temperature Alignment with the Paris Agreement	X	X	2.5°C	2.5°C	1.9°C

7/ BIODIVERSITY

7.1 Biodiversity approach

We adopted a step-by-step approach to manage biodiversity issues

Historically, biodiversity was managed on a case-by-case basis for the portfolio companies where this issue was particularly material: typically, highways. It is also important to note that our portfolio companies are mostly brownfield, and we consistently manage biodiversity issues for the few greenfield projects we may have.

End 2021, we started to systematize the biodiversity assessment of our portfolios by integrating 2 dedicated indicators into our ESG data management tool:

- % of activities negatively affecting biodiversity sensitive areas (quantitative indicator)
- initiatives related to biodiversity (qualitative indicator)

Our objective through these two questions, is to map our portfolios to have a better vision of the impacts on biodiversity we may have.

Thus, we will be able to target the portfolio companies having negative externalities, in order to make a more specific monitoring for the years to come.

On the other hand, to gain knowledge on this issue, we recently joined a working group dedicated to Biodiversity within the Sustainability Commission of France Invest.

8/ ESG RISK MANAGEMENT

8.1 ESG risk policy

We defined the ESG risk policy through our SFDR articles 3, 4 and 5 statement

An investment universe focusing on essential infrastructures

All funds managed by Vauban IP invest in a long-term strategy focusing on essential infrastructures providing positive impacts for local communities. Our investment focus is the first factor pushing us to take into account ESG risks.

Exclusion policy

We exclude from our scope of investment controversial sectors that do not comply with our vision of responsible investment, notably fossil fuels exploration and production.

[Please refer to 5.3.](#)

Investment process

Prior any decision to invest, a materiality analysis is carried out. It is a holistic methodology and ESG impacts are identified through the prism of double materiality: we analyse both the impact of ESG risks on our assets and the impact of our assets on society. A potential investment presenting a too high level of ESG risks and too weak opportunities is abandoned.

[Please refer to our ESG Policy.](#)

Assets' governance

Our policy is to only invest when the participation ensures control (exclusive or joint) – or associated with veto rights for minority stakes – and when the envisaged governance is deemed satisfactory.

We are an active shareholder, genuinely exercising control through the actions of the board members we appoint in the portfolio companies. Board members ensure the sustainability risks are adequately considered by the portfolio companies and, if necessary, introduce them to the agenda of the governance bodies in which they participate.

ESG governance

Vauban infrastructure Partners has chosen to make ESG a subject shared by the various functions of the company and managed collegially. The highest decision-making body is therefore the ESG Committee.

[Please refer to 2.1.](#)

8.2 Portfolio ESG risk assessment

ESG risk assessment are systematically performed

For each asset, two levels of ESG risk assessment are performed: first by the investment teams, then by the Risk Department.

Vauban Risk team has systematised the integration of ESG risk to its risk counter-analyse framework for each transaction contributing to the selectivity of the Investment Committee.

PORTFOLIO ESG RISK ASSESSMENT

None of the assets in the portfolio present an identified significantly high ESG risk

None of the assets in the portfolio present an identified significantly high ESG risk. Some of them present higher ESG risk profiles, but the investment has nevertheless been possible since the due diligence processes brought comfort on the improvement potential during the asset management phase.

The main portfolio challenge identified is the improvement of the climate impact scope 3 of the mobility sector assets and more particularly airports, where the exposure of Vauban IP to the sector is circa 2% of the AuM.

Vauban also identifies long-term resilience to climate change as a specific risk for the infrastructures of the portfolio. A dedicated assessment carried out by external consultant Carbone 4 is made periodically to reassess the risks and identify the actions to be conducted.

9/ IMPROVEMENT PROCESS

9.1 Next steps

We ambition to constantly improve our ESG strategy

Several initiatives are planned and/or considered in the short and medium term to improve our ESG investment processes.

Update on the ESG Guide <u>3.3</u>	We strive to update the internal ESG guide detailing the procedures in place for ESG integration along the investment cycle	Planned for 2022
Update on the ESG due diligence tool <u>3.3</u>	We strive to update the tool used to analyse ESG risks and opportunities during due diligence	Planned for 2022
Provide detailed reporting on ESG engagement <u>4.2</u>	We strive to provide detailed reporting on all the ESG engagements we make at the portfolio company Board level	Planned for 2022 / 2023
Formalize carbon reduction targets <u>6.1</u>	We strive to formalize quantitative carbon reduction targets for new investments and main assets	Planned for 2022 / 2023
Further monitor biodiversity <u>7.1</u>	We strive to further assess & manage biodiversity impacts of our portfolios	Planned for 2022 / 2023