

REPORTING ARTICLE 29 LOI ENERGIE CLIMAT

GLOBAL ESG APPROACH

Meridiam's Sustainability Strategy

Responsible investment is an essential part of the strategic positioning and management of Meridiam funds. Since its creation in 2005 and the launch of its first fund, Meridiam has ensured that its investments achieve the highest environmental, social and governance (ESG) objectives. In 2019, Meridiam positioned itself as one of the first French companies to change its by-Laws to become a French Benefit Corporation (Société à Mission) within the meaning of the French law, and in doing so, Meridiam reaffirmed its commitment to balancing profit with achieving positive impact.

Meridiam places ESG quality considerations at the heart of its activities. As an investor in long-term infrastructure projects, ESG and sustainability considerations are essential due to the very nature of the projects. Rigorous risk identification is a fundamental step in the project evaluation process, and Meridiam commits itself only when the ESG and sustainability factors are in line with its commitments and the general interest of the communities the project is intended to serve.

Following its change of status to a French Benefit Corporation, Meridiam reinforced its sustainability strategy by defining 5 pillars based on the SDGs most relevant to its role as a long-term infrastructure asset developer, investor, and manager. These 5 pillars, presented in the table below, set the long-term, measurable key objectives of Meridiam's long-term sustainability strategy. To achieve these 5 objectives, Meridiam is equipped with a variety of tools, notably its tailor-made proprietary ESG/SDG contribution analysis tool, **simpl**. Complimenting the ESG/SDG efforts are specific climate stress tests and carbon-related methodologies, including a carbon footprint evaluation tool and CIARA (Climate Impact Analytics for Real Assets), all developed by Carbone 4, a specialized French consultant. This approach is part of Meridiam's ISO 9001 investment and portfolio management process. As a reminder, the ISO 9001 certification is an international standard for quality management and provides guarantees in terms of organizational quality within the company.

| Resilient infrastructure and Sustainable Cities | Clean and affordable energy | Climate strategy | Decent work, inclusion, and gender | Biodiversity |
|--|---------------------------------------|-------------------------------------|--|---|
| <i>"Provide resilient infrastructure and develop sustainable cities"</i> | <i>"Accelerate energy transition"</i> | <i>"Avoid and reduce emissions"</i> | <i>"Promote good work conditions, inclusion, diversity, and gender equality"</i> | <i>"Protect and enhance biodiversity"</i> |
| | | | | |

These ESG and SDG priorities are translated into operational terms by an internally developed ESG/SDG approach to analyze and monitor all investment opportunities. This strategy applies to all funds and throughout the lifecycle of all assets. It is based on a selective filtering ahead of investments, via exclusion and restriction lists, followed by a positive selection of resilient infrastructure projects that answer the needs of local communities. The approach is based on international standards, such as the UN Principles for Responsible Investment (UNPRI) and the Equator Principles. Meridiam's approach further considers the ESG criteria of major financial development institutions such as the International Finance Corporation (IFC), the World Bank, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). By integrating the UN-SDGs to its procedures, Meridiam is reinforcing the rigorous impact evaluation, assessment, and monitoring of its projects. Additionally, it ensures consistency with Meridiam's sustainability strategy and objectives, and it captures the positive contribution of these assets

on issues such as health, education, water, sanitation, energy, urbanization, environment, and social justice.

Meridiam's Funds

Meridiam currently manages 11 funds, the details of which are presented below:

| | AMF | | | | | | | | SEC | | |
|---|--|-----------------------------------|---|---|--|---|--|---|---|---|---|
| | Meridiam Infrastructure SICAR | Meridiam Infrastructure Europe II | Meridiam Infrastructure Africa Fund ¹ | Meridiam Infrastructure Europe III ² | Meridiam Transition ³ | Meridiam Infrastructure Africa Fund II | Green Impact Growth Fund (GIGF) | The Urban Resilience fund (TURF) | Meridiam Sustainable Infrastructure Europe IV | Meridiam Infrastructure North America II | Meridiam Infrastructure North America III |
| Asset class | Infra | Infra | Infra | Infra | Infra | Infra | Private Equity | Infra | Infra | Infra | Infra |
| Year of creation | 2008 | 2012 | 2015 | 2016 | 2016 | 2021 | 2021 | 2021 | 2021 | 2012 | 2017 |
| Duration of the funds (years) | 25 | 25 | 15 | 25 | 20 | 15 | 12 | 20 | 25 | 25 | 25 |
| Geographical area | OECD countries in Europe and North America | Europe | Africa | Europe | Europe | Africa | Europe | TURF A: OECD TURF B: non-OECD | Europe | OECD countries in North America and South America | OECD countries in North America and South America |
| Types of sectors | Transport Social | Transport Social Energy | Public utility services and networks Energy Transport Social | Transport Social Public buildings Energy | Public utility services and networks Energy | Public utility services and networks Energy Transport Social | Low carbon economy Circular economy Sustainable cities, and smart buildings Clean mobility, Sustainable agriculture and food | Critical resilient infrastructure in cities Catalyze project preparation at the city level | Public utility services and networks Energy Transport Social | Transport Social Public buildings | Transport Social Public buildings |
| Amount of Meridiam's assets following its ESG policy (as a share of funds, in %) | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| SFDR | Art. 8 | Art. 9 | Art. 9 | Art. 8 | Art. 9 | Art. 9 | Art. 9 | Art. 9 | Art. 9 | N/A | N/A |

All investments contribute to achieving ESG and SDG objectives in their own unique way. Therefore, all Meridiam's funds simultaneously consider the environmental, social and governance quality criteria of Meridiam. This represents 100% of our assets under management in 11 funds that integrate ESG criteria and SDG assessment.

The Meridiam Transition fund was created for the sole purpose of financing energy transition projects; the Green Impact Growth Fund was established to provide capital to SMEs to become champions of the ecological transition. Additionally, GIGF has obtained the GREENFIN certification. Created by the French Ministry of Ecological Transition and Solidarity, the GREENFIN label guarantees the green quality of investment funds. To be certified, the applicant must put in place a mechanism to measure the effective contribution of its investments to the energy and ecological transition. The t.eq. CO₂ /M€ of turnover has been defined as the reference environmental indicator for GIGF; TURF was launched to support cities in

¹ Fund subject to Decree No. 2015-1850 of December 29, 2015 applying Article 173 (paragraph VI) of the LTECV of August 17, 2015.

² *Ibid.*

³ *Ibid.*

delivering critical resilient infrastructure projects. Additionally, Meridiam systematically applies the French Article 173 (paragraph VI) of the LTECV of August 17, 2015, regardless of whether the fund is subjected to foreign legislation.

Meridiam's approach to the environmental and social responsibility and corporate governance consists in involving all members of the development and asset management teams in the process of evaluating, developing, and managing the assets in which the organization invests. Each employee receives training on ESG and SDG topics on an ongoing basis so that he or she takes ownership of the procedure put in place for the responsible consideration of these issues in all assets.

In addition, there is a procedure in place for sharing knowledge and good practices with portfolio companies on various topics including ESG and SDG-related impacts.

External ESG Audits

Meridiam conducts audits on Corporate Social Responsibility (CSR) and, more recently, on Sustainability. For such audits, Meridiam calls on specialized external consultants, such as V:E Moody's, an independent international research and ESG agency offering services to private, public, and associative organizations and investors.

V:E Moody's carried out a corporate social responsibility audit of Meridiam on a bi-annual basis (as an organization rather than specifically as a fund manager), in 2011, 2013, 2015 and 2017; Meridiam was audited under ISO 26000 and rated "Advanced". In 2020, the CSR audit was replaced by a Sustainability Assessment, also carried out by V:E Moody's on Meridiam S.A.S. and its portfolio companies; it covered a more comprehensive and SDG-oriented range of topics. Meridiam obtained a score of 64/100, rated "Advanced" by V:E Moody's. Meridiam will continue these Sustainability Assessments on a bi-annual basis going forward with the most recent one to be finalized in the Fall of 2022.

PRI Signatory

Meridiam has been a signatory of the United Nations Principles for Responsible Investment (PRI) since January 5, 2011. In 2021, Meridiam received the following ratings:

Investment and stewardship policy:

Meridiam score : 96%

Infrastructure :

Meridiam score : 96%

INTERNAL RESOURCES

Meridiam has a team of five full-time ESG/SDG specialists, but Meridiam holds everyone responsible for the integration of ESG and SDG themes within the investment process, including in our relationships with investors and throughout asset management. Ongoing trainings and support enable continuous skill improvement of employees. When necessary, Meridiam partners with technical experts for ESG evaluations as part of due diligences, to evaluate the carbon footprint of projects, and to measure the positive impact of investment opportunities and assets within the SDG framework.

In 2016, Meridiam formally established a full-time ESG and Sustainability team. Composed of ESG, climate, and sustainability specialists, the team acts as a bridge between Meridiam's sustainability strategy, Meridiam's management, and Meridiam's investment teams.

This effort is strengthened with the head of the ESG and Sustainability's position on both the Management Review Committee and the Mission Committee.

In 2021 Meridiam allocated 1.3 M€ towards its ESG and sustainability strategy, this includes the ESG team employees' salary, their social security charges as well as all ESG due diligence, studies, carbon footprints analysis, external support from expert consultants etc., undertaken for that year.

GOVERNANCE

Engaged Leadership

Amongst Meridiam management, ESG and sustainability are material consideration, expressed through Meridiam's five pillars long-term strategy and linked to its mission objectives.

Within Meridiam, specific governance structures facilitate coordination of our sustainability policy between the management and operating teams.

Meridiam Governance related to ESG and sustainability

TOP-DOWN PROCESS

- Meridiam's Mission Committee sets Meridiam's sustainability strategy as well as its related targets and objectives.
- Meridiam Executive Committee maps a strategy to achieve Meridiam's sustainability targets and objectives.
- The Investment Committee and the Investment teams assess and quantify the potential impacts of ESG-related risk through sensitivity and scenario analysis to determine the materiality of these factors and support the design of appropriate risk mitigation strategies.

BOTTOM-UP PROCESS

- Meridiam's Supervisory Board and Meridiam's Mission Committee review annually the sustainability metrics and objectives; they monitor the gap between achieving those objectives, and they verify that objectives are being met.
- Meridiam Executive Committee and Meridiam Mission Committee review annually the sustainability objectives and related metrics and monitor the gap to achieving those objectives. Meridiam Management Review Committee ensures that investments contribute to Meridiam's sustainability policy and align with 2°C warming scenarios.
- The Investment Committee and Investment teams follow risk mitigation plans. Meanwhile, data collected at assets level feeds the strategy and objectives.

Sustainability performance-linked remuneration

To ensure a systematic integration of its sustainability policy throughout the activity of Meridiam and promote ownership of its internal procedures and various tools, employees' performance assessments are also linked to quantitative and qualitative criteria related to the concrete application of Meridiam's sustainability policy at relevant levels. These criteria may include the quality of the ESG and sustainability analysis, the involvement in developing and implementing ESG and SDG action plans and the direct contribution of these actions to Meridiam's mission objectives. Since 2021, a malus has been integrated in all new funds if the team does not reach certain KPIs related SDG targets, including climate-related ones. Meridiam has linked carried interest to SDG performance so as to further incentivise the team to ensure impact targets are achieved.

Integration of ESG criteria in the internal rules of the Supervisory Board

Meridiam's Supervisory Board fulfils a monitoring and consultative function of the firm's strategy, general development, and business plans. The Supervisory Board ensures the firm's adherence to ESG considerations that are detailed in Meridiam's Sustainability Strategy and Sustainability Risk Policy. ESG criteria are integrated within the Supervisory Board internal regulation.

ENGAGEMENT STRATEGY

Excluded Activities

Among other things, Meridiam will not knowingly finance, directly or indirectly, projects involving the following:

- Projects related to the extraction, processing or production of coal, oil and other fossil fuels nor assets using coal as the main energy source. Meridiam will also not invest in projects that are mainly dedicated to transporting coal or fossil fuels.
- Conversion or degradation of critical forest areas or forest-related critical natural habitats.
- Weapons and munition production or sales.
- Tobacco production or sales.
- Production or trade in alcoholic beverages other than beer or wine, or any alcoholic beverages if contrary to local religious or cultural norms.
- Destruction of High Conservation Value areas.

Controlling shareholder

Meridiam aims to secure a controlling minority or a majority stake of the capital of each asset, supported by appropriate corporate governance rights, board membership in the portfolio company and active management from the global platform.

By seeking co-controlling or controlling positions, Meridiam is able to pursue an active role throughout the life of the project over the long-term. In particular, this includes:

- Driving operational efficiencies.
- Optimizing capital structures.
- Monitoring, evaluating and engaging on ESG and SDG issues, thus ensuring the implementation of validated ESG action plans.

Further, through continual active engagement, Meridiam is able to:

- Identify potential ESG issues early.
- Determine the requisite response.
- Implement mitigating action.

Active portfolio management

Meridiam has developed an approach to portfolio management that underpins the delivery of its mission and its five primary goals. It has been designed to ensure that the performance of its funds exceed investors' expectations both in terms of financial and non-financial criteria.

Meridiam's portfolio management operations are organised in three pillars:

- An efficient knowledge centre that enables proper steering of the portfolio and quality reporting to management and the investors, with a focus on both financial and non-financial value creation: *The Meridiam Hub*.
- A tailor-made action plan on each asset (ASIP) is implemented by another crucial component of the Meridiam network, which coordinates resources and ensures procedures implementation: *the Project Leaders*.
- A forum for continuous improvement and the development of new tools: *the Lab*.

Effective monitoring and steering

Every year, each portfolio company is required to fill a detailed ESG/SDG questionnaire in time for the preparation of the ESG/SDG annual report ("Impact report") that is publicly disclosed in April. The report helps the portfolio companies understand how data collected is used and how ESG/SDG issues are handled at a Meridiam global level. It also helps the whole Meridiam organization understand the importance of ESG/SDG monitoring and how well it performed managing these issues during the year. Meridiam SDG Impact tool is an efficient monitoring system that gathers operational data on Portfolio Companies on a yearly basis. It enables Meridiam to closely track its assets' sustainability performance. Building on identified performances for each monitored indicator linked to material SDGs, the company develops *Asset SDG Implementation Plan* on a yearly basis for each asset, composed of identified areas of improvements and relevant and actionable project ameliorations, which are discussed and agreed on with the investee.

Portfolio company staff and stakeholder engagement

Day-to-day monitoring of the construction and operation will typically be conducted by the fully staffed portfolio company. Meridiam carefully focuses on the selection of key employees (including the CEO, CFO and other senior employees), some of whom may be appointed or seconded by Meridiam. As with Meridiam's internal staff, the portfolio company's appointed staff undergoes mandatory ESG and SDG training.

Additionally, as stated in its Sustainable Development Charter, Meridiam promotes sustainable development towards its stakeholders by:

- Confirming awareness among partners and grantors on these issues prior to projects procurement process initiation.
- Promoting responsible behaviour towards partners in the consortiums and ensure that their commitments are aligned with this Charter.
- Create awareness among all Meridiam's team members.

PARIS AGREEMENT ALIGNMENT

Meridiam's Goal: Align all funds with the Paris Agreement

One Mission

Meridiam delivers sustainable and resilient infrastructure that improves the quality of peoples' lives as a developer, investor, and long-term asset manager.

One Climate Strategy

The climate strategy was formalized in 2019 when Meridiam officially became Société à Mission. Meridiam's climate strategy is based on the reduction of its investments' carbon footprint and on delivering low carbon and resilient infrastructure. From this strategy two specific objectives are derived.

Two Climate Objectives

The overarching objectives of this strategy are:


- To avoid emissions.
- To reduce emissions.

Our objectives are realized through two practical climate targets:

Two Climate targets

- Align all Meridiam funds to the Paris Agreement (align portfolio with temperature nearing 2°C).
- Regarding Meridiam's African strategy, the objective is to reach carbon neutrality between induced emissions and avoided emissions. Indeed, the current lack of data in the region is making it more difficult and timelier to build reliable scenarios. Consequently, in the meantime, this interim approach was adopted.

Climate KPI & Measurement Methodologies

| | KPI | DEFINITION | SPECIFIC OBJECTIVE | EXPECTED RESULT IN 2023 | TARGET | DETAILED INDICATOR AND MEASURING METHODOLOGY | TARGET MONITORING |
|-------------------------|---|--|---|--|--|---|---------------------|
| ALL FUNDS (except MIAF) | Gap between the temperature alignment of portfolios (except African funds) and the 2°C trajectory | Measurement of the temperature alignment of all portfolios (except MIAF) compared to a 2°C trajectory. |  Avoid and reduce emissions | For all funds (except African ones) – cumulative portfolio temperature nearing 2°C | Cumulative portfolio temperature approaching or aligned with 2°C | Consolidated portfolio temperatures and measurement of the gap to align with the 2°C trajectory. Portfolio temperature measurement performed with the 2-Infra Challenge methodology.* | Annual review in Q4 |
| | & Gap between the carbon footprint of African portfolios and its carbon neutrality per M€ invested | Measurement of the carbon footprint of African portfolios with the aim to reach carbon neutrality between induced and avoided emissions per M€ invested. | | For African portfolios – carbon neutrality per M€ invested | Carbon neutrality per M€ invested | Carbon footprint of the portfolio and measurement of the gap to reach carbon neutrality between induced and avoided emissions per M€ invested. Carbon footprint analysis performed using scope 1, 2 and 3 following the Principles of the GHG Protocol. | |

* All assets in portfolio undertake a carbon footprint analysis conducted by Carbone 4 using scope 1, 2 and 3 following the Principles of the GHG Protocol.

The CIARA methodology is used to calculate the temperature of a fund and its alignment with a 2-degree scenario.

ASSESSING THE TEMPERATURE OF MERIDIAM PORTFOLIOS

Meridiam’s founding role

Meridiam helped initiate the creation of a geographic and asset type sensitive methodology to assess the temperature of infrastructure portfolios. With the participation of AFD, La Banque Postale Asset Management, EIT Climate KIC, Generali Global Infrastructure and Meridiam, Carbone 4 launched the 2-infra challenge. The goal of the initiative was to develop a methodology designed specifically for private equity infrastructure investors.

The work conducted through the 2-infra challenge initiative enabled Carbone 4 to add the real assets dimension to its [CIARA](#) methodology, a powerful tool used for the evaluation of portfolios' climate indicators. For Meridiam, assets are measured against a two-degree warming trajectory, to align our investments with the goal set by the Paris Agreement.

The initiative also includes the development of transition and physical risks assessment methodologies.

The CIARA methodology assessment takes the form of a scoring expressed in tonnes of CO2 and temperature level of the portfolio.

The methodology addresses four core questions:

- Are Meridiam portfolios aligned with a defined low-carbon trajectory? If not, are they far from or close to being aligned?
- Do Meridiam portfolios perform better or worse than the low-carbon benchmark regarding the impact on climate change?
- What temperature increase is associated with Meridiam portfolios?
- What is the fraction of Meridiam's portfolios that are composed of assets that would be stranded for a given scenario?

Output

The output for the analyzed portfolios is surplus or avoided emissions compared to the reference low-carbon trajectory.

Indicator

That indicator is expressed in tonnes of CO₂e/year and corresponds to the asset-weighted average of the average annual deviations from the trajectory over the cumulated period considered.

Methodology

The emissions avoided or in surplus relative to the trajectory are calculated for each asset and then summed, resulting in the portfolio scoring.

Gap assessment

This methodology assesses the gap of each infrastructure asset with a 2-degree scenario and provides a dynamic assessment of each portfolio. It allows Meridiam to identify which assets are at risk or not within a low-carbon trajectory and allows the targeting of mitigation measures when appropriate.

Methodology Universe

The 2-infra challenge methodology focuses on more than 60 infrastructure asset types, including energy (Solar PV, wind onshore, hydro or geothermal facilities), mobility (roads, railways, metro, train station, airport, port), water (distribution, wastewater) and waste management (sort out, incineration, composting, landfill/storage) infrastructures. 42 countries are covered by the methodology, in the EU and on the Mediterranean Rim regions. It also covers parts of North America – USA and Canada. The methodology does not cover most African countries.

Allocation

This approach enables Meridiam to measure up the overall balance of its portfolio and to allocate its investment in a compatible manner with a low-carbon scenario.

BIODIVERSITY ALIGNMENT

Meridiam has yet to define a specific biodiversity alignment strategy but nonetheless has one pillar dedicated to biodiversity preservation and enhancement among its five-pillar sustainability strategy. In fulfilment of this pillar, Meridiam tracks biodiversity indicators through the proprietary tool, **simpl**. The indicators track information for species affected both on land and underwater. Further, biodiversity considerations are built into Meridiam's investment process from an early stage, along with all other environmental considerations. Through the monitoring of the indicators and the incorporation of biodiversity considerations in the investment process, Meridiam aims not only to develop projects more conscious of and more effective at ensuring biodiversity preservation and enhancement, but also contributing to the ability of already existing assets to improve their contributions toward supporting biodiversity.

RISK MANAGEMENT

MERIDIAM'S ESG AND SDG ANALYSIS PROCEDURES

The ESG/SDG approach is generalized and systematically integrated into Meridiam's ISO 9001-certified investment and asset management processes.

Each investment opportunity is thoroughly assessed through an initial due diligence analysis prior to the investment. The internal analysis is highly attuned to each project type and its location. When ESG concerns are highlighted during this process, risk mitigation procedures are included in the project documentation and specific risk indicators are identified for the implementation of continuous monitoring. Similarly, relevant SDG targets are identified to determine areas of value creation throughout the development processes and establish performance indicators to enhance projects' positive impacts. The aim is to identify, avoid, minimize, and compensate potential adverse impacts of projects throughout their lifetime.

In general, the methodology used in the ESG and SDG analysis process for investment opportunities is built around two integrated and equally important work streams: 1) the **Principal Adverse Impacts Policy** (PAIP); 2) the **SDG Positive Screening**.

Principal Adverse Impacts Policy

Meridiam's PAIP provides a set of tools to the investment teams to identify and manage ESG risks and concerns related to every investment opportunity. The PAIP includes the 4 following steps:

1. **Eligibility and regulatory check:** Verification of the eligibility of the opportunity against the exclusion list established by Meridiam for its various funds. It also includes ESG framing of the opportunity in regulatory terms.
2. **Preliminary evaluation:** Initial analysis of risks, whether financial, operational, social, or environmental. The level of risk is detailed for each criterion allowing every investment opportunity to be rated according to its overall risk level.
3. **Detailed evaluation:** Determination of detailed ESG risks. This can be done by performing a detailed Environmental and Social Due Diligence (ESDD) which can lead to conducting a gap analysis or an Environmental and Social Impact Assessment (ESIA) of the project by a specialized team of local and/or international consultants. This extensive piece of work may be already available or non-compulsory, but it nonetheless represents an assessment of the potential environmental and social impacts of a proposed project, an evaluation of the alternatives, and a design for appropriate mitigation, management, and monitoring measures. Therefore, if deemed necessary, the investment teams will undertake such detailed studies.
4. **Detailed implementation plan:** Identification of the ESG mitigation and monitoring strategy. The ESG mitigation and monitoring strategy is mostly defined as part of the ESG risk management plans – the Environmental and Social Management Plans (ESMPs) – following the environmental and social assessment phase.

In addition, Meridiam applies strict compliance and the principle of professional integrity to the conduct of all investments, in accordance with regulatory requirements. To this end, each employee of Meridiam subscribes to the Code of Ethics which includes strict reservations/clauses on the issue of conflicts of interest.

In addition, Meridiam ensures that all partners apply zero tolerance to corruption issues, in line with its anti-corruption policy.

Main ESG Criteria

The ESG risk assessment and the establishment of avenues for ESG improvement takes place using a set of more than 45 ESG conditions and criteria against which all investments are analysed, without distinction by sector of activity or asset class. This ESG analysis framework is used to identify the ESG issues and risks that are associated with investments and to determine the risk level of each criterion and the implementation modalities for investment opportunities that will allow these issues to be effectively considered. Each condition/criterion must be documented during the different analysis phases.

Four levels of risk can be identified for each ESG element that will be assessed; the level of risk will vary from "low" to "constraint". The risk assessment itself considers criteria such as the intrinsic value of the component affected by the proposed investment opportunity, the possibility of implementing measures to control and limit the impacts of the asset on this component, the social acceptability, etc. The application of this methodology not only makes it possible to evaluate all the ESG risks of an opportunity but also to understand the context in which it is to take place. In addition, by providing details of the issues related to the asset, the methodology allows for an efficient transition to the implementation phase of the asset, namely the construction and operation of the infrastructure.

In the asset management phase, i.e., during the construction and operation of the infrastructures, the ESG and SDG analysis is carried out based on detailed criteria whose scope is adjusted according to the type of infrastructure and the issues they generate. More than 200 criteria are used to monitor the implementation of ESG measures and to evaluate the ESG and SDG performance of assets in portfolio.

Transition and physical risks assessment methodologies under

development through the 2-infra challenge initiative

Physical risk assessment

With the 2-infra challenge initiative, a specific methodology was developed to address physical risks. These are evaluated based on the specific location of assets and their exposure to a set of 9 chronic or extreme hazards such as heat waves, extreme rainfalls, sea level rise etc. Risk scoring combines climate projections, local context information, and assets' structural (CAPEX) and operational (EBITDA) vulnerability.

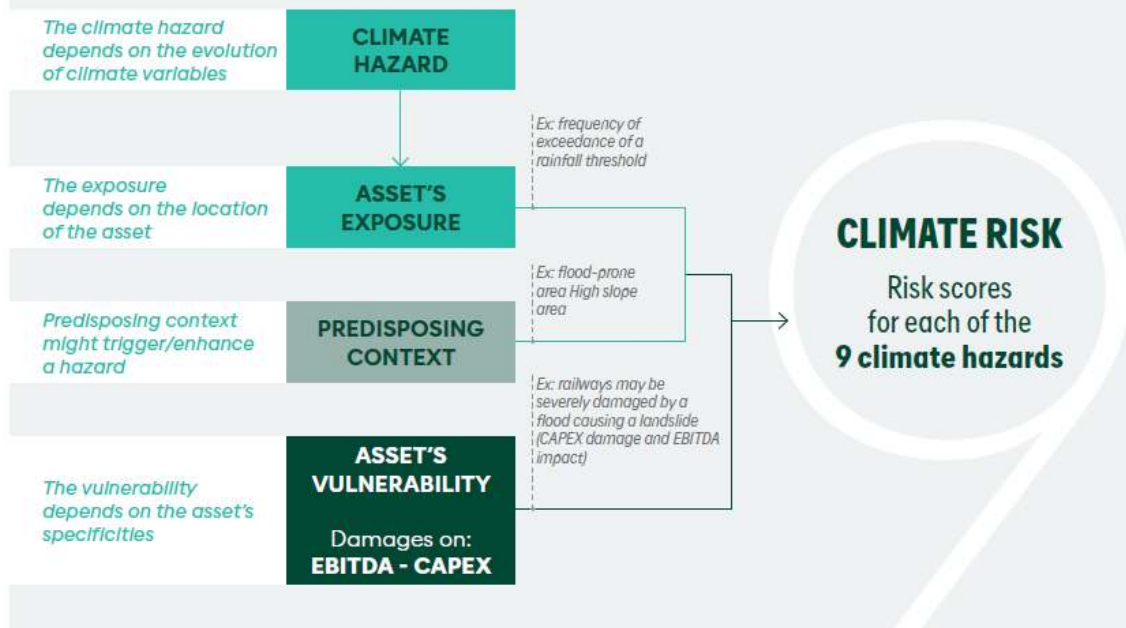
Transition risk assessment

Transition risks are evaluated based on the specific location of assets and their exposure to a set of 4 transition hazards and 10 sub-indicators derived from the TCFD guidelines:

- Policy & legal (e.g. governmental regulations, carbon price)
- Technology (e.g. increase in maintenance cost)
- Market (e.g. constraint on raw materials and demand)
- Reputation (e.g. risks linked to activism)

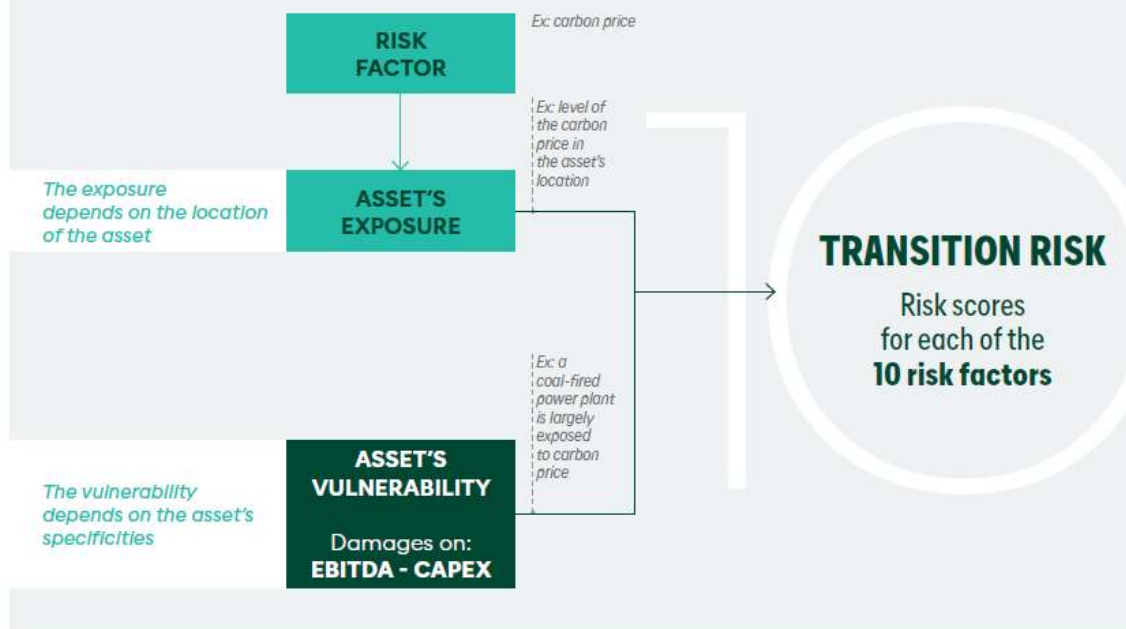
Risk scoring combines transition hazards projections, local context information, and an assets' structural (CAPEX) and operational (EBITDA) vulnerability.

► For each **climate hazard** and for each asset, risk is a combination of climate projections, local context and asset vulnerability*.



*Physical Risk Methodology from Carbone 4. For more information about CIARA, visit: <https://ciara.carbone4.com/>

► For each **risk factor** and for each asset, risk is a combination of the local exposure and asset vulnerability**.



**Transition Risk Methodology from Carbone 4. For more information about CIARA, visit: https://ciara.carbone4.com