VAUBAN
INFRASTRUCTURE PARTNERS

DISCLOSURE SFDR - VAUBAN INFRASTRUCTURE PARTNERS

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115, rue Montmartre - 75002 PARIS ◇ Tél. : (+33) 1 58 55 53 58 ◇ contact@vauban-ip.com
VAUBAN-IP.COM ◇ SCA au capital de 10 076 590.20€ - RCS Paris 833 488 778 - TVA intercommunautaire FR 55 833 488 778

INTRODUCTION

In accordance with the Regulation (EU) 2019/2088 on of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**"), this document relates to the disclosures referred in article 3, 4 and 5 of SFDR and which corresponds to:

- the sustainability risk policy,
- the principal adverse impacts, and
- the remuneration policies in relation to the integration of sustainability risks.

ARTICLE 3 SUSTAINABILITY RISK POLICY

Sustainability risks are defined by SFDR as "an event or situation in the environmental field, or governance which, if it occurs, could have a material or potential negative impact on the value of the investment ".

The aim of this policy is to describe how sustainability risks - whether significant or likely to be significant - are integrated into investment decision processes, which may include aspects of pure management or organizational, or risk and / or governance of these same processes.

Consideration of sustainability risks therefore takes several forms, before or after the investment decision, which are detailed below. The ESG policies referred to in this document are available on the VAUBAN INFRASTRUCTURE PARTNERS website.

Integration of sustainability risks in the investment decision process

1. **An investment universe focused on sustainable infrastructure**

All the funds managed by Vauban Infrastructure Partners invest in a long-term strategy on the unique investment universe of essential infrastructure, the construction of which follows a public or private initiative to meet an often-essential need of the populations. The natural orientation towards infrastructure essential to society and in a long-term perspective is the first factor in taking into account sustainability risks by Vauban Infrastructure Partners.

2. **Exclusion policy**

Vauban Infrastructure Partners invests exclusively through portfolios managed in infrastructure assets or infrastructure companies. This scope of intervention excludes *de facto* any investment in the controversial sectors of armaments (and a fortiori in the most controversial weapons, chemical, bacteriological, land mines or cluster ammunitions) tobacco or alcoholic beverages. In the infrastructure sector, the following targets are excluded: mining infrastructure and infrastructure for the exploration and production of coal, oil, shale gas and gas.

These exclusion processes help, among other factors, to take into account sustainability risks.

3. **Investment process**

The investment process includes several decision steps. At the first step, an ESG analysis is carried out which is then verified during the successive steps of the process. The analysis method starts from the identification of the Sustainable Development Goals making sense for the type of infrastructure concerned, then from the elements collected by the identification and measurement for each of these SDGs of the risks and opportunities.
At each stage, the measurement of risks and opportunities is taken into account in the decision to continue or to stop the investment process. A potential investment presenting a too high level of ESG risks and too weak opportunities is abandoned.

4. Assets governance

The investment policy of the investment funds managed by Vauban Infrastructure Partners is to invest in assets only when the participation gives control (exclusive or joint) or in case of minority stakes, when associated with veto rights, and when the envisaged governance is deemed satisfactory.
Vauban Infrastructure Partners' principle is to behave as an active shareholder, genuinely exercising its control through the actions of the board members it appoints in the portfolio companies. The board members ensure that the sustainability risks are adequately taken into account by the portfolio companies and, if necessary, introduce the subjects to the agenda of the governance bodies in which they participate with the systematic objective of improving the assets' social and environmental performance, to the extent permitted or authorized by the concession or partnership agreements executed with the grantor and in considering the level of control.

The validation of governance conditions and control over the asset ensure that sustainability risks are taken into account throughout the life cycle of the asset.

5. ESG governance

Vauban infrastructure Partners has chosen to make ESG a subject shared by the various functions of the company and managed collegially. The decision-making body is therefore the ESG Committee of Vauban Infrastructure Partners which includes the two managing partners, members of the investment team and relevant support functions. Depending on the subjects, the ESG Committee directs the various subjects to the different teams for execution.
The committee's mission is in particular to define the ESG policy of Vauban Infrastructure Partners, and in particular the sustainability risk integration policy.

ARTICLE 4 PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

Article 4 of SFDR prescribes financial market participants to clarify how adverse impacts on sustainability are taken into account in their investment decisions.
Vauban Investment Partners (IP) is a management company with less than 500 employees, specialized in infrastructure financing. This statement describes Vauban IP's due diligence policies regarding these adverse impacts, taking into account the size of the organization, the nature and extent of its activities and the types of financial products offered.

Vauban IP integrates the principal adverse impacts of its investment decisions on sustainability factors.

1. **Policies on the identification and prioritization of principal adverse sustainability impacts and indicators**

Vauban IP has defined a responsible investment policy that applies to all its investments:
a) Social infrastructure (education, health, justice, culture, administration);
b) Transport infrastructure (rail, highways, airports, urban mobility);
c) Digital infrastructures (optical fiber, data centers);
d) Utilities infrastructure (energy, water).
The opportunities and risks and therefore the adverse impacts are analyzed all along the investment cycle, using an in-house methodology. It is based on the United Nations Sustainable Development Goals (SDGs) framework and, for each of the above asset categories, the principal impacts in terms of sustainability risks and opportunities have been identified and prioritized as here under:

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Optical fiber					○			○	●					○	○		
Energy network					○	○	●	○	●			○		○	○		
Highway			○		○	○	○	○	●					○	○		
Parking					○	○	○	○	●		●			○	○		
Urban Public Transport			○	○	○	○	○	○	●		●			○	○		
Airport			○			○	○	○	●					○	○		
Courthouse					○	○	○	○	●		○			○	○	●	
Hospital			●		○	○	○	○	●			○		○	○		
Education				●	○	○	○	○	●		○			○	○		

● Main impact of the infrastructure linked to its mission
○ Other main impacts considered as most material for the infrastructures invested in

The main potentially negative impacts of the identified infrastructures are as follows:
- direct: environment, carbon footprint (SDG 7, 9 and 12) and biodiversity (SDG 12, 14 and 15);
- indirect: social, gender equity (SDG 5) and decent jobs (SDG 8).

To assess the main negative impacts, Vauban IP uses the indicators defined by the United Nations for each SDG. The full policy can be found here.

2. Description of the principal adverse impacts and corresponding measures

Vauban IP has identified the SDGs on which the investment may potentially cause a negative impact, either directly (SDGs 7, 9, 12, 14, and 15) or indirectly (SDGs 5 or 8 essentially). These incidences are monitored at each step of the investment cycle:

• In the preselection phase, an assessment questionnaire aims to identify the principal adverse impacts that the targets could have in terms of sustainability;
• In the due diligence phase, this pre-analysis is refined from more quantitative investigations. The results of this due diligence are taken into account in the investment decision and may lead to the integration of an action plan or specific contractual clauses. It is also at this stage that the indicators that will be monitored over time are defined;
• In the management phase, the indicators thus defined are subject to annual reporting. Their results are discussed with the portfolio companies and, if the negative impacts deteriorate, action plans are defined. This reporting at the level of each asset is consolidated at the level of each fund.

3. Engagement Policy

One of Vauban IP's investment criteria is to condition its investment to obtaining a share in the capital of the assets giving it control power (total or joint) or in case of minority stake its association with veto rights.
Vauban IP undertakes to systematically exercise its control through the active participation of the directors it appoints within the governance bodies of the various holdings and to promote the consideration of adverse impacts and the implementation of rational corrective measures.

4. Adoption of codes and guidances

Vauban IP is a signatory of the United Nations Principles for Responsible Investment (PRI), whose first principle is to integrate sustainability risks as well as the main negative sustainability implications into investment decisions.
Vauban IP also participates in several market initiatives, whose working groups can (and will be able to) lead to the development of a harmonized market approach in terms of due diligence, communication of information and / or alignment with the objectives of the Accord de Paris. In particular, Vauban IP takes part in the GRESB (Global Real Estate Sustainability Benchmark) which makes it possible to assess and compare the extra-financial performance of infrastructure investment companies through the publication of an annual benchmark.
Finally, Vauban IP is a signatory of the Charter for Parity of France Invest.
If relevant, Vauban IP may consider joining new initiatives to strengthen the integration of negative sustainability impacts into its investment decisions.

ARTICLE 5 REMUNERATION POLICIES IN RELATION TO THE INTEGRATION OF SUSTAINABILITY RISKS

The remuneration policy of Vauban Infrastructure Partners is established in accordance with all the applicable regulations, as well as the guidelines of the European Securities and Markets Authority (ESMA) and the positions of the Autorité des Marchés Financial (AMF) resulting from:

- Directive (EU) 2011/61 of the European Parliament and of the Council of June 8, 2011 on alternative investment fund managers, transposed into the Monetary and Financial Code by Ordinance No. 2013-676 of July 27, 2013 ("AIFM Directive");

- Directive (EU) 2014/65 of the European Parliament and of the Council of May 15, 2014 on the markets in financial instruments, transposed into the Monetary and Financial Code by Ordinance No. 2016-827 of June 23, 2016, ("MiF II Directive") supplemented by the Regulation Delegate (EU) 2017/565 of April 25, 2016;

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

The remuneration policy is a central element of the governance of Vauban Infrastructure Partners. The policy is a tool for mobilizing and engaging employees and for ensuring the competitiveness and attractiveness of Vauban Infrastructure Partners regarding the market practices within the framework of strict compliance with financial balance, sustainable finance strategy and regulation.

The remuneration policy of Vauban Infrastructure Partners, which applies to all employees, incorporates in its fundamental principles, the alignment of the employees's interests with those of the investors:

- It is consistent and promotes a sound and efficient risk management and does not encourage risk taking that would be incompatible with the risk profiles defined in the constituent documents of the investment funds, the sustainability risk policy published in the website and the applicable regulations;

- It is in line with the strategy, objectives, and interests of the fund managed, the investors and the management company. The policy integrates measures to avoid any conflict of interests.

The remuneration policy encompasses all the components of compensation, which include fixed compensation and variable compensation.

Fixed compensation rewards skills, professional experience, level of responsibility and considers market standards.

Variable compensation is based on the assessment of collective performance, measured at the level of the management company and the funds managed, and weighted by individual performance. The individual performance includes quantitative and qualitative criteria which guide the investment strategy.

The sustainability risk criteria implemented since the setup of Vauban IP compensation policy in 2020 is explicitly integrated as one of the quantitative criteria used to assess the performance of investment team members and of all the risk takers.

The sustainability risks in the individual objectives of investment managers are extended to all employees including the support team and the executive team.