

TCFD* REPORT 2022



Meridiam
for people and the planet

*Task force on Climate-related Financial Disclosures

This document is for information and discussion purposes only and does not constitute an offer, nor a solicitation of an offer to purchase any securities managed or to be managed by Meridiam SAS, alternative investment fund manager approved by the AMF under the number GP-14000003 under the European Union Directive 2011/61/EU; or by Meridiam SAS' wholly-owned subsidiary Meridiam Infrastructure North America Corporation, a US SEC Registered Investment Adviser. Any such offer or solicitation shall be made only pursuant to the relevant fund's constitutive documents and in accordance with applicable laws. Whilst Meridiam has taken all reasonable care to ensure that the facts stated in this presentation are true and accurate, the information set forth herein does not purport to be complete and is subject to change. Some of the information contained in this presentation has been obtained from published sources prepared by third parties. No representation is therefore given with respect to the accuracy or completeness of this presentation. This presentation is not intended to be, and shall not be a basis on which an investment decision is taken. Past performances are not indicative of future results and all statements of opinion or belief contained in this presentation, in addition to all views expressed, projections, forecasts or statements relating to expectations regarding future events or the possible performance of any fund represent Meridiam's own assessment and interpretation of information available to it as at the date of this presentation.



Meridiam
for people and the planet

CONTENTS

Editorial	4
Meridiam at a glance	4
Setting the standard to fight climate change	8
Temperature assessment compared with a 2°C trajectory by Meridiam’s asset types	8
Climate is at the core of Meridiam’s work	9
GHG assessment by Meridiam’s asset types	9
Climate strategy and climate objectives	10
Climate KPI and Measurement Methodologies	10
1. Governance	12
Oversight	12
What indicators do the governance bodies monitor?	13
Governance bodies are supported by the ESG and the hub teams	15
Governance bodies empower all teams on climate considerations	15
2. Strategy	16
Risks and opportunities	16
Physical risks	17
How may physical risks impact rail infrastructures ?	18
Transition risks	18
Financial risks	19
Opportunities as an asset manager	20
3. Risk Management	21
The investment process	21
Meridiam’s climate risk management matrix	23
Transition and physical risks assessment methodologies under development through the 2-infra challenge initiative	24
Mitigating climate-related risks	26
Assessing the Temperature of Meridiam’s Portfolios	27
Example of a Portfolio Temperature Assessment	28
How can Meridiam reduce the temperature of its portfolios?	29
4. Metrics	31
Greenhouse Gas Emission Assessment	31
Meridiam assesses the greenhouse gas emissions of all its assets	31
Meridiam’s global portfolio Scope 1, 2 and 3 emissions in tCO ₂ e/year as of Q1 2022	31
Temperature assessment compared with a 2°C trajectory by funds	32
GHG assessment by funds	32
Temperature assessment compared with a 2°C trajectory by sectors of activity	33
GHG assessment by sectors of activity	33
GHG assessment by geographies of activity	33
What are the next steps for Meridiam on climate?	34
5. Appendices	35
Appendix 1 : Meridiam’s excluded activities	35
Meridiam’s excluded activities	36
Appendix 2: Commitments made by Meridiam in becoming a signatory of the Net Zero Initiative	37



#forpeopleandtheplanet
#investingfortomorrow
#sustainableimpact
#UNSDGs
#inclusion

WWW.MERIDIAM.COM
meridiam@meridiam.com



This report is printed on PEFC and FSC-certified paper for sustainable and responsible forest management.

Editorial

The infrastructure asset class requires a long-term investment horizon, extending over decades, meaning special attention should be given as to how operations impact and are impacted by climate change over their lifetime.

Meridiam's founding investment philosophy and ambition is to be the partner of choice for public authorities and communities seeking to deliver sustainable infrastructure services. In pursuit of this ambition, all our projects share the same mission: delivering sustainable and resilient infrastructure that improves people's quality of life for the long-term.

In 2019, Meridiam aligned all its portfolios with the goals of the Paris Agreement. Meridiam partnered with Carbone 4* to develop a tailored Climate Impact Analytics for Real Assets' (CIARA) methodology in order to assess and align our portfolios with a 2°C climate trajectory under the Paris Agreement. The findings of our initial assessment were a valuable resource that helped launch a constructive introspection:

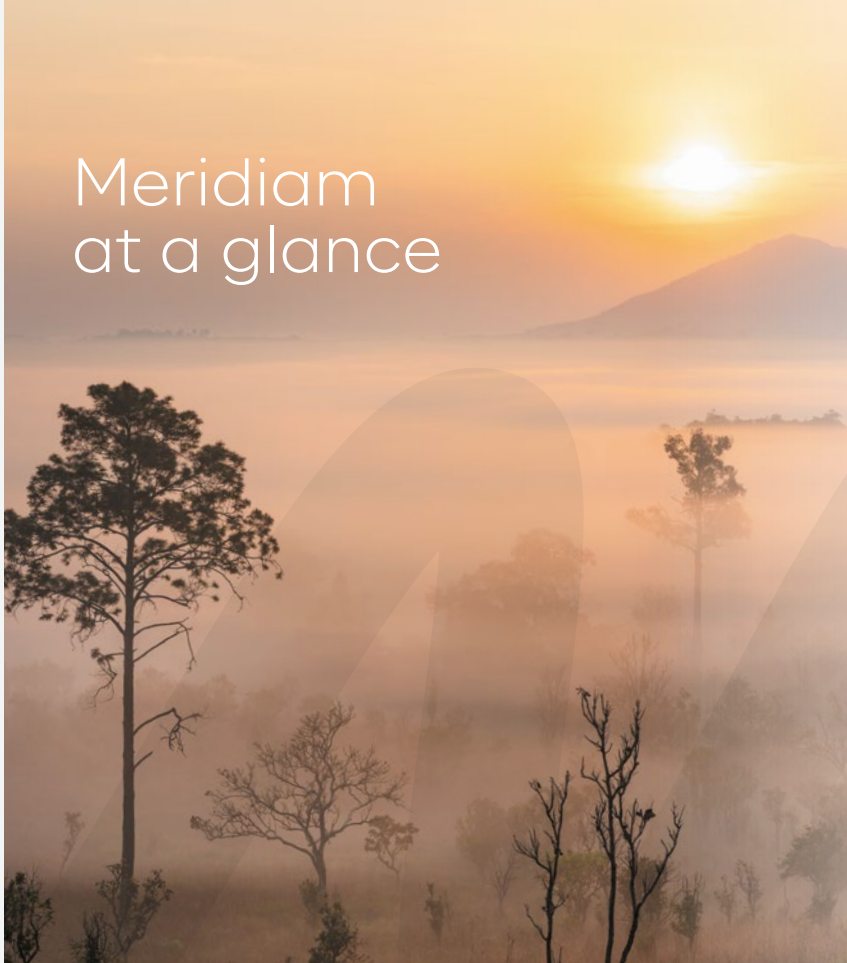
- *Is Meridiam's mission to deliver sustainable and resilient infrastructure that improves the quality of peoples' lives compatible with Meridiam's climate goal to align our portfolios with a 2°C trajectory as outlined in the Paris Agreement?*
- *What changes should Meridiam implement to ensure alignment with the Paris Agreement, limit GHG emissions, and continue to provide infrastructure to those who need it, especially the most disadvantaged of populations?*

The TCFD (Task Force on Climate-Related Financial Disclosures) reporting process was a useful medium of reflection, providing insight into the improvements Meridiam could undertake. Through writing and publishing this report, Meridiam is taking the opportunity to respond to these questions and demonstrate all that Meridiam has done to improve its climate-related strategy and outline our ambitions in the coming years to address climate change challenges.

Throughout this report, we have been as transparent as possible about our ongoing efforts and where we can continue to improve.

*Carbone 4 is a leading consulting firm in the energy and climate transition

Meridiam at a glance



We work for people and the planet – designing, financing, developing and operating transformational infrastructure, for the long-term.

» A clear investment philosophy

In 2005, Thierry Déau founded Meridiam as an investment firm with a clear investment philosophy and ambition: to be the partner of choice for public authorities and communities seeking to deliver sustainable infrastructure services while providing investors with a stable long-term yield in an environmentally and socially responsible manner. This remains our central focus today. We take a selective approach to infrastructure investment. Our strategy excludes and restricts investments with detrimental impacts on the environment or the communities they serve.

» A clear mission

In pursuit of this ambition, all our projects share the same mission: “delivering sustainable infrastructure that improves the quality of people's lives”. Our mission was defined over a decade ago and has guided our organisation and strategy ever since. Furthermore, as long-term infrastructure investors will still be providing essential services in 20 or 30 years, this mission will continue to be as relevant in the future as it is now.

WHERE WE STAND

1,428,486 tCO₂*

3 airports contribute to of Meridiam's global GHG emissions; all of these assets are essential national airports

63%

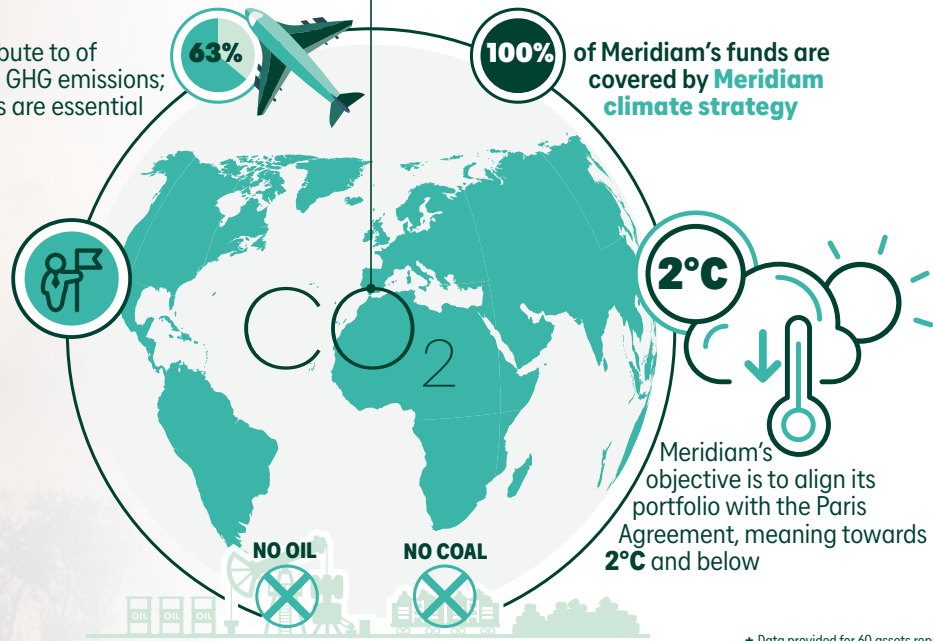
100%

of Meridiam's funds are covered by **Meridiam climate strategy**



The carbon footprint data reported in this document was done in Q1 2022 using data available for **60 assets** out of 104 in portfolio and therefore covers 61% of the funds invested by Meridiam in Q1 2022.

The temperature assessment reported in this document was done in Q1 2022 using data available for **84 assets** out of 104 in portfolio and therefore covers 80% of the funds invested by Meridiam in Q1 2022.



We have **never invested** in the extraction, processing, or transportation of **fossil fuels**, and never will. Nor will we develop infrastructure using **coal** as an energy source.

* Data provided for 60 assets representing 61% of Meridiam's funds committed as of Q1 2022 using a scope 1, 2 and 3 methodology including construction phases of assets. The assessment of the remaining assets in portfolio is ongoing.

Meridiam's objective is to align its portfolio with the Paris Agreement, meaning towards **2°C** and below

Driven by our mission, we are dedicated to the UN Sustainable Development Goals, determined to make them a reality by addressing what we believe are the world's most pressing challenges – building resilient communities, tackling climate change and protecting the environment.

» A global footprint

Meridiam is headquartered in Paris with international offices in 11 countries across the globe (Paris, Luxembourg, Vienna, Toronto, New York, Istanbul, Dakar, Addis-Ababa, Amman, Johannesburg and Libreville). Our team of over 350 employees (including 150 in project companies) support Meridiam's worldwide investment in sustainable public infrastructure in three core sectors: sustainable mobility, innovative low-carbon solutions and critical public services. This includes ports, roads, biogas platforms, tramways, tunnels, hospitals, universities, solar plants, airports, electric vehicle charging stations.

» A leading infrastructure player

Currently, Meridiam has over 100 projects and assets under development, construction, or in operation across 51 countries. Since inception, Meridiam has invested more than USD 75 billion in infrastructure projects around the world that can provide critical solutions to the collective needs of communities (this accounts for all equity and debt raised), of which USD 10 billion (excluding SUEZ) were invested over the last two years (2020 and 2021). Meridiam assets under management (equity invested) amount to USD 18 billion at the end of 2021.

» A focus on developing strong methodologies

To drive consistent and reliable improvement, we focus on developing reliable operational tools that rigorously monitor and manage impact. Simpl, our proprietary methodology, builds on the UN Sustainable Development Goals to define relevant indicators at asset level and drive tailored, on-the-ground initiatives. Through this tool, SDG 13, climate action, is monitored at asset level on a yearly basis. Additionally, we partnered with Carbone 4 to initiate the 2-infra challenge project which has two objectives:

- > **1. Assess infrastructure portfolios' alignment with low-carbon scenarios**
- > **2. Assess infrastructure portfolios' exposure to 2 climate-related risk categories: transition risks and physical risks**



Illustration of essential assets developed by Meridiam

Meridiam develops and delivers sustainable and resilient infrastructure that improves people's quality of life over the long-term across three specific sectors.

- Roads
- Solar plants
- Health centers
- Ports
- Biomass plants
- Hospitals
- Tunnels
- Biogas plants
- Courthouse
- Airports
- Green hydrogen storage
- University
- Railways
- Charging points for electric vehicles
- School
- Bridges
- Geothermal
- Fiber
- Tramways
- Demand Side Response

1. SUSTAINABLE MOBILITY

2. INNOVATIVE LOW CARBON SOLUTIONS

3. CRITICAL PUBLIC SERVICES

Setting the standard to fight climate change

“ Meridiam has a responsibility as an investor and manager of critical infrastructure to make our assets sustainable. More precisely, **I’m convinced that Meridiam must play a role in the fight against climate change.**”

We must adapt our societies to climate change. The International Energy Agency (IEA) has shown that 95% of the carbon budget to keep global warming below 2°C limit is already locked in the infrastructure existing at the end of 2018. That is to say that it is imperative to reconcile investments with climate objectives.

To meet these challenges, Meridiam decided to focus its climate policy on aligning its funds with a 2-degree scenario. At the same time, Meridiam has committed to four other pillars of sustainable development, namely developing sustainable cities, accelerating energy transition, promoting good work conditions, inclusion, diversity and gender equality, and protecting and enhancing biodiversity. Meridiam's major challenge today is to reconcile these objectives with the reduction of CO₂ emissions in order to achieve carbon neutrality by 2050.

Since its creation, Meridiam has maintained the intention to finance infrastructure essential for the livelihood and development of communities. Today, Meridiam must do everything possible to continue to



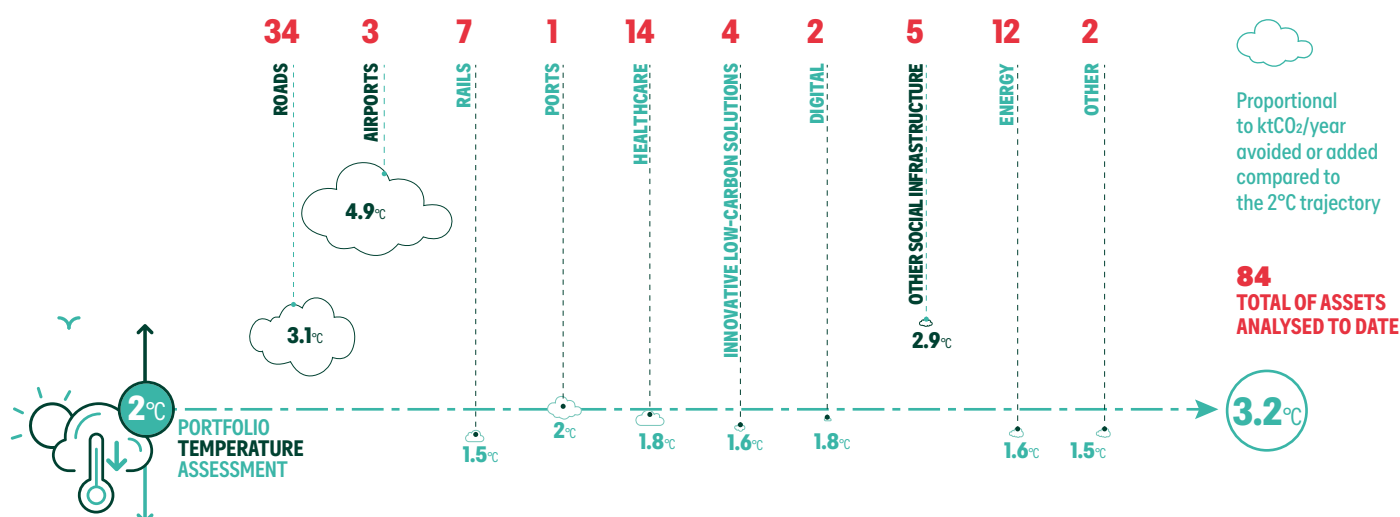
THIERRY DÉAU
Founder and CEO of Meridiam

finance this essential infrastructure while following its climate strategy: **to align our portfolios at a maximum of 2 degrees.**

As you will see in this report, Meridiam’s executive and non-executive boards are actively involved in the implementation of the company’s sustainability strategy, including its climate strategy which vision and approach is instilled in all our teams. This allows for a careful monitoring of Meridiam's strategy implementation on the ground and to gather the potential difficulties of the teams in building and developing resilient assets.

Meridiam is making great progress in the implementation of its climate strategy thanks to the various tools it has put in place. We remain attentive to the market insofar as climate and sustainability issues are evolving fast and require great flexibility from us. There is a long way to go and carbon neutrality requires significant efforts from asset developers and funders, but we are confident in our ability to deliver resilient infrastructure in line with our mission and values.”

Temperature assessment compared with a 2°C trajectory by Meridiam’s asset types



TEMPERATURE METHODOLOGY: This metric evaluates the asset contribution to the 2°C trajectory in absolute terms: avoided or added emissions expressed in tonnes of CO₂/year using a scope 1, 2 and 3 methodology and corresponds to the asset weighted average of the average annual deviations from the pathway over the cumulated period considered.



GINETTE BORDUAS
Partner, Head of ESG & Sustainability

Climate is at the core of Meridiam's work



This first report was designed taking into account TCFD recommendations and best practices. It has the ambition to show our strong engagement for climate change mitigation and adaptation and to share our main accomplishments as an infrastructure investment manager.

“ Climate-related concerns are critical for infrastructure. Therefore, we integrate climate change issues at the core of our investment decisions and overall strategy.

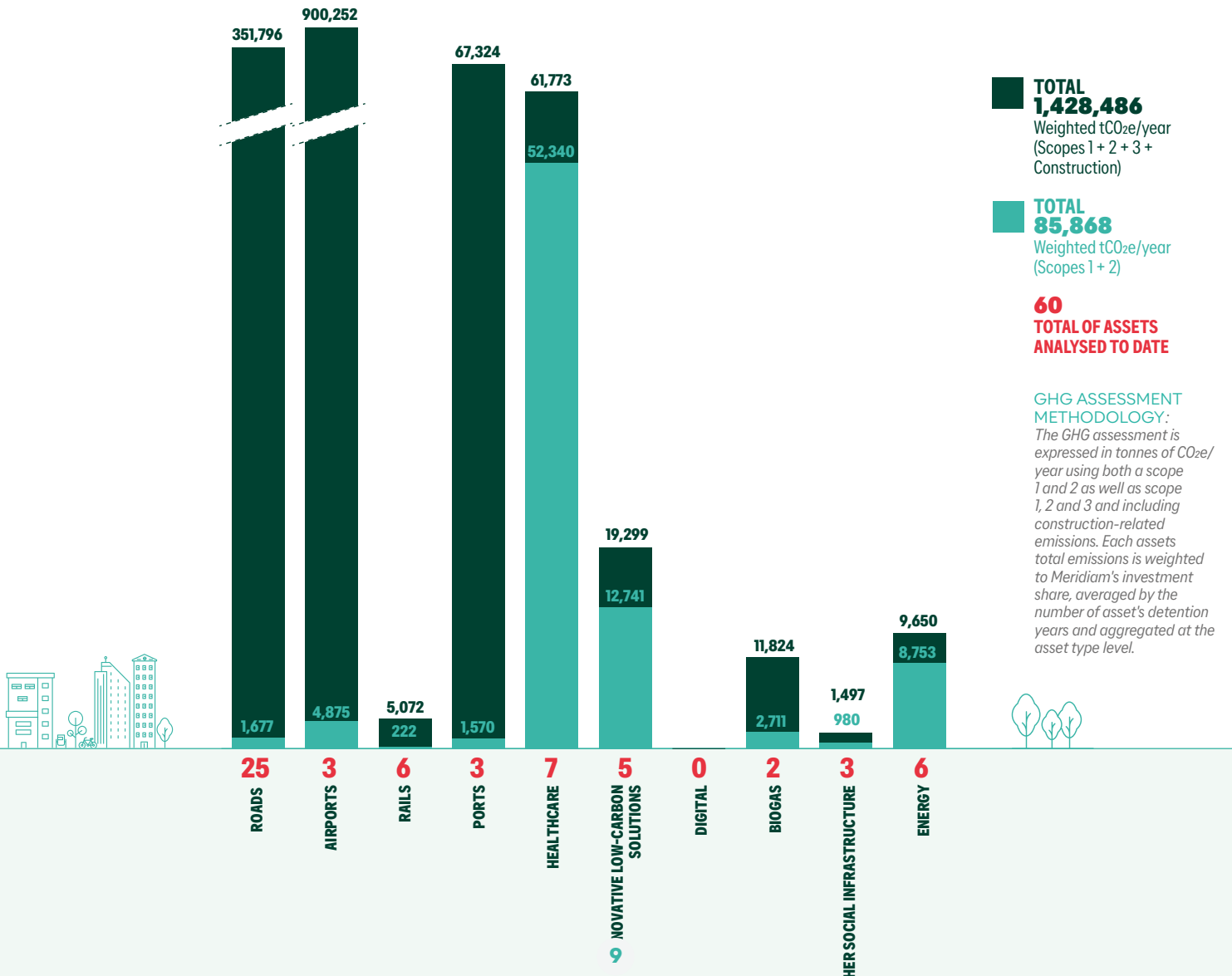
In this TCFD report we are as transparent as possible about our processes and tools, and we offer genuine self-critique to guide our future improvement.

This report also demonstrates how we continue improving our processes and policies to identify, assess, and mitigate climate risks on our investments as well as the impact of our investments on climate change.

There remains room for improvement, and we are committed to continue our journey on the road to carbon neutrality. ”

GHG assessment by Meridiam's asset types

Roads and airports represent 88% of Meridiam's GHG emissions.
The 3 airports of Meridiam's portfolio represent 63% of Meridiam's GHG emissions.



Climate strategy and climate objectives

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 formalised in 2019 when Meridiam officially became Société à Mission¹. 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.

¹ In France, the term "entreprise à mission" refers to companies which statutorily have a social or environmental purpose in addition to their profit-making purpose.

» Two Climate Objectives

The overarching objectives of this strategy are:


- to avoid emissions
- to reduce emissions.

Our objectives are realised through two practical climate targets:

» Two Climate targets

- Align all Meridiam funds to the Paris Agreement, meaning tending towards a maximum of 2°C and eventually reaching 1.5°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 to build reliable scenarios. Consequently, this interim approach was adopted in the meantime.

Climate KPI and Measurement Methodologies

	KPI	SPECIFIC OBJECTIVE	TARGET	DETAILED INDICATOR AND MEASURING METHODOLOGY	TARGET MONITORING
ALL FUNDS <small>except Meridiam Infrastructure Africa Fund</small>	Gap between the temperature alignment of portfolios (except African funds) and the 2°C trajectory & Gap between the carbon footprint of African portfolios and its carbon neutrality per €M invested	 Avoid and reduce emissions	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
	AFRICAN STRATEGY		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.



2011

Signatory of:



First set of carbon footprint assessments undertaken by  **carbone4** | finance by Meridiam

2014

Signatory of



Development of Meridiam's proprietary tool

simpl.

2018

Launch of the 2-infra initiative with  **carbone4** | finance initiating the development of the CIARA methodology for infrastructure asset manager

Meridiam becomes a "**Société à Mission**"

Definition of the **long-term climate-related Objectives**

Meridiam CEO becomes President of



2019

Fufill-fledged deployment of **simpl.**

 **carbone4** | finance first report on portfolios' temperature

2020

Meridiam undertakes its first sustainability assessment with Moody's

Meridiam commits that all new funds raised must be aligned with 2°C

 **carbone4** | finance second report on portfolios' temperature

Meridiam becomes a signatory of **THE NET ZERO ASSET MANAGERS INITIATIVE**

2021

2022

First TCFD report

1. GOVERNANCE

Oversight



Engaged Leadership

Amongst Meridiam management, climate is a material consideration, expressed as one of the core pillars of Meridiam's long-term strategy and linked to its mission objectives. As Meridiam's founder, Thierry Déau's personal convictions to combat climate change propels the company to be **"one of the most advanced infrastructure investment firms in Europe as far as climate is concerned."**

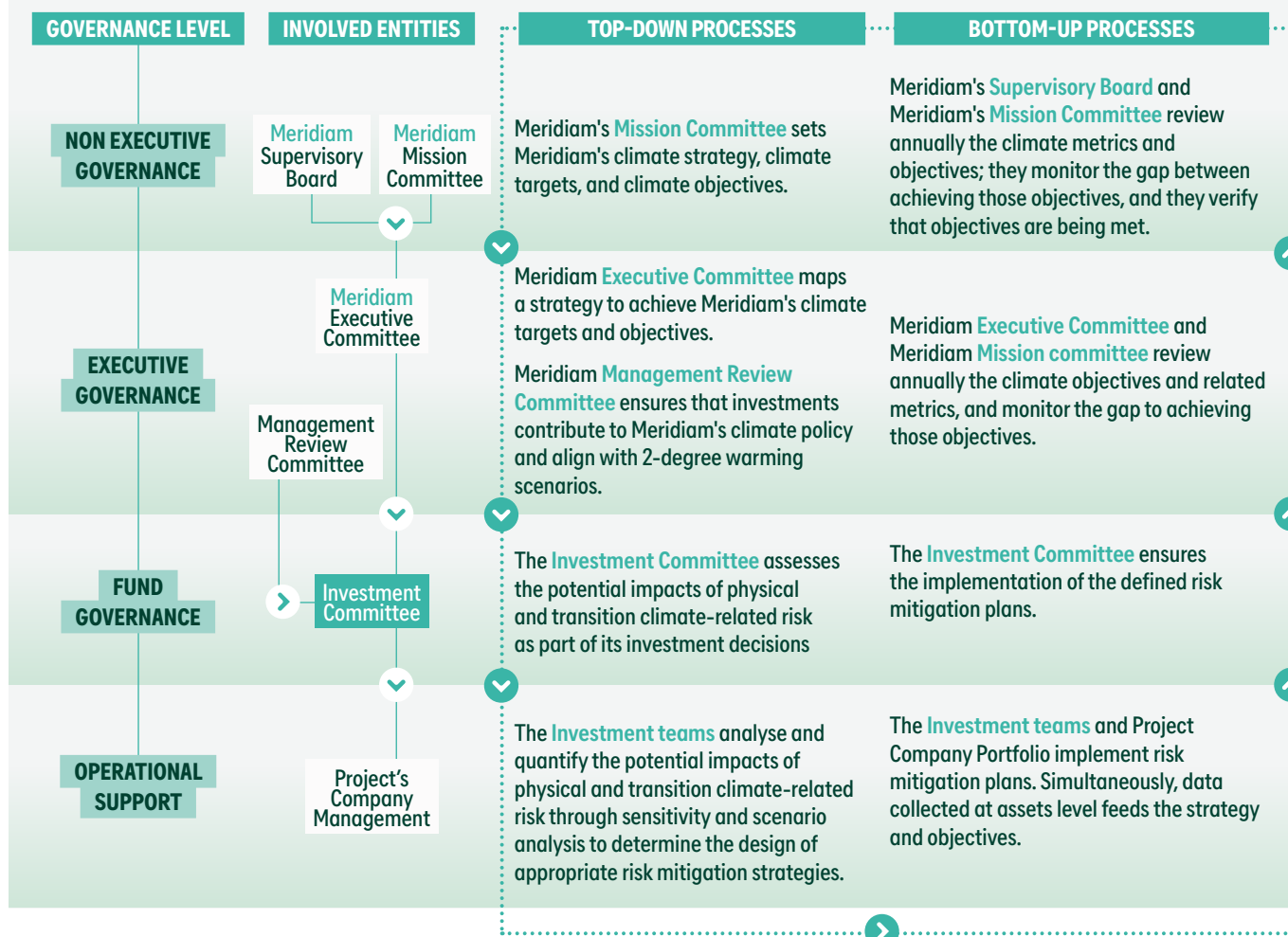
Thierry Déau extends Meridiam's mission to several industry partnerships, notably in his role as President of Finance for Tomorrow and active participation to World Economic Forum (WEF), Cities Climate Finance

Leadership Alliance (CCFLA), International Project Finance Association (IPFA), amongst many others.

Meridiam also initiated the Long-Term Infrastructure Investors Association (LTIIA), with a group of global institutional investors. A key component of the LTIIA includes sharing and promoting ESG best practices between investors, including climate-related insights and initiatives.

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

Meridiam Governance related to climate



What indicators do the governance bodies monitor?

Meridiam's Mission Committee and Meridiam's Executive Committee monitor Meridiam's climate progress annually and verify that the objectives are met

» The committees analyse in particular

1. Meridiam's European and North American funds* and any gap in alignment with the 2°C trajectory.
2. Meridiam's African strategy carbon neutrality between induced and avoided emissions per million EUR invested.

» Meridiam's Mission Committee

Following Meridiam's change of status to a "Société à mission" (French Benefit Corporation), a specific Mission Committee was established to undertake a rigorous evaluation of the impact of Meridiam's investments against its five-pillar sustainability objectives and set new targets for improvement.

Non-executive Committees

» Meridiam's Supervisory Board

The Board fulfils a monitoring function of the firm's strategy, general development, and business plans. **The Supervisory Board ensures the firm's adherence to climate-related considerations** that are detailed in Meridiam's Sustainability Strategy and Sustainability Risk Policy.

Meridiam Mission Committee sets (and monitors) Meridiam's climate strategy, Meridiam's climate targets, and Meridiam's climate objectives.

Specifically, the Mission Committee ensures Meridiam's five-pillar sustainability approach, including our pillar for Climate Action (SDG 13), is implemented. **The Mission Committee is also responsible for setting new sustainability and climate-related targets.** The committee meets at least 3 times a year, and one member of the Supervisory Board is on the Mission Committee.

* African scenarios for the 2-infra challenge methodology currently under development.

Executive committees

» Meridiam's Executive Committee

Meridiam's sustainability strategy and annual objectives are defined by the Executive Committee, which administers and manages the funds at the highest level.

The Executive committee integrates climate considerations within Meridiam's investment strategy.

The Executive Committee validates that the projects are resilient and provide solutions to address and withstand climate-related shocks.

Executive Committee meetings are held every month and a yearly review is also undertaken to discuss specific climate concerns.

» Management Review Committee

Meridiam's Management Review Committee screens potential investment opportunities to ensure any future assets will contribute in the alignment toward a 2-degrees scenario. Particular attention is given to a portfolio's composition and the Management Review Committee is the first to dismiss assets which are not aligned with Meridiam's climate strategy. The Management Review Committee's screening process not only secures the integrity of Meridiam's climate change strategy but also asserts the highest standards required for investments and risk management at Meridiam. Management Reviews are held every week.

In 2021, the Management Review Committee rejected several investments because of their incompatibility with Meridiam's climate objectives.

For example, Meridiam decided not to proceed with a battery project in the UK due to identified ESG risk as the development partners were not able to sufficiently outline the sustainability of their supply chain. Furthermore, as a result of this experience, Meridiam conducted a comprehensive ESG assessment of battery supply chains together with Carbone 4 to define a relevant Meridiam group sustainability strategy which could be implemented for any future battery projects.

» Investment Committee

Once validated by the Management Review Committee, the Investment Committee (IC) makes the formal investment decisions for each funds

The IC is directly involved in the investment process and the monitoring of Meridiam's climate strategy through its investments, by:

- reviewing and approving decisions in relation to investments, along with ensuring an alignment with Meridiam's climate-related strategy,
- reviewing portfolio reporting and asset management activities, including with respect to climate risks and mitigation,
- monitoring and resolving portfolio issues, including environmental, social and governance (ESG)-related ones,
- Implementing the investment strategy of the Funds, particularly key climate objectives. ICs are held every two weeks.



Governance bodies are supported by the ESG and the hub teams

» The ESG and Sustainability team

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 climate strategy, Meridiam's management, and Meridiam's investment teams.

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

» The Hub team

The hub team, is in charge of the Portfolio management and reviews on a quarterly basis Meridiam exposure to climate risks and assesses Meridiam's impact on the climate.

Every quarter, the Investment Committee reviews asset level reports on both financial and extra-financial criteria, including climate-related risks, produced by the hub team (with the support of project leaders).

These reports are designed to highlight significant developments on climate risks to the Investment Committee. This allows the Investment Committee to carry out comprehensive monitoring of the implementation of the climate strategy at asset management level.



Governance bodies empower all teams on climate considerations

All investment team members are responsible for proactive integration of climate considerations into their projects and investment development

To ensure ownership of climate procedures and assessment among the investment teams, training sessions are organised on how to integrate ESG considerations, including climate change issues into the investment team's activities.

The participation of all investment team members in ESG, sustainability, and climate annual training is mandatory. This ensures that all investment projects are systematically subject to a formalised climate analysis and consideration throughout the decision-making process.

To reinforce the climate-related responsibilities at the investment team level, board members and chief level staff are responsible for the firm's overall stewardship activities and ESG integration into the investment process.

Additionally, since 2021, a malus has been integrated in all new funds if the team does not reach certain KPIs related to 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.

2. STRATEGY

Risks and opportunities



Managing climate-related risks is critical for Meridiam's infrastructure assets. They are built for the long-term and generations to come, are difficult if not impossible to relocate, and often constructed in areas that are exposed to climate hazards, such as riverbanks or coast lines.

As such, climate-related financial risks are material to Meridiam's activities and are systematically considered from the outset of the investment process with a medium and long-term outlook.



As a leading infrastructure asset manager, Meridiam has integrated various climate-related risks into the core of its risk policy, thus joining a global effort to disclose, assess and mitigate any adverse effects arising from climate change.

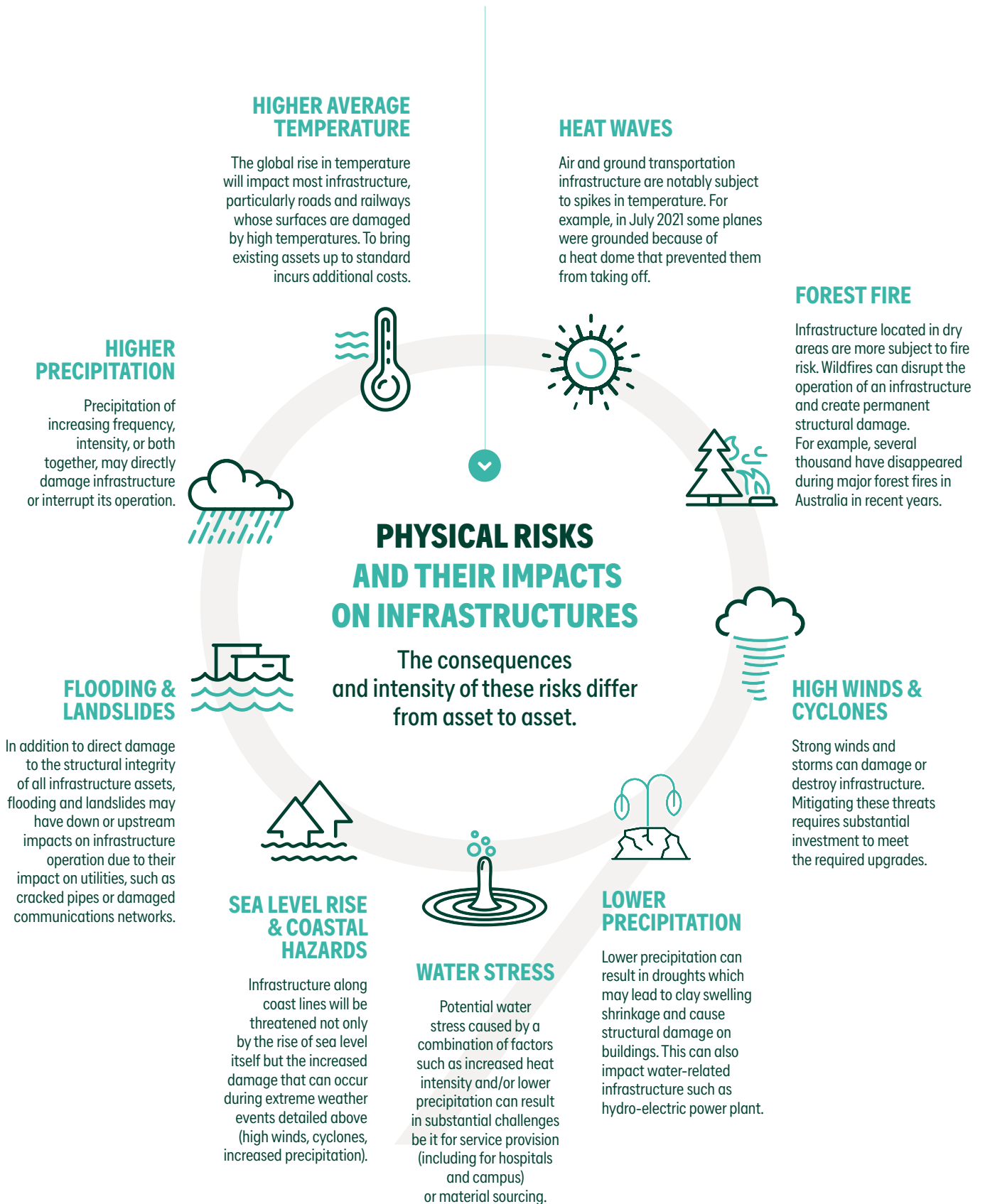
Indeed, infrastructure is a long-term asset category that is highly exposed to climate risk. As such, managing climate-related risks to ensure operability in the long-term and consistent returns is material to our activities.

Meridiam has identified climate risk drivers falling in two major categories:

- **physical risks**, resulting from natural and weather-related hazards,
- **transition risks**, stemming from the inherent impacts in the transition from a carbon-intensive economy to a decarbonized future, which Meridiam breaks down in four categories (Policy & Legal, Market, Reputation and Technology).

Physical risks

Meridiam considers **9 climate hazards** associated with physical risks as most likely to damage the infrastructure assets in which it invests.



How may physical risks impact rail infrastructures ?

» Train tracks

More frequent and intense heat waves damage train tracks as they can cause rail deformation and traffic disruption that may require material replacement.

» Electric disorders

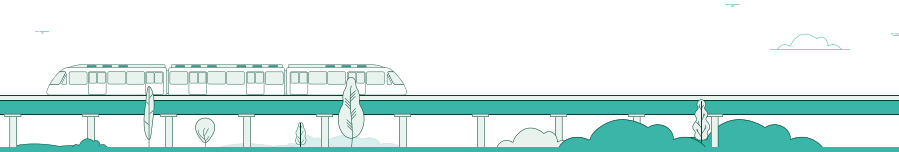
Intense heat may also cause electric disorders, poorer conditions for outdoor workers and cooling system malfunction.

» Drainage requirement

Increase in average and seasonal rainfalls may cause increased drainage requirements of rails to prevent soil erosion and the weakening of the structure.

» Shrinkage of clays

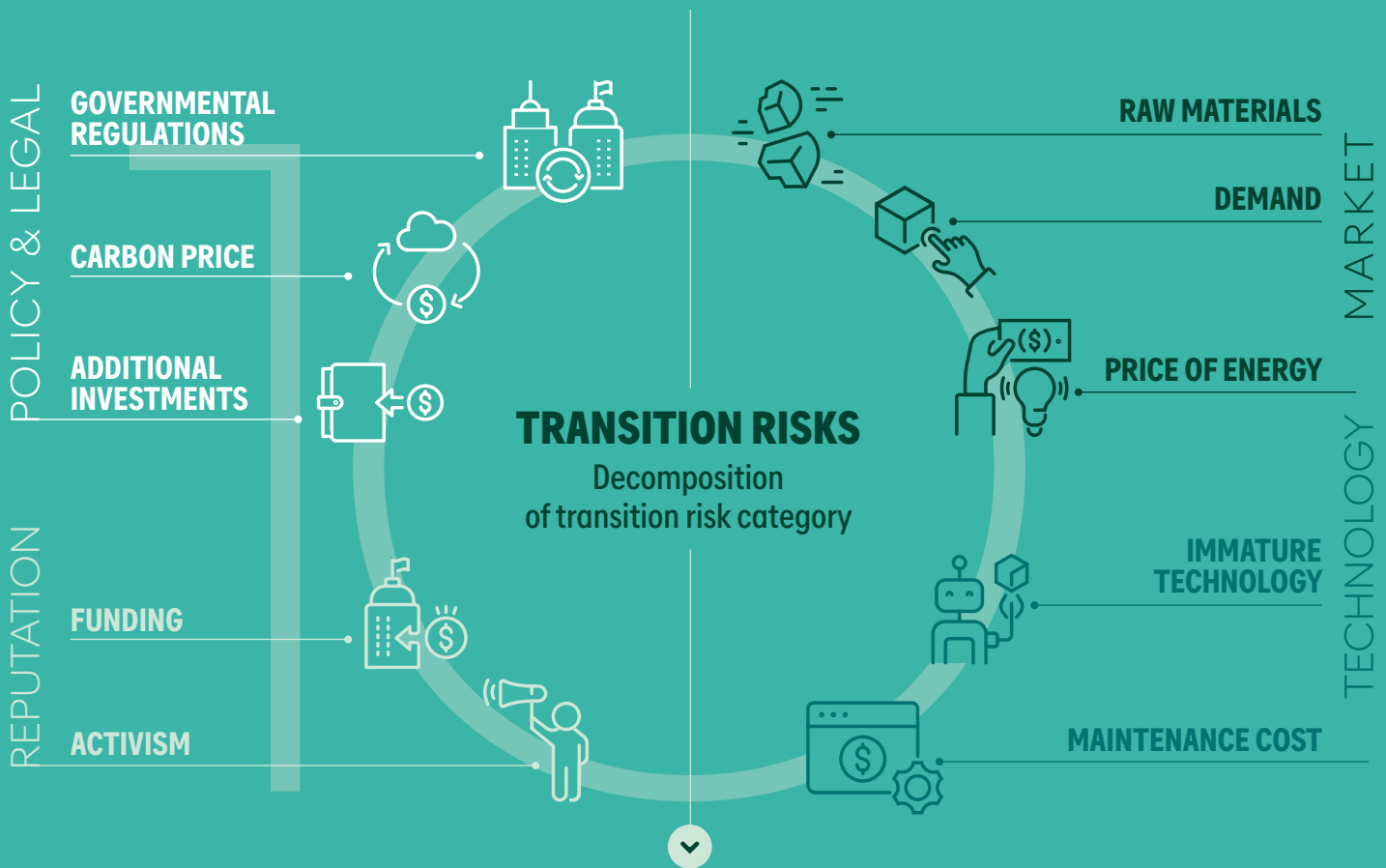
Increase intensity and frequency of droughts may lead to the shrinkage and swelling of clays.



Transition risks

10 Transition risks are associated with societal and economic shifts toward a low-carbon and more climate-conscious future.

Meridiam analyses transition risks through four main categories: **POLICY AND LEGAL, MARKET, REPUTATION, and TECHNOLOGY**. Each theme is further broken down into operational risk sub-categories.



33 TYPES OF ASSETS ARE ANALYSED ACCORDING TO THESE RISK FACTORS

Transition Risks used by Meridiam based on CIARA methodology. For more information about CIARA, visit: <https://ciara.carbone4.com>

Financial risks

Climate change presents both acute and chronic financial risks to infrastructure.

» Acute Risk

The increased frequency and severity of extreme weather events may temporarily disrupt infrastructure service delivery more often, decreasing revenues and increasing expenses. Those risks are considered acute as they are emanating from event-driven climate change impacts.

» Chronic Risk

Gradual climatic shifts, such as increasing temperatures or changing precipitation patterns may also lead to reduced operational and economic performance over time and increased operating costs. Changes in weather and climate can impact infrastructure design thresholds for safe and efficient operation as well.

Some of the climate-related financial risks driven by physical risks include:



FINANCIAL IMPACTS

PHYSICAL CLIMATE-RELATED RISKS
EXAMPLES

REVENUE	COSTS / EXPENDITURES	ASSETS	CAPITAL & FINANCING
<p>The income derived from normal business activities can be affected by climate-related operational disruptions. For example, high temperatures on an airport's tarmac can affect aerodynamic performance which may require airlines to limit passenger and cargo weight. That can result in operational disruption and revenue loss.</p> <p><i>Extreme weather events regularly impact revenues, such as recent winter storms in Texas which affected the revenue of transportation infrastructure.</i></p>	<p>Restoring infrastructure to operating condition following damage from extreme weather events may increase unplanned maintenance expenditures. In addition, adapting infrastructure assets to climate change may require planned and unplanned operational and capital expenditures. For instance, for ports, reinforcing breakwaters and elevating patios to adapt to climate change may increase capital expenditure budgets.</p> <p><i>Multiple projects have been designed to mitigate and adapt to climate change and extreme weather events, such as measures to deal with rising sea levels at the Port of Calais.</i></p>	<p>Extreme weather events or temperature variability disrupting operations, service performance, and delivery of infrastructure may lead to a decrease in overall asset value. Furthermore, asset damage from extreme weather events could shorten asset life and increase depreciation rates, thus negatively affecting asset value.</p> <p><i>Until today, we have not had any disruption of operation nor service performance due to extreme weather.</i></p>	<p>As capital and operational expenditures increase to respond to weather events and adapt to climate change, this may require an increase in debt, given lower cash-flow resulting from higher expenses.</p> <p><i>Until today, we have not had any capital or financing issue due to climate change.</i></p>

Opportunities as an asset manager

» New products

Due to climate change, institutional investors are increasingly seeking low-carbon, Paris-aligned, or carbon-neutral investment products.

Meridiam has long been satisfying this market demand with our commitment to ESG and sustainability. In the past decade, we deepened our commitment to climate change specific concerns with our Paris-alignment methodology for all our funds, except our Africa funds which aim to reach carbon neutrality.

Furthering our commitment to fighting climate change and again securing our position as a leader in the market, Meridiam established thematical funds to tackle climate change and amplify the opportunities emerging due to ongoing physical and policy transition.

Meridiam's thematic funds target sectors and assets adapted to modern challenges and climate scenarios beyond Meridiam's investment time horizon.

> Meridiam Transition Fund:

The fund was launched in November 2015 in partnership with the largest French insurers, in the context of COP21 (Paris Climate Change Summit), Meridiam Transition seeks to invest in projects designed to help Europe transition to a low-carbon economy. The fund offers an innovative response to the challenges of energy transition by contributing to the long-term financing of greenfield investment projects. Meridiam Transition mainly targets development projects in the field of energy efficiency, local energy supply, smart grids, and innovative renewable energies.

> Green Impact Growth Fund:

Meridiam is now supporting future European/Global champions in the energy and environmental transition with the new Green Impact Growth Fund ("GIGF"). GIGF has an environmental impact-oriented approach by investing in Greentech innovative SMEs at growth operating solutions contributing to the ecological and energy transition. The primary focus on the SMEs' activities will be related to renewable energy, circular economy, energy efficiency, smart city, and energy storage. Additionally, GIGF has obtained the GREENFIN certification. The t.eq. CO₂ /€M of turnover has been defined as the reference environmental indicator for GIGF.

> Additional New Funds:

Meridiam recently launched three other new funds: **The Urban Resilience Fund (TURF), Meridiam Sustainable Infrastructure Europe IV (MSIE IV), and Meridiam Africa funds.** In addition to their foundational purposes, these funds are driven by a commitment to progress towards clear climate-related targets, be it carbon neutrality for our Africa funds or alignment with the Paris Agreement for TURF and MSIE IV.

Specifically, **Meridiam Transition fund** and **Green Impact Growth Fund** are classified Articles 9.3 under the new EU Sustainable Finance Disclosure Regulation (SFDR), which means these financial products have a reduction in carbon emissions as their sustainable objective in view of achieving the long-term global warming objectives of the Paris Agreement.



By strengthening our commitment to climate awareness across all our funds and providing targeted, climate-related investment vehicles, Meridiam is positioning itself to increase its market share in a market which itself experiences increased climate-focused demand.

» Renewable energy

In line with our climate-related objectives, Meridiam aims to continue capitalising on new and innovative infrastructure, especially renewable energy infrastructures such as hydrogen power plants, waste-to-energy plants, biomass plants, solar plants, electric vehicle charging stations, etc.

» New technology

Similarly, we continue to analyse opportunities in new technologies such as batteries and energy storage systems, power conversion solutions, hydrogen, digital platforms and marketplaces for mobility or consumer goods, optimisation software for logistics, supply chain, data analytics, etc.

» Training and technical know-how

This also implies that Meridiam's teams must continuously train themselves on technological developments and new types of infrastructure assets. Meridiam employs investment experts with a technical background who understand the realities of implementing real assets in challenging and changing environments.

3. RISK MANAGEMENT



Through in-depth evaluations carried out on every project, Meridiam anticipates, avoids, and compensates for any project's short, medium, and long-term climate-related issues during the investment process and asset management phase.

Meridiam seeks to develop, invest, and manage resilient projects to provide solutions that are adaptable to climate-related physical and transition risks. The integration of climate-related risk management and opportunity analysis within the investment procedures is essential. Integrating these tools allows Meridiam to determine materiality and support the design of appropriate risk mitigation strategies with respect to energy, carbon and climate change.

The investment process

Climate-related materiality analyses are systematically undertaken throughout the investment process, from the sourcing of opportunities to project development, and through financial close. Integrating climate-related risk considerations from the outset of the investment process enables Meridiam to conduct climate-related due diligence as thoroughly as possible.

Preliminary analysis

» Identification of climate material risks

This preliminary analysis is designed to identify climate material risks and to guide the due diligence procedures conducted during the investment process.

The preliminary analysis makes it possible to identify climate risks early in the investment process. Three main filters are applied to optimise the potential assets contribution to climate and exclude investments where the climate-related risk does not align with Meridiam's climate strategy:

1. EXCLUSION LIST

At the beginning of an investment opportunity, infrastructure projects are categorised according to immediate and long-term needs considering the environmental and energy transition. This includes ensuring the investment opportunities comply with Meridiam's exclusions and restrictions list.

The exclusions and restrictions list also serves as a proactive filter against sectors and asset types at risk of being stranded due to climate-related factors. For these identified sectors and assets, specific criteria are determined to ensure proper risk management.



2. GLOBAL RISKS ANALYSIS

A global analysis of risks, whether financial, operational, social, or environmental, including the exclusion of investments that do not meet the requirements and performance criteria established in the investment procedures, is performed using more than 45 ESG conditions and criteria (including climate).

The level of risk is detailed for each criterion allowing every project to be rated according to its overall risk level.

This classification will determine the ESG risk management process to be put in place.



3. CARBON AND CLIMATE RISKS

A specific carbon and climate risk analysis matrix assesses physical and transition risks.

This matrix relies on an exhaustive framework developed by Carbone 4 to pre-assess potential material climate-related risks.

Based on the French Development Agency's approach, this methodology applies to Meridiam's various project categories. Therefore, as part of its investment process, the Firm integrates this Energy / Carbon / Climate risk evaluation to the project or project company.

Based on the results of this evaluation, the investment team will be able to follow up and prepare an impact in-depth analysis.



Development stage

Once a project enters the development stage, further detailed studies are carried out to refine the climate risk analysis. These studies inform the creation of a dedicated risk management strategy that includes:

» Assessing and mitigating ESG and climate-related risks

Meridiam creates and manages companies that are set up specifically to manage projects called project companies.

The development of new projects is a dynamic process, and risk classifications are regularly reassessed throughout the development stage to account for updates to the potential investment.

These reassessments account specifically for improved comprehension of the environment a project is located in and the environmental and social impacts the project itself will generate.

To develop a better understanding of our projects and in turn, improve our climate related risk assessments, teams will carry out site visits, engage with other stakeholders and develop a list of key action items that need to be addressed before projects can move past certain development milestones

» Enhancing positive impacts

This thorough due diligence and risk assessment approach feeds into the definition of a strategy for managing potential climate-related risks and enhancing positive impacts vis-a-vis climate change. The appropriate management process, including the required environmental and social impact actions and mitigation measures, are put in place through a Project ESG-SDG Implementation Plan.

Post financial close of a project

Once a project is in the portfolio, regular climate-related analyses are carried out to ensure identified risks and mitigation measures are properly monitored and managed.





Meridiam’s climate risk management matrix

Ahead of each investment, the investment team assesses and quantifies the potential impacts of energy market, carbon economy and physical climate-related risks through a sensitivity and scenario analysis

» Risk analysis matrix

In order to take into account all possible climate risks, the energy transition and carbon prices, Meridiam and Carbone 4 developed an assessment for investment teams to complete.

For each category, the list of potential impacts is indicative and the objective is not to answer all questions but to make sure that no major issue has been ignored at the “go” / “no go” stage of the investment process.

This assessment is divided by sector (transportation, power, energy, environment, communication, social infrastructure) and is structured around three core themes (managing energy supply and pricing volatility, transitioning to a low-carbon economy, preparing for climate change and extreme weather events) broken down by types of activities.

» Identify risks

The objective is to identify risks presenting potential negative financial, operational, commercial, or reputational impacts to the project and that may need to be monitored and further analysed over the investment process.

The level and associated probability of such exposure is often difficult to estimate precisely and must therefore be assessed qualitatively based on early-stage information available to the project team.

» Risk mitigation

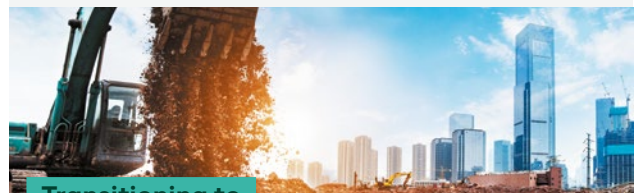
Based on this assessment, the investment team determines materiality and supports the design of appropriate risk mitigation strategies.

Sample of Energy, Carbon, and Climate Risks used for initial risk analysis



Managing energy supply and pricing volatility

- *Impact of obsolescence of infrastructure and/or lower revenues resulting from long-term negative energy trends (including oil supply tensions).*
- *Impact of increased costs of demolition and waste treatment (e.g., caused by increased freight costs).*
- *Impact of a rise in energy prices on costs of materials used during construction and operating periods (e.g., cement, asphalt, etc).*



Transitioning to a low-carbon economy

- *Impact of carbon policy changes (e.g., collapse of carbon markets, increase or decrease of a carbon tax if any) on traffic.*
- *Impact of a potential rise of carbon prices on costs of materials used in construction and during operating periods (e.g., cement, asphalt, etc).*



Preparing for climate change and extreme weather events

- *Impact of extreme weather (such as flooding) on the ability to maintain the project construction schedule and/or the requirement to change or enhance initial design specifications.*
- *Impact on performance (and revenues) of potentially more frequent flooding events and other extreme climatic events during the operational phase.*
- *Impact of higher exposure (e.g., on insurance costs) to flooding and other extreme climatic conditions.*



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.



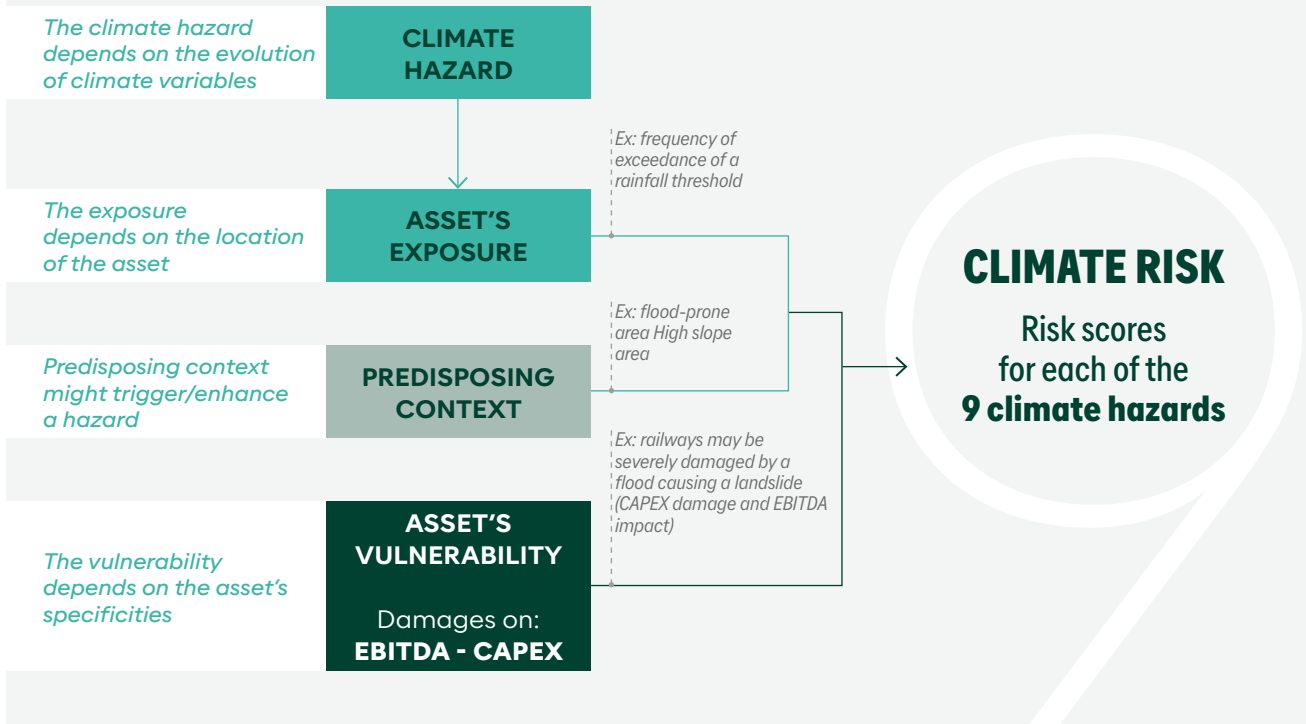
» Transition risk assessment

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)*

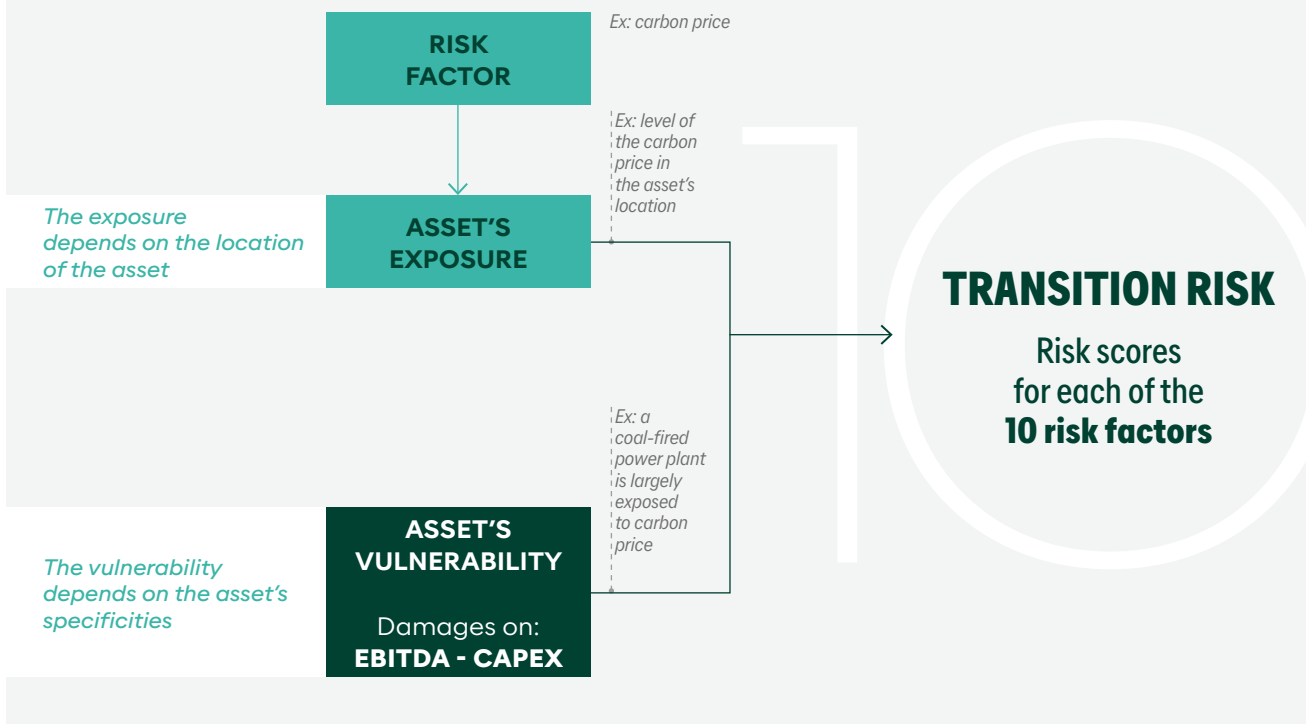
Risk scoring combines transition hazards projections, local context information, and assets' structural (CAPEX) and operational (EBITDA) vulnerability.

➤ 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 local exposure and asset vulnerability**.



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

Mitigating climate-related risks

For each climate-related risk associated with Meridiam's assets, mitigation or compensation measures will be identified.

Meridiam's risk management processes are integrated within its investment's procedures.

» Initial due diligence

Each project is thoroughly assessed through an initial due diligence analysis prior to investment. All climate concerns are highlighted during this process, whether they are risks the project may be facing in time or potential impacts the project may generate. Risk mitigation procedures are then included in the project documentation and specific risk indicators are identified for the implementation of continuous monitoring.

» Mitigation measures

For each climate issue associated with Meridiam's assets, mitigation or compensation measures will be identified. This will be the result of asset specific climate studies of climate-related risks, including stakeholders' inputs.

During the investment process, if a climate issue is identified through the opportunity analysis, a specific strategy is designed to address it. This aims to channel the additional work that will need to be undertaken to invest in the asset.

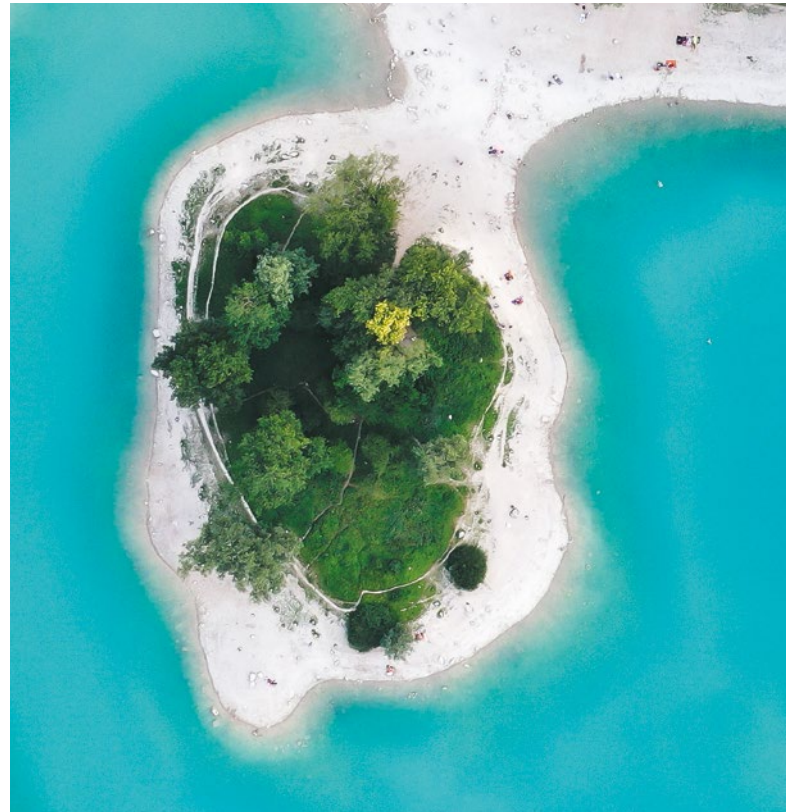
» Additional studies

Depending on the asset's development, Meridiam may engage with specialised local and international consultants to conduct tailored assessments. Detailed studies are meant to validate/complete the analysis of the asset's negative impacts and climate-related risks, identify the mitigation and/or compensation measures, and develop the asset-specific plan.

Additionally, these studies are used to guide the design of the asset to ensure that it can withstand identified potential physical climate-risks and contribute to the fight against climate change.

» Develop sustainable assets

Meridiam places emphasis on engaging positively with all stakeholders to develop a sustainable asset. A mapping of the stakeholders involved (public authorities, interest group and local communities) is created early during the development phase.



Meetings and discussions with stakeholders are held to identify, validate and address issues, including climate-related ones, and potential mitigation/compensation measures, if needed.

» Stakeholder engagement

Therefore, Meridiam ensures the development of a constructive relationship with the stakeholders on an ongoing basis through meaningful engagement for the asset throughout its holding period, including during construction and operation phases.

With regards to assets that are already in portfolio and for which specific measures are identified to further reduce their carbon footprint, the stakeholders will also be involved in the improvement process.

» Implementation plan

Meridiam will engage with the assets' management teams and their stakeholders to discuss, validate, and optimise the proposed measures, define an implementation plan, and agree on a timeline. This ensures that the proposed measures are relevant, realistic and that the final solution is optimal for all stakeholders.

Assessing the Temperature of Meridiam's Portfolios

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

» Meridiam's founding role

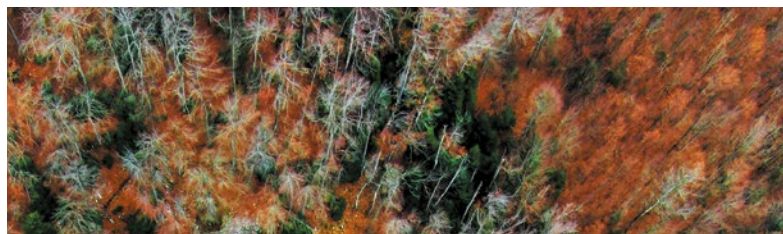
Meridiam helped initiate the creation of a geographic and asset type sensitive methodology to assess the temperature of infrastructure portfolios. With the participation of AFD, La Banque Postale Asset Management, EIT Climate KIC, Generali Global Infrastructure and Meridiam, Carbone 4 launched the 2-infra 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 (<https://ciara.carbone4.com/>). 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 analysed 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

Then, 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 enables the targeting of mitigation measures when appropriate.



» Methodology Universe

The 2-infra challenge methodology focuses on more than 60 infrastructure assets types, including energy (Solar PV, wind onshore, hydro or geothermal facilities), mobility (roads, railways, metro, train stations, airports, ports), water (distribution, wastewater) and waste management (sort out, incineration, composting, landfill/storage) infrastructures. 42 countries are covered by the methodology, in the EU and across 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.

Example of a Portfolio Temperature Assessment

Assessment of Meridiam Infrastructure Europe II (MIE II) temperature using the CIARA methodology. Each cloud represents an asset within the fund.

» The methodology

The methodology used to calculate the temperature of a fund (and thus check its alignment with the 2-degree scenario) is CIARA; it was improved to include infrastructure assets thanks to the 2-infra challenge initiative.

» Calculated regularly

The temperature of each fund is calculated regularly and allows Meridiam to verify that its strategy and climate objectives are being followed.

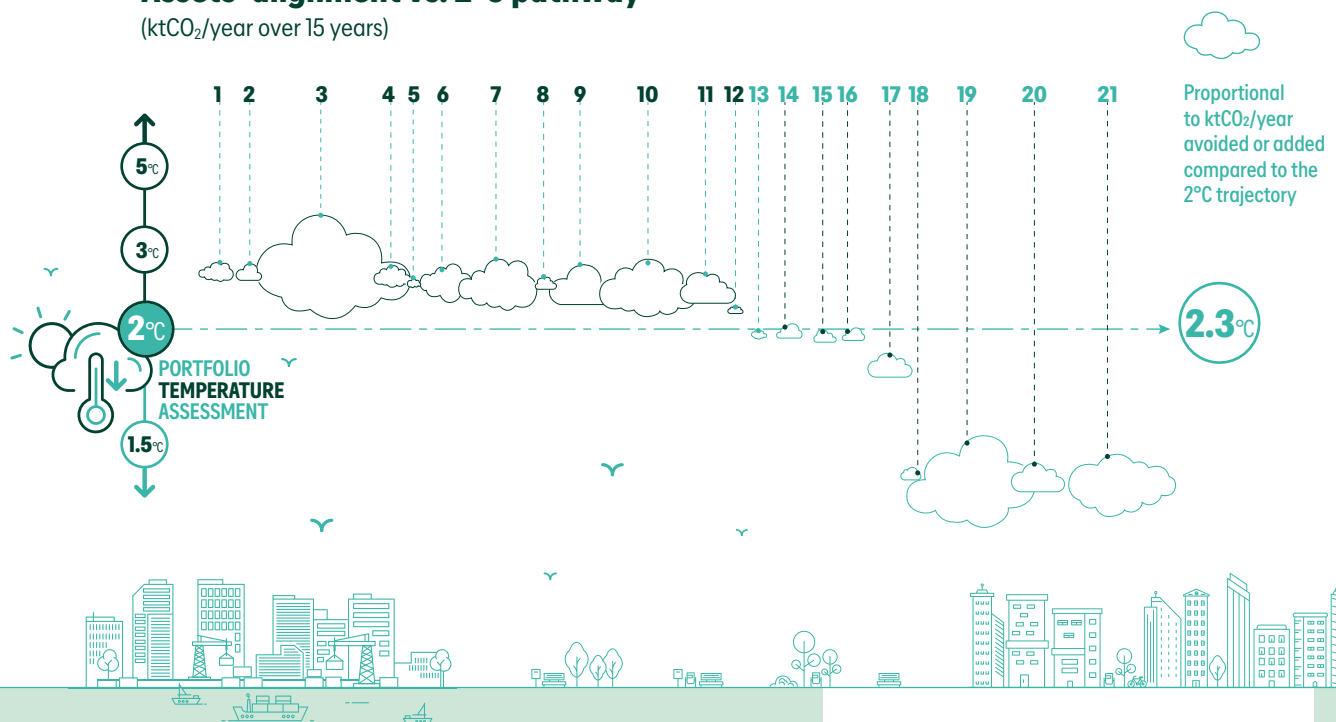
» Portfolio allocation

This information is also used in portfolio allocation decisions. The selection of infrastructure assets in the portfolios is made taking into account their contribution to the temperature of the portfolio.

MERIDIAM INFRASTRUCTURE EUROPE II

Assets' alignment vs. 2°C pathway

(ktCO₂/year over 15 years)



ASSETS

- | | |
|--|---|
| 1. L2 Marseille | 12. Vélodrome |
| 2. E18-II Motorway | 13. Port of Calais |
| 3. A2 Phase II | 14. Bursa Integrated Health Campus |
| 4. R1 Slovakia | 15. Yozgat Hospital |
| 5. University of Hertfordshire Student Accommodation | 16. Elazig Integrated Healthcare Campus |
| 6. A66 Benavente | 17. Adana Hospital |
| 7. Isle of Wight Road Maintenance | 18. VNF Dams |
| 8. M8 | 19. CNM |
| 9. Norscut | 20. Firenze Tramway |
| 10. A4 Germany | 21. South Europe Atlantic High Speed Line |
| 11. E18 Motorway | |

» How to read the table?

- Clouds representing each asset are proportional to the amount of CO₂e that is above or beneath the reference trajectory (here a 2°C one).
- The assets are represented on a temperature scale that reflects their deviation from the reference trajectory.
- In this example, 13 of the assets are above 2°C (the dark green clouds) and 6 assets are below the 2°C reference scenario.
- Two assets (#18 and #19) partially compensate the emissions of the others.
- The overall temperature of the fund is 2,3°C

How can Meridiam reduce the temperature of its portfolios?

For its funds with a temperature above 2°C, Meridiam is working on actions to reduce the temperature of each asset, enhance their resilience to climate change, align assets with the energy transition, and reduce Meridiam's overall carbon footprint.

Meridiam is committed to bring all its funds in line with a 2°C trajectory.

Meridiam believes the CIARA method, detailed in the previous section, is robust enough to guide its assets toward a 2°C trajectory.

» Two infrastructure types

In order to build a portfolio that is aligned with the Paris Agreement and a 2°C scenario, Meridiam is investing in a mix of conventional resilient infrastructure and infrastructure that specifically enables the energy transition. In doing so, new portfolios will be aligned with the Paris agreement from the outset.

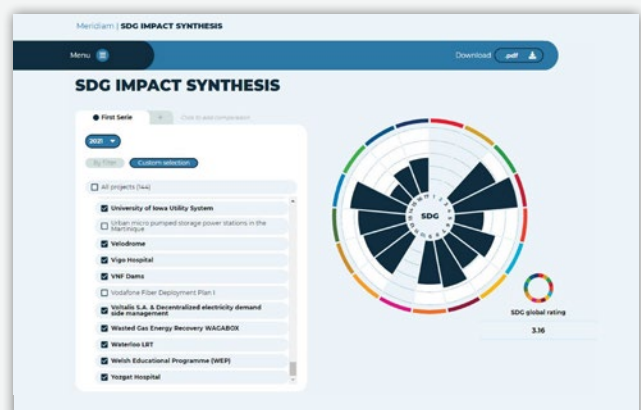


» Reduce temperature of assets

For older portfolios that are already invested, Meridiam is working to reduce the temperature of each asset.

Meridiam is actively working on these issues: while several initiatives are being implemented on projects' sites leveraging on Simpl methodology, external consultancies are also sought after to help determine the most appropriate mitigation measures and find innovative solutions to help further reduce assets or funds' carbon footprint.

simpl.





Example: **Road Assets**

- Introduce a carbon footprint clause with construction and service providers
- Develop high-occupancy vehicle lanes to stimulate high occupancy vehicle use, allowing a reduction of the number of vehicles.
- Construct carpool parks to stimulate carpool vehicle use, allowing a reduction of the number of vehicles on the roads.
- Implement preferential toll tariffs for high-occupancy vehicles to stimulate high-occupancy vehicle use, allowing a reduction of the number of vehicles
- Establish fast electric charging stations to allow electric vehicles to run high distances despite their limited battery capacity, and thereby allow electric vehicles deployment to replace fossil fuel vehicles

On the right is the detailed example of highways, for which measures range from warm asphalt to renewable electricity for service areas. For each studied measure, mitigation interest regarding climate change, as well as economic cost and feasibility are considered.

BEST PRACTICES BENCHMARK FOR CLIMATE MITIGATION*

	Mitigation interest	Economic cost	Feasibility ¹	Abatement cost (€/tCO _{2e} avoided)
Warm asphalt	●	●	●	
Electric construction machines	●	●	●	
Carbon footprint clause with construction service providers	●	●	●	
Recycled asphalt with mobile continuous asphalt plant	●	●	●	
Electric maintenance vehicles	●	●	●	
Low-speed highway	●	●	●	
Dynamic speed regulation	●	●	●	~ 100
Preferential toll tariffs for high occupancy vehicles	●	●	●	
Electronic toll	●	●	●	
Freeflow	●	●	●	~ 4,000
High-occupancy vehicle lane	●	●	●	~ 100
Carpool park	●	●	●	~ 100
Fast charging station network	●	●	●	~ 100
Electric highway	●	●	●	~ 200
Low pavement roughness	●	●	●	~ 300
LED relamping	●	●	●	~ 100
Renewable electricity for service areas	●	●	●	

High  Medium  Low

* Example Best Practices Chart for Roads from Carbone 4. For more information about CIARA, visit: <https://ciara.carbone4.com>
 Each action was evaluated in a particular compliant situation and replicability might not lead to identical outcome. For abatement costs, we indicated them when the information was available.
 1. Feasibility includes technical considerations, social acceptance and sector acceptance.

4. METRICS

Greenhouse Gas Emission Assessment

Meridiam assesses the greenhouse gas emissions of all its assets

» Scope 1, 2 and 3

For all projects Meridiam invests in, a carbon footprint assessment is performed at closing. This assessment comprises Scopes 1, 2 and 3 defined as follows:

- **Scope 1:** all direct emissions from the project activities (fuel combustion, fleet vehicles, etc.)
- **Scope 2:** indirect emissions from electricity purchased and used
- **Scope 3:** all other indirect emissions from the asset activities, from sources that are not under its control (travel, procurement, waste, water, end use, etc.)

» Monitor and compare

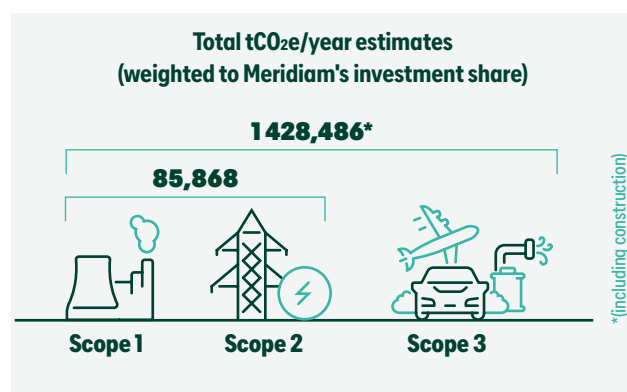
Once the relevant data is compiled for a project, it is compared to the emissions of a "reference situation", in which the project would not occur. The "net" emissions are calculated by subtracting the emissions of the reference scenario from the project's projected emissions. This process evaluates whether a certain project is likely to have a positive or negative net impact on carbon emissions, and it will typically feed in the project's emission reduction efforts through specific management plans for example. This allows Meridiam to monitor and compare GHG performance of each asset of its portfolio.

The following graphs indicate the Scope 1, 2 and 3 emissions for Meridiam's overall portfolio. The results are the projects' emissions in tonnes of CO₂ equivalent averaged to the number of detention years (tCO₂e)/year and are calculated by Carbone 4,

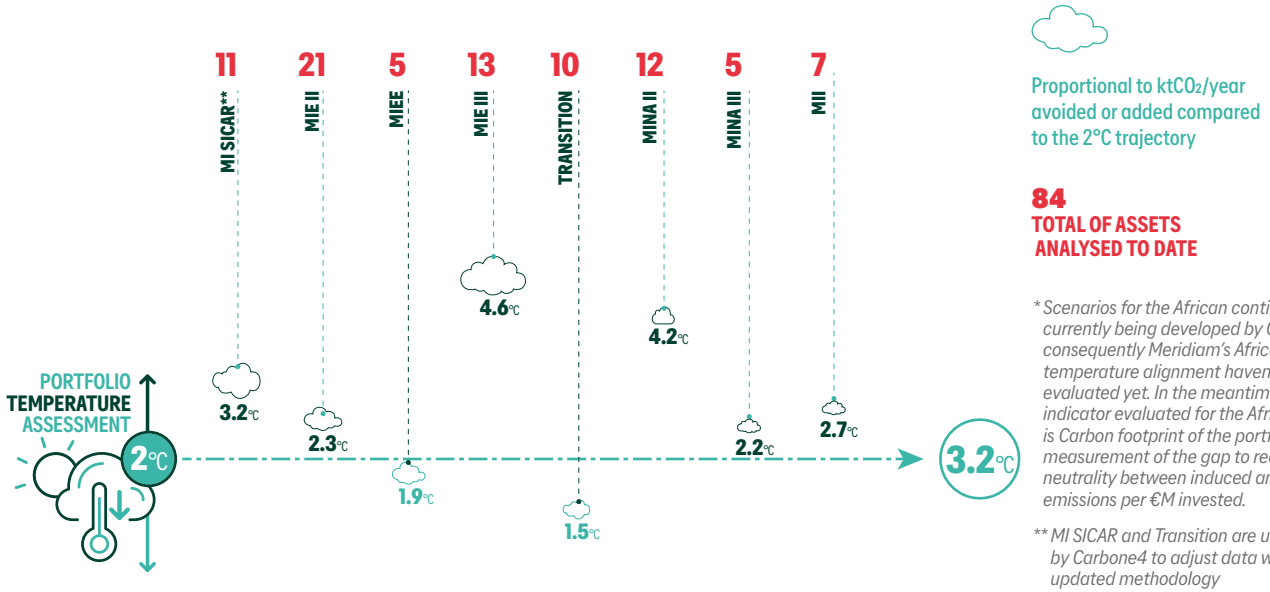
a specialised external consultant on evaluating the carbon footprint of projects.

Carbone 4 footprint assessments of all assets in portfolio follow the Principles of the GHG Protocol. Scope 1 and 2 of emissions related to assets' operation are weighted to the share of Meridiam's investment in a given asset and aggregated at Meridiam level. Similarly, scope 1, 2, 3 including emissions related to assets' construction are weighted to the share of Meridiam's investment in a given asset and aggregated at Meridiam level. The assessment was done in Q1 2022 using data available for 60 assets. At the time of the exercise, more assets were still under assessment. In Q1 2022, Meridiam accounted for 104 assets having reached financial close. The carbon emission data reported in this document therefore covers 61% of the funds committed by Meridiam in Q1 2022.

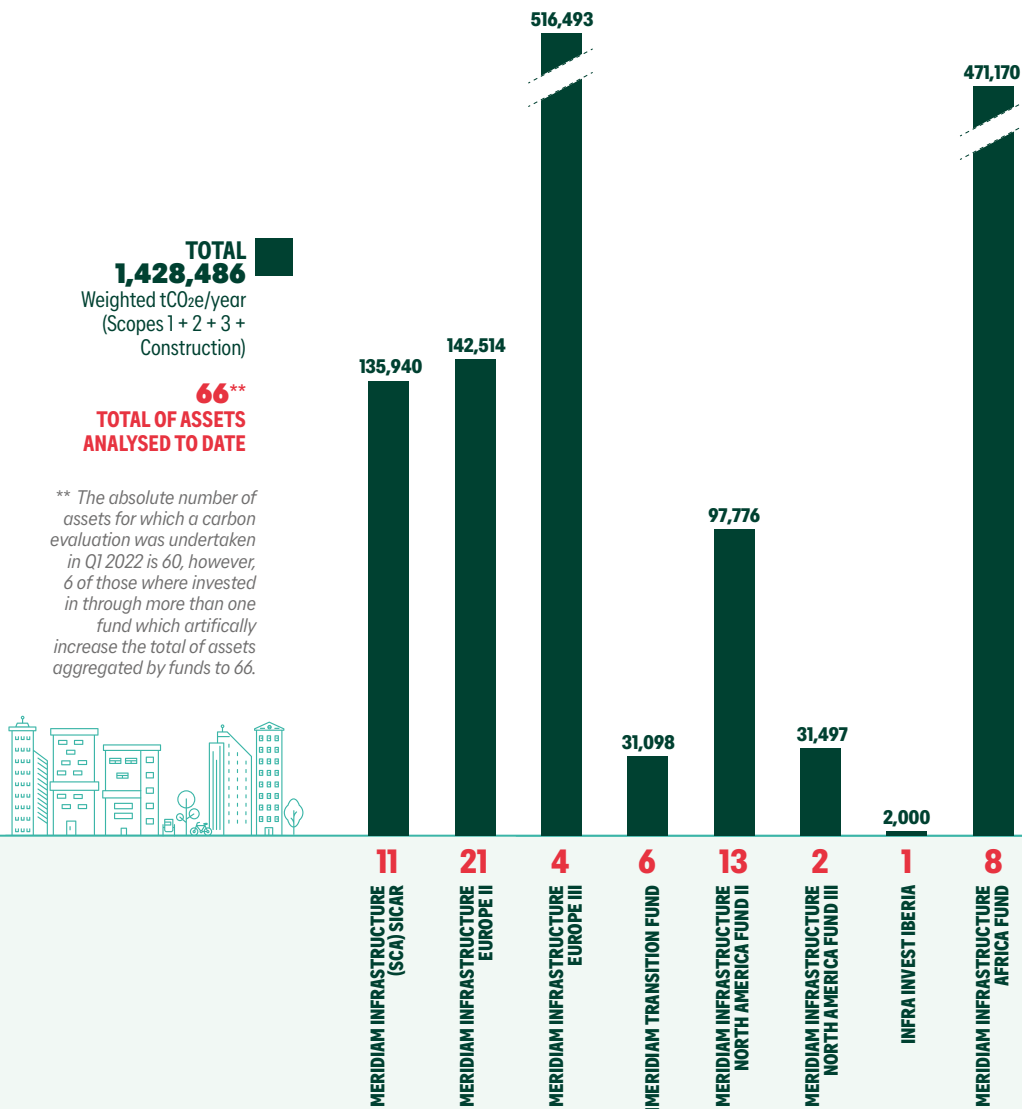
Meridiam's global portfolio Scope 1, 2 and 3 emissions in tCO₂e/year as of Q1 2022



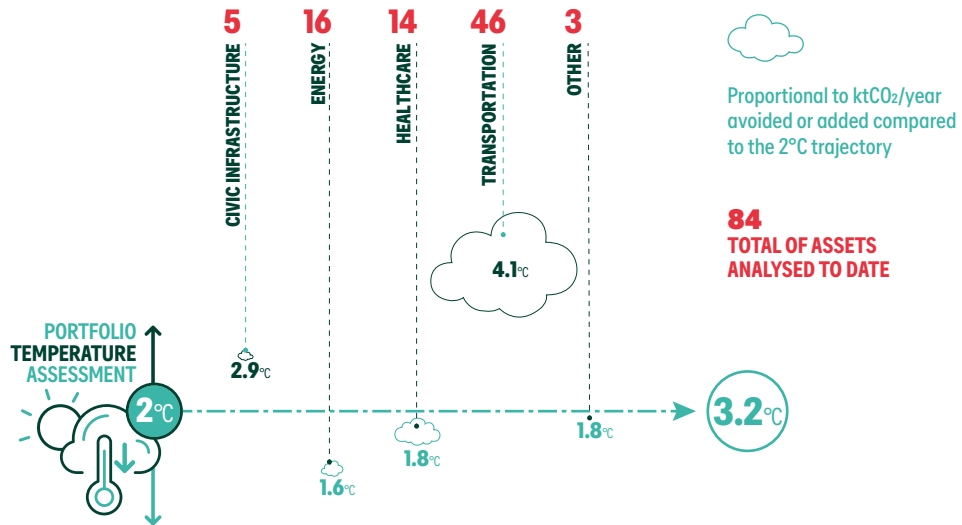
Temperature assessment compared with a 2°C trajectory by funds*



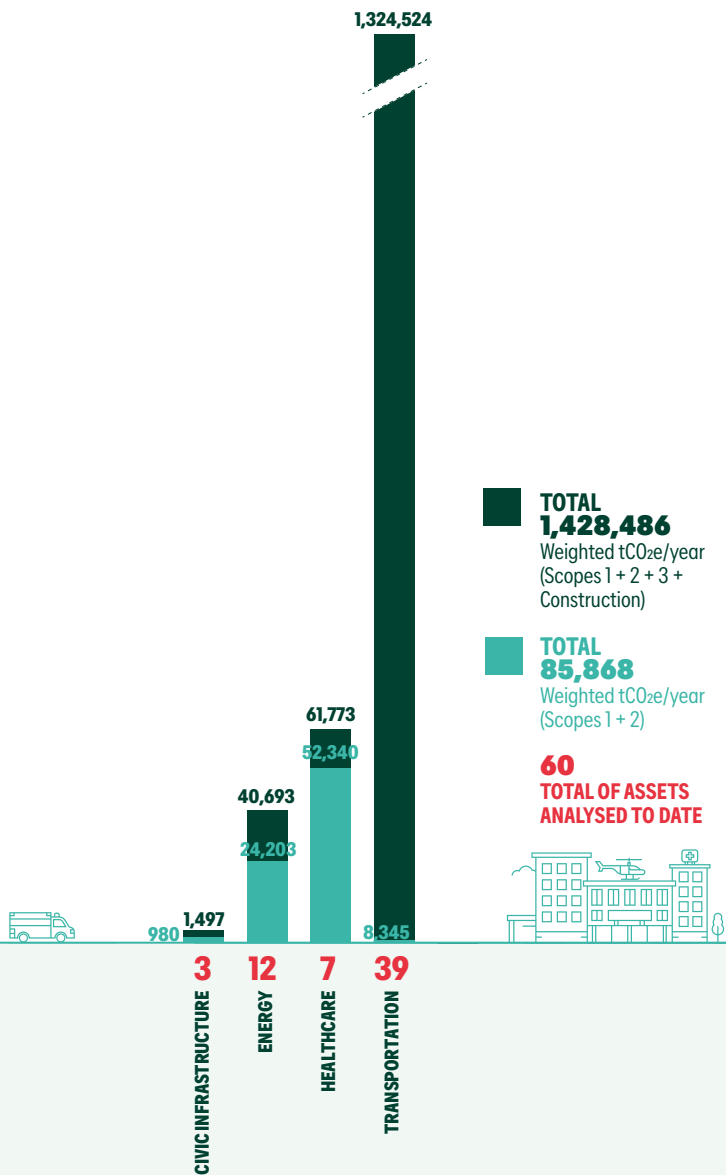
GHG assessment by funds



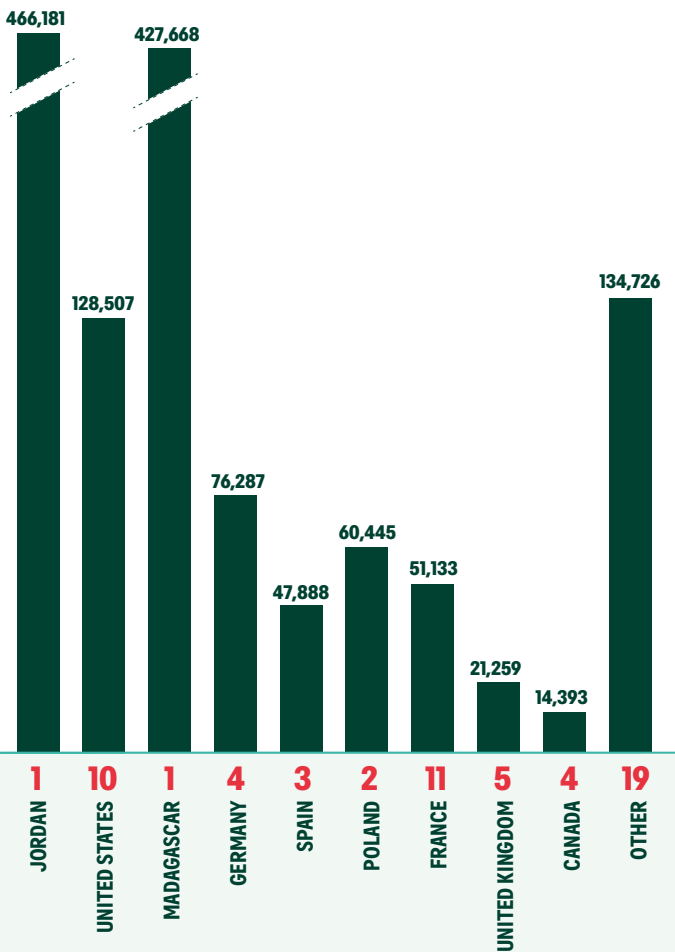
Temperature assessment compared with a 2°C trajectory by sectors of activity



GHG assessment by sectors of activity



GHG assessment by geographies of activity



What are the next steps for Meridiam on climate?

Meridiam is considering the following steps to improve its climate management:

- *Meridiam will develop an action plan to enable the firm to define a decarbonization pathway aligned with the intermediate and long-term objectives of its climate strategy.*
- *Meridiam is planning to outline its climate-related physical and transition risks taking into account the short-, medium-, and long-term time horizons.*
- *In addition to climate change topics addressed within current ESG and Sustainability training, Meridiam is developing specific climate change training for the board and investment teams.*
- *Meridiam will comply with all its commitments made in becoming a signatory of the Net Zero Asset Manager Initiative (see appendix 2).*



Meridiam
for people and the planet

5. APPENDICES

Appendix 1 : Meridiam's excluded activities



» Excluded Activities

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.
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-outs or bans such as:
 - Pharmaceuticals¹, pesticides/herbicides², ozone depleting substances³, polychlorinated biphenyls⁴ and other hazardous substances⁵;
 - Wildlife or wildlife products regulated under the Convention on International Trade and Endangered Species of Wild Fauna and Flora⁶.
 - Trans-boundary trade in waste or waste products unless compliant to the Basel Convention and the underlying regulations⁷.
- Projects in or impacting natural World Heritage Sites – please refer to the website <https://www.iucn.org/theme/world-heritage/natural-sites> - unless it can be demonstrated through an environmental assessment that the project (I) will not result in the degradation of the protected area and (II) will produce positive environmental and social benefits.
- Projects in or impacting areas on the United Nations List of National Parks and Protected Areas <https://www.protectedplanet.net/> unless it can be demonstrated through an environmental assessment that the project (I) will not result in the degradation of the protected area and (II) will produce positive environmental and social benefits.

1. list of pharmaceutical products subject to phase-outs or bans is available at <http://www.who.int/en/>.

2. A list of pesticides and herbicides subject to phase-outs or bans is available at <http://www.pic.int/TheConvention/Chemicals/AnnexIIIChemicals/tabid/1132/language/en-US/Default.aspx>.

3. A list of the chemical compounds that react with and deplete stratospheric ozone together with target reduction and phase-out dates is available at <http://ozone.unep.org/en/treaties-and-decisions/montreal-protocol-substances-deplete-ozone-layer>.

4. Polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

5. A list of hazardous chemicals is available at <http://www.pic.int/Home/tabid/855/language/en-US/Default.aspx>.

6. A list is of CITES species is available at <https://cites.org/>.

7. As defined by the Basel Convention; see <http://www.basel.int/>.

Meridian's excluded activities

- Extraction or infrastructure projects in or impacting protected area Categories I, II, III, and IV (Strict Nature Reserve/Wilderness Areas and National Parks, Natural Monuments and Habitat/ Species Management Areas), as defined by the International Union for the Conservation of Nature (IUCN). Projects in IUCN Categories V (Protected Landscape/Seascape) and VI (Managed Resource Protected Area) must be consistent with IUCN management objectives – please refer to the website <https://www.iucn.org/theme/protected-areas/about/protected-areas-categories> – unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits⁸.
- Destruction⁹ of High Conservation Value areas¹⁰.
- Activities prohibited by host country legislation or international conventions relating to the protection of cultural heritage¹¹.
- Production of or trade in radioactive materials¹², including nuclear reactors and components thereof.
- Production of, trade in or use of un-bonded asbestos fibres¹³.
- Marine and coastal fishing practices, such as large-scale pelagic drift net fishing, with nets in excess of 2.5 km in length, and fine mesh net fishing, or other practices (e.g. blast fishing) harmful to vulnerable and protected species in large numbers and damaging to biodiversity and 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.
- Live animals for scientific and experimental purposes, including the breeding of these animals.
- Gambling facilities.
- Companies found by a court or administrative body of competent jurisdiction to be engaging in unlawful monopolistic practices.
- Companies whose operations are subject to host country performance requirements.
- Production or activities involving forced labour¹⁴ or child labour¹⁵.
- Any business relating to pornography or prostitution.
- Production and distribution of racist, anti-democratic or other material with the intent to discriminate part of the population.
- Projects which result in limiting people's individual rights and freedom, or in violation of human rights.

8. Other relevant international conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); Convention on Biological Diversity.

9. Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of an habitat in such a way that the area's ability to maintain its role is lost.

10. High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see <http://www.hcvnetwork.org>).

11. Convention concerning the Protection of the World Cultural Heritage.

12. This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which DFC considers the radioactive source to be trivial and adequately shielded.

13. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

14. Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

15. Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

Appendix 2: Commitments made by Meridiam in becoming a signatory of the **Net Zero Initiative**



Meridiam became a signatory of the **Net Zero Asset Manager** initiative (an international group of asset managers) in 2021

» **Meridiam is committed:**

- > to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius,
- > to supporting investing aligned with net zero emissions by 2050 or sooner.



TO BE DONE IF NECESSARY



TO BE DONE



ALREADY IMPLEMENTED



» Specifically, Meridiam is committed to:

- a. Working in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management ('AUM').
- b. Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.
- c. Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.



» To fulfil these commitments Meridiam will:

*All funds will be managed in line with the attainment of **net zero emissions by 2050 or sooner** (under commitment b)*

- d. Set interim targets for 2030, consistent with a fair share of the 50% global reduction in CO₂ identified as a requirement in the IPCC special report on global warming of 1.5°C.
- e. Take account of portfolio Scope 1 & 2 emissions and, to the extent possible, material portfolio Scope 3 emissions.
- f. Prioritise the achievement of real economy emissions reductions within the sectors and companies in which we invest.
- g. As required, create investment products aligned with net zero emissions by 2050 and facilitate increased investment in climate solutions.
- h. If using offsets, invest in long-term carbon removal, where there are no technologically and/or financially viable alternatives to eliminate emissions.



» Across all assets under management

- i. Provide asset owner clients with information and analytics on net zero investing and climate risk and opportunity.
- j. Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with Meridiam's ambition for all assets under management to achieve net zero emissions by 2050 or sooner.
- k. Engage with key actors of the investment system including credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that products and services available to investors are consistent with the aim of achieving global net zero emissions by 2050 or sooner.
- l. Ensure any relevant direct and indirect policy advocacy that Meridiam undertakes is supportive of achieving global net zero emissions by 2050 or sooner.



» Accountability Publish

- m. Publish TCFD including a climate action plan on a yearly basis and submit them to the Investor Agenda via its partner organisations for review to ensure the approach applied is based on a robust methodology, consistent with the UN Race to Zero criteria, and action is being taken in line with the commitments made here.



Paris

4, place de l'Opéra
75002 Paris - FRANCE
T : +33 1 53 34 96 96
F : +33 1 53 34 96 99

New York

605 Third Avenue 36th Floor
New York NY 10158 - USA
T : +1 212 798 8686
F : +1 212 798 8690

Toronto

100 King Street West, Suite 2500
Toronto, Ontario M5X 1C8
CANADA
T : +1 647 345 8852
F : +1 647 347 8857

Luxembourg

146 Boulevard de la Pétrusse L-2330
LUXEMBOURG
T : +352 20 88 17 01
F : +352 47 67 41 41

Istanbul

Esentepe Mah. Buyukdere Cad.
Levent 199 Plaza
Kat: 32 Levent 34394 Şişli,
Istanbul Area - TURKEY
T : +90 212 939 5840
F : +90 212 319 7600

Dakar

Immeuble la Rotonde
rue Amadou Assane Ndoye
x rue St-Michel, 2nd floor,
B.P. 4887, Dakar - SENEGAL
T : +221 33 889 54 40

Addis-Ababa

Cape Verde Street, Bole Sub-city,
Woreda 03/05, House # 379,
Addis Ababa - ETHIOPIA
T : +251 116 392851

Vienne

Handelskai 94-96 1200 Wien,
AUSTRIA
T : +43 1 205 77 30 50
F : +43 1 205 77 30 90

Amman

1 Rafiq Al-Hariri Avenue Abdali
P.O. BOX 143210
Amman, Abdali - JORDAN
T : +962 7 9990 5568

Libreville

Immeuble Odyssee 6° étage Lot
N°602 Boulevard de l'indépendance
BP : 8877, GABON
T : +241 77 36 75 75

Johannesburg

Building 3, 6th Floor cnr Alice
Lane / 5th Street. Sandhurst;
Sandton 2196 - SOUTH AFRICA
T : +27 10 035 4070

www.meridiam.com

meridiam@meridiam.com

Meridiam
for people and the planet