ANNEX I

Template principal adverse sustainability impacts statement

For the purposes of this Annex, the following definitions shall apply:

(1) ‘scope 1, 2 and 3 GHG emissions’ means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council[1];

(2) ‘greenhouse gas (GHG) emissions’ means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council[2];

(3) ‘weighted average’ means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;

(4) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(5) ‘companies active in the fossil fuel sector’ means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council[3];

(6) ‘renewable energy sources’ means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;

(7) ‘non-renewable energy sources’ means energy sources other than those referred to in point (6);

(8) ‘energy consumption intensity’ means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

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1 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

2 Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

3 Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

(9) ‘high impact climate sectors’ means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council[4];

(10) ‘protected area’ means designated areas in the European Environment Agency’s Common Database on Designated Areas (CDDA);

(11) ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council[5];

(12) ‘emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council[6] and direct emissions of nitrates, phosphates and pesticides ;

(13) ‘areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”;

(14) ‘hazardous waste and radioactive waste’ means hazardous waste and radioactive waste;

(15) ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council[7] ;

(16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom[8];

(17) ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;

(18) ‘activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by all of the following:

(a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

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4 Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

5 Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

6 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

7 Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

8 Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

(b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

(i) Directive 2009/147/EC of the European Parliament and of the Council[9];

(ii) Council Directive 92/43/EEC[10];

(iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council[11];

(iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);

(19) 'biodiversity-sensitive areas' means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139[12];

(20) 'threatened species' means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;

(21) 'deforestation' means the temporary or permanent human-induced conversion of forested land to non-forested land;

(22) 'UN Global Compact principles' means the ten Principles of the United Nations Global Compact;

(23) 'unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;

(24) 'board' means the administrative, management or supervisory body of a company;

(25) 'human rights policy' means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

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9 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

10 Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

11 Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

12 Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

(26) ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council[13];

(27) ‘inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council[14], for the Large Volume Inorganic Chemicals- Solids and Others industry;

(28) ‘air pollutants’ means direct emissions of sulphur dioxides (SO_2), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM_{2,5}$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council[15], ammonia (NH_3) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) ‘ozone depletion substances’ mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

(1) ‘GHG emissions’ shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i}\times investee\ company's\ Scope(x)\ GHG\ emissions_i\right)$$

(2) ‘carbon footprint’ shall be calculated in accordance with the following formula:

$$\frac{\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i}\times investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i\right)}{current\ value\ of\ all\ investments\ (€M)}$$

(3) ‘GHG intensity of investee companies’ shall be calculated in accordance with the following formula:

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13 Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

14 Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

15 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance), *OJ L 344, 17.12.2016, p. 1–31*

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)} \times \frac{investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i}\right)$$

(4) 'GHG intensity of sovereigns' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)} \times \frac{The\ country's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{Gross\ Domestic\ Product_i(€M)}\right)$$

(5) 'inefficient real estate assets' shall be calculated in accordance with the following formula:

$$\frac{((Value\ of\ real\ estate\ assets\ built\ before\ 31/12/2020\ with\ EPC\ of\ C\ or\ below) + (Value\ of\ real\ estate\ assets\ built\ after\ 31/12/2020\ with\ PED\ below\ NZEB\ in\ Directive\ 2010/31/EU))}{Value\ of\ real\ estate\ assets\ required\ to\ abide\ by\ EPC\ and\ NZEB\ rules}$$

For the purposes of the formulas, the following definitions shall apply:

(1) 'current value of investment' means the value in EUR of the investment by the financial market participant in the investee company;

(2) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(3) 'current value of all investments' means the value in EUR of all investments by the financial market participant;

(4) 'nearly zero-energy building (NZEB)', 'primary energy demand (PED)' and 'energy performance certificate (EPC)' shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council[16].

[16] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant [*MERIDIAM*]

Summary

[*MERIDIAM*] considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of [*MERIDIAM*].

This statement on principal adverse impacts on sustainability factors covers the reference period from [*1 January 2022* to 31 December [*2022*].

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Principal adverse impacts of investment decisions on sustainability factors have been monitored for the year 2022 for the financial product and cover all the mandatory indicators for principal adverse impacts on sustainability factors listed in Table 1 of Annex I of the delegated regulation 2019/2088 supplementing SFDR as follows :

1. GHG emissions (Scope 1, 2 and 3 – Total GHG emissions)
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

12. Unadjusted gender pay gap

13. Board gender diversity

14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

The following relevant additional indicators listed in Tables 2 and 3 of Annex I of the same delegated regulation:

15. Investments in companies without water management policies

16. Number of days lost to injuries, accidents, fatalities, or illness

17. Lack of a supplier code of conduct (Tier 1: SPV's first subcontractors and suppliers of materials and services)

As an infrastructure and long-term asset manager, the principal adverse impacts linked to Meridiam's activities pertain directly to the characteristics of the natural and social environment in which the project is implemented, its scale as well as the project end-use. Whether the project is a brownfield or a greenfield also influences the significance of the potential impacts and the necessary mitigation measures.

Typically, Meridiam's activities can be divided into three main categories: sustainable transport, critical public services and innovative-low carbon solutions. These categories tend to have similar and distinct potential impacts that will be managed differently.

Commonly and because of the wide footprint inherent to infrastructure projects in general, there is always a focus on: managing the impacts on biodiversity and the natural habitat as well as the potential social impacts on the communities the infrastructure serves, ensuring sustainable resources' consumption, and avoiding and minimizing any sources of pollution including noise, water and air pollution.

Some examples of distinct features related to specific asset types might include the following: transportation assets tend to have a bigger footprint as they extend many kilometers and are more likely to impact natural habitats as they cross a variety of areas to provide critical links. As such there will be an emphasis on ensuring natural habitat connectivity and managing impacts such as noise, water and air pollution. Hospitals and schools generally are developed in more urbanized areas with a focus on ensuring resources consumption efficiency and managing waste including hazardous and radioactive waste.

Description of the principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator	**Metric**		**Impact [2022]**	**Impact [2021]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	695,048 TCO2e	N/A	2022 is the first year of application for PAI reporting	The approach undertaken during a project development is detailed below in the description of policies to identify and prioritise principal adverse impacts on sustainability factors. Meridiam used its SIMPL. tool, which methodology on its website, to gather PAIs indicators for the year 2022. The tool is leveraged on to develop what we call an *Asset SDG Implementation Plan* (ASIP) for each asset in portfolio. The *ASIP* aims at providing an action plan to the portfolio company which will allow the asset to improve its performance. This is done in close collaboration with the portfolio company in order to ensure that the analysis is
		Scope 2 GHG emissions	361,515 TCO2e	N/A	2022 is the first year of application for PAI reporting	
		Scope 3 GHG emissions	1,554,400 TCO2e	N/A	2022 is the first year of application for PAI reporting	
		Total GHG emissions	2,610,964 TCO2e	N/A	2022 is the first year of application for PAI reporting	
	2. Carbon footprint	Carbon footprint	301.96 TCO2e/M eur invested	N/A	2022 is the first year of application for PAI reporting	

	3. GHG intensity of investee companies	GHG intensity of investee companies	1891.18 Tco2e/M eur turnover	N/A	2022 is the first year of application for PAI reporting	comprehensive of the asset's specific context and scope. This bottom-up approach is carried out through meetings and on-site feedback leading to the collaborative identification and validation of specific areas of improvements, related action plans and implementation timetable. Typically, once a Portfolio Company fills-in its dedicated survey, the Project Leader access the data visualization platform to analyze the performance of the asset together with the Portfolio Company's team. Through dedicated workshops and discussions, the team leverages on the tool assessment and focus on SDGs and specific indicators where the score can be improved, including PAIs, to define concrete actions to be implemented on the ground and build a tailored roadmap. The defined actions can range from: installing on site renewable energy projects such as solar PVs, discussing with the company's energy provider to negotiate a higher renewable energy share in the consumption mix, obtaining specific sustainability related certifications such as LEED, BREAM or ISO 14001, improving the energy management system,
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	2022 is the first year of application for PAI reporting	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	80%	N/A	2022 is the first year of application for PAI reporting	

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	52.21 Service activities incidental to land transportation 0.08 GWh/M eur turnover 41.10 Development of building projects 0.59 GWh/M eur turnover 35.11 Production of electricity 0.59 GWh/M eur turnover 52.22 Service activities incidental to water transportation 0.00 GWh/M eur turnover 35.21 Manufacture of gas 1.04 GWh/M eur turnover	N/A	2022 is the first year of application for PAI reporting	establishing carbon reduction targets, developing a gender fair wage policy and monitoring system, ensuring efficient grievance mechanisms on site, increasing the number of training hours for employees on site, strengthening mechanisms to deal with non- compliant suppliers, ensuring a high level of alignment between contractors and SPV regarding ESG standards, engaging with community projects through financial donation or pro bono etc.

			35.22 Distribution of gaseous fuels through mains 0.15			
			35.13 Distribution of electricity 0.00 GWh/M eur turnover			
			42.22 Construction of utility projects for electricity and telecommunications 0.05 GWh/M eur turnover			
			49.39 Other passenger land transport n.e.c. 0.04 GWh/M eur turnover			
			52.23 Service activities incidental to air transportation 0.37 GWh/M eur turnover			
			38.21 Treatment and disposal of non-hazardous waste			

			0.31 GWh/M eur turnover			
Biodiversity	7. Activities negatively affecting biodiversity -sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	15%	N/A	2022 is the first year of application for PAI reporting	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a	7.10 t/M eur invested	N/A	2022 is the first year of application for PAI reporting	

		weighted average				
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.12 t/M eur invested	N/A	2022 is the first year of application for PAI reporting	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Developme	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for	2%	N/A	2022 is the first year of application for PAI reporting	The approach undertaken during a project development is detailed below in the description of policies to identify and prioritise principal adverse impacts on sustainability factors. Meridiam used its SIMPL. tool, which methodology on its website, to gather PAIs indicators for the year 2022. The tool is leveraged on to develop what we call an *Asset SDG Implementation Plan* (ASIP) for each asset in portfolio. The *ASIP* aims at

	nt (OECD) Guidelines for Multinational Enterprises	Multinational Enterprises				providing an action plan to the portfolio company which will allow the asset to improve its performance. This is done in close collaboration with the portfolio company in order to ensure that the analysis is comprehensive of the asset's specific context and scope. This bottom-up approach is carried out through meetings and on-site feedback leading to the collaborative identification and validation of specific areas of improvements, related action plans and implementation timetable. Typically, once a Portfolio Company fills-in its dedicated survey, the Project Leader access the data visualization platform to analyze the performance of the asset together with the Portfolio Company's team. Through dedicated workshops and discussions, the team leverages on the tool assessment and focus on SDGs and specific indicators where the score can be improved, including PAIs, to define concrete actions to be implemented on the ground and build a tailored roadmap. The defined actions can range from: installing on site renewable energy projects such as solar PVs, discussing with the company's energy provider to negotiate a higher renewable energy
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD	68%	N/A	2022 is the first year of application for PAI reporting	

		Guidelines for Multinational Enterprises				share in the consumption mix, obtaining specific sustainability related certifications such as LEED, BREAM or ISO 14001, improving the energy management system, establishing carbon reduction targets, developing a gender fair wage policy and monitoring system, ensuring efficient grievance mechanisms on site, increasing the number of training hours for employees on site, strengthening mechanisms to deal with non- compliant suppliers, ensuring a high level of alignment between contractors and SPV regarding ESG standards, engaging with community projects through financial donation or pro bono etc.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2%	N/A	2022 is the first year of application for PAI reporting	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	12%	N/A	2022 is the first year of application for PAI reporting	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A	2022 is the first year of application for PAI reporting	

Other indicators for principal adverse impacts on sustainability factors						
[*Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (a) in the format in Table 2*]	15. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	1%	N/A	2022 is the first year of application for PAI reporting	The approach undertaken during a project development is detailed below in the description of policies to identify and prioritise principal adverse impacts on sustainability factors. Meridiam used its SIMPL. tool, which methodology on its website, to gather PAIs indicators for the year 2022. The tool is leveraged on to develop what we call an *Asset SDG Implementation Plan* (ASIP) for each asset in portfolio. The *ASIP* aims at providing an action plan to the portfolio company which will allow the asset to improve its performance. This is done in close collaboration with the portfolio company in order to ensure that the analysis is comprehensive of the asset's specific context and scope. This bottom-up approach is carried out through meetings and on-site feedback leading to the collaborative identification and validation of specific areas of improvements, related action plans and implementation timetable. Typically, once a Portfolio Company fills-in its dedicated survey, the Project Leader access the data visualization platform to analyze the performance of the asset together with the Portfolio Company's team. Through dedicated workshops and discussions, the team
[*Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (b), in the format in Table 3*]	16. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	276.46 accidents	N/A	2022 is the first year of application for PAI reporting	
[*Information on any other adverse impacts on sustainability factors used to identify and assess additional*	17. Investments in companies without water management policies	Share of investments in investee companies without water management policies	58%	N/A	2022 is the first year of application for PAI reporting	

principal adverse impacts on a sustainability factor referred to in Article 6(1), point (c), in the format in Table 2 or Table 3]						leverages on the tool assessment and focus on SDGs and specific indicators where the score can be improved, including PAIs, to define concrete actions to be implemented on the ground and build a tailored roadmap. The defined actions can range from: installing on site renewable energy projects such as solar PVs, discussing with the company's energy provider to negotiate a higher renewable energy share in the consumption mix, obtaining specific sustainability related certifications such as LEED, BREAM or ISO 14001, improving the energy management system, establishing carbon reduction targets, developing a gender fair wage policy and monitoring system, ensuring efficient grievance mechanisms on site, increasing the number of training hours for employees on site, strengthening mechanisms to deal with non- compliant suppliers, ensuring a high level of alignment between contractors and SPV regarding ESG standards, engaging with community projects through financial donation or pro bono etc.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

As defined in the Principle Adverse Impacts Policy formalized in 2021, the 4-step evaluation of every potential investment opportunity described earlier in this document has been an integral part of Meridiam's investment process. The recent regulation has formalized the disclosure process, but identifying and managing negative impacts through ESG risk evaluation has been part of Meridiam's procedures since inception. Meridiam uses specific ESG indicators in the detailed evaluation of potential investments and several of these indicators are directly related to the sustainability of the asset as indicated in the tables below. For example, the impact on the physical environment (air quality, noise, water quality, soil, etc.), the impact on the fauna and flora, the sustainable use of resources or the vulnerability to climate change and climate-related physical risks. It would be challenging to list all the potential PAI and associated management measures for all types of asset classes Meridiam invests in, but below is a table providing a sample of PAI-related issues for some of our asset classes. As showed in the following table, specific environmental and social management plans (ESMPs) are developed to address the PAIs, each containing a detailed description of the adverse impacts it addresses, the measures implemented to limit and/or compensate the impacts, the implementation schedule and responsibility matrix, and the monitoring plan.

Asset class	Examples of PAI Risks related to sustainability	Examples of Environmental and Social Management Plans (ESMPs)
Roads	Air quality, Dust, Noise, Waste, Water quality, Soil contamination, Slope stabilisation, Biodiversity, Resettlement	Water quality and wastewater MP, Air emission, noise and dust MP, Biodiversity Action Plan, Resettlement Action Plan
Airports	Noise, Air emissions, GHG, Bird hazards, Soil contamination, Hazardous waste	Water quality and wastewater MP, Air emission, noise and dust MP, GHG emissions reduction plan, Waste MP, Bird hazards MP
Urban mobility	Disposal of batteries, noise and dust during construction and operation	Air emission, noise and dust MP, Waste and hazardous waste MP
Port	Coastal erosion, Waste and hazardous waste, Water quality, Biodiversity	Erosion control and restoration plan, Biodiversity Action Plan, Waste and hazardous waste MP, Wastewater and surface water MP
Railways	Noise and vibrations, Encroachment in natural habitats, Land acquisition and expropriation, Hazardous waste, Water quality	Noise and vibration MP, Biodiversity Action Plan, Land acquisition and resettlement Action Plan, Hazardous waste MP, Water and wastewater MP
Student accommodation	Disturbances linked to noise and traffic in the vicinity of buildings, Energy and water consumptions	Air emission noise and dust MP, Energy efficiency and consumption MP, Water consumption reduction plan
Hospitals	Biomedical and hazardous waste, Noise and disturbance due to ambulances and traffic increase	Air emission, noise and dust MP, Biomedical and hazardous waste MP Traffic MP
Data center	Energy consumption, Heat waste and water consumption (for cooling), E-waste, Noise	Energy MP, Water consumption MP, Noise MP, Waste and e-waste MP

Hydropower plant	Impact of the reservoir on aquatic biodiversity, Encroachment in natural habitats, Riverine erosion, GHG emissions from and mercury bioaccumulation in the reservoir, Land acquisition and resettlement, Water quantity and quality	Biodiversity Action Plan, Soil stability and erosion MP, GHG emissions management and monitoring plan, Mercury monitoring and MP, Land acquisition and resettlement Action Plan, Water MP including climate modelling
Solar power plant	Visual impact, Land acquisition and resettlement, Encroachment in natural habitats, Panels disposal	Hazardous waste MP, Land acquisition and resettlement Action Plan, Biodiversity Actiion Plan, Visual integration plan
Waste to energy	Air and odour emissions, Traffic increase due to waste transport, Water and wastewater	Air emission, noise and dust MP, Traffic MP, Water consumption and wastewater MP

All these PAIs are evaluated regarding their level of risk and project-specific measures are taken to address them. Meridiam's approach towards these PAI is to avoid, reduce, and compensate PAI.

Here are some examples:		
Avoid	Light Rail Transit in Florence, Italy	The project was redesigned when archaeological works unearthed cultural artefacts on the site of the original tramway line.
Minimize	Kinguélé Aval Hydropower Plant, Gabon	The initial design was double the actual size in height, energy capacity (MW), height of the dam and surface of retention basin. This meant the basin would have covered the outskirts of a national park. As such, the conception of the project was revised and the project halved in height, energy capacity and retention basin to avoid undue potential negative impacts on natural habitats.
Compensate	A5 Ostregion, Austria	The project company protected or restored 267 hectares of green areas that are now under its management. This represents a compensation of 168% of habitat areas that were considered destroyed during the construction of the highway.

To develop a better understanding of projects and inform the sustainability related risk assessments, teams will carry out site visits, meetings and discussions with other stakeholders, consideration of the site history, and developing a list of action items. As explained above, these measures are compiled in specific environmental and social management plans that detail how each PAI related to ESG and/or sustainability is managed, when and by whom. This allows Meridiam and other shareholders of the project company to track the implementation of each ESG/sustainability measure during the various phases of the project, from construction to operation.

Meridiam monitored the PAIs through its reporting platform Simpl. ® which gathers operational data at asset level on a yearly basis as well as through the carbon assessment of each of its assets in portfolio evaluated by an external consultant Carbone 4 following the Principles of the GHG Protocol.

Engagement policies

To follow-up and actualize our ESG and sustainability strategy, Meridiam has developed an active, hands-on asset management approach, ensuring an intimate proximity between Meridiam and our assets. Within all project companies, Meridiam will always be an active shareholder, playing a strong monitoring role on how the project is delivered and managed. This helps ensure our investments are managed transparently, especially for ESG and sustainability factors. Specifically, as a member of the project company's board, Meridiam personnel typically have veto powers in relation to the approval of most key decisions of the project company, and Meridiam also focuses carefully on governance and management issues within the project company board. As such, Meridiam ensures that, along with its partners, the project is designed and implemented considering all ESG and sustainability impacts, including climate change risks and opportunities. Meridiam also ensures that each project company has its own environmental and social management plan in place and is responsible for implementing it within its activities. A constructive dialogue with each project company is maintained throughout the construction and operation phases, allowing close monitoring of the implementation of the environmental and social strategies and measures.

More specifically, Meridiam uses Simpl. ® to monitor each asset in portfolio on a yearly basis. It tracks and monitors the impact of a project using Meridiam's unique framework of assessment against Environment, Social and Governance targets and the UN-SDGs.

Simpl. ® is designed to focus on the pre-assessed core and direct impacts of Meridiam's sectors of activities and uses data and KPIs available at the portfolio company level through an in-depth survey of over 200 indicators per asset class with a data visualization tool to rigorously monitor ESG criteria and identify each investments' relevant contribution to the SDGs. The tool has also developed a set of sustainability indicators related to climate metrics.

The objective is to monitor these indicators throughout the life cycle of a given asset and to ensure its continuous improvement by setting up amelioration plans developed in collaboration with the portfolio company and approved by its board.

The formalization of our ESG demands towards our partners is a requirement of our procedures found in our commitments associated to environmental and social reporting. As such, Meridiam's approach to ESG management and SDG value creation is systematically incorporated within every project management strategy as agreed upon by the consortium. We establish collaborative agreements with our partners on the ESG measures to be implemented throughout the construction and development phase of our projects as well as the monitoring and sustainable value creation inherent to our procedures. These agreements are formalized in the shareholder's agreement of each project and include specific performance and reporting requirements towards each project company.

References to international standards

Meridiam is committed to respect fundamental social rights in alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

This commitment is respected throughout the Business Approach:

- **During the investment process**: Meridiam ensures that its partners respect social standards in their HR policies and consider these risks when selecting main suppliers and subcontractors.

- **During the asset management process**: Meridiam ensures as a shareholder that social standards are effectively applied by the main contractors and their subcontractors:

  - respect of trade union rights and the promotion of a social dialogue
  - prevention of all types of discrimination and promotion of equal opportunities
  - no use of child labour or of any type of illegal labour
  - acceptable working conditions: remuneration, social security, prevention of violence at work, termination provisions (local workforce)
  - the promotion of health and safety in the workplace including the prevention of occupational accidents and diseases
  - apply the indicators of the UN-SDG tool to measure the involvement level of suppliers and subcontractors on health and safety and child labour monitoring, prevention, and mitigation

Moreover, indicators for principal adverse impacts on sustainability factors are monitored at asset level. Namely:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

Since 2019, Meridiam has also set the objective to align all its portfolios with the goals of the Paris Agreement. To do this Meridiam partnered with Carbone 4* to develop a tailored Climate Impact Analytics for Real Assets' (CIARA) methodology in order to assess its portfolio’s alignment.

Historical comparison

N/A