

TCFD* REPORT 2023



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Meridiam
for people and the planet

CONTENTS

Forward	4
1. Governance	6
What indicators do the governance bodies monitor?	7
Governance bodies are supported by the ESG and the hub teams	8
Governance bodies empower all teams on climate considerations	9
2. Strategy	10
Risks and opportunities	10
Physical risks	11
Transition risks	12
Financial risks	12
Opportunities as an asset manager	13
Meridiam's Climate Strategy	14
3. Risk Management	16
The investment process	16
Zoom on Meridiam's climate risk management matrix	18
Quantitative transition and physical risks of Meridiam's portfolio, under assessment by Carbone 4	19
Mitigating climate-related risks	21
4. Metrics	22
Climate related-risk and opportunities metrics	22
Greenhouse Gas Emission Assessment	24
Funds' Temperature assessments using CIARA methodology	26
Climate-related Targets	27



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#investingfortomorrow
#sustainableimpact
#UNSDGs
#inclusion

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FORWARD



Meridiam's purpose is to work for people and the planet by designing, financing, developing, and operating transformational infrastructure, for the long term with the mission to address what we believe are the world's most pressing challenges – building resilient communities, tackling climate change, and protecting the environment. Infrastructures both provide essential services for the communities they serve and are material contributors to ensuring the achievement of the 2030's Sustainable Development Goals.

They are also, however, responsible for an estimated 79 per cent of total anthropogenic emissions, mostly associated with energy, buildings, and transport. As such, Meridiam has a material role to play in the mitigation of climate change.

To ensure a systematic inclusion of its impact-driven mission within its activities, Meridiam

changed its by-laws to become a French Benefit Corporation and has reinforced its mission strategy by defining 5 pillars based on the SDGs most relevant to its role as a long-term infrastructure asset developer, investor, and manager. Meridiam's sustainable objective is to invest in assets which align positively to its 5-pillar strategy.

These **5 pillars** set the long-term key measurable objectives of Meridiam's mission strategy.

They are as follow:



1. Deliver resilient infrastructure & develop sustainable cities.



Resilient infrastructure and Sustainable Cities



2. Accelerate energy transition



Clean and affordable energy



3. Avoid & reduce emissions



Climate strategy



4. Promote good work conditions, inclusion, diversity & gender equality



Decent work, inclusion, and gender



5. Protect & enhance biodiversity



Biodiversity





By leveraging Climate and SDG Synergies, it is possible to maximize the linkages between, and the objectives sought by the 2030 Agenda and the Paris Agreement. In fact, progress made towards limiting global temperature increase significantly contribute to attain many of the SDGs and similarly, many of the SDGs and their targets will be achieved in ways that allow adaptive responses to climate change. As such, Meridiam integrates its mission strategy linked to achieving a positive contribution to the SDGs with its dedicated Climate strategy in order to address all aspects of the fight against climate change.

The third pillar of Meridiam's mission strategy is dedicated to ensuring all assets contribute to SDG 13: Climate action. In line with this pillar, Meridiam's approach to managing its activities is based on the reduction of its investments' carbon footprint and on delivering low-carbon and resilient infrastructure.

To measure its effective contribution, two objectives are defined: to avoid and to reduce Meridiam's portfolio emissions.

These objectives further translate into two complementary targets:

- *As a Net Zero Asset Manager Initiative (NZAMI) signatory, Meridiam is committed to becoming carbon neutral by 2050 with an interim target of a 50% reduction of its portfolio's GHG emissions scopes 1 and 2 by 2030.*
- *Align Meridiam's portfolio towards a 2°C climate trajectory.*

Meridiam's TCFD Report follows the climate-related financial disclosure recommendations with the aim of contributing to the financial market reporting harmonization and commitment to transparency on climate-related information.

As such, the report is structured around four areas:



GOVERNANCE



STRATEGY



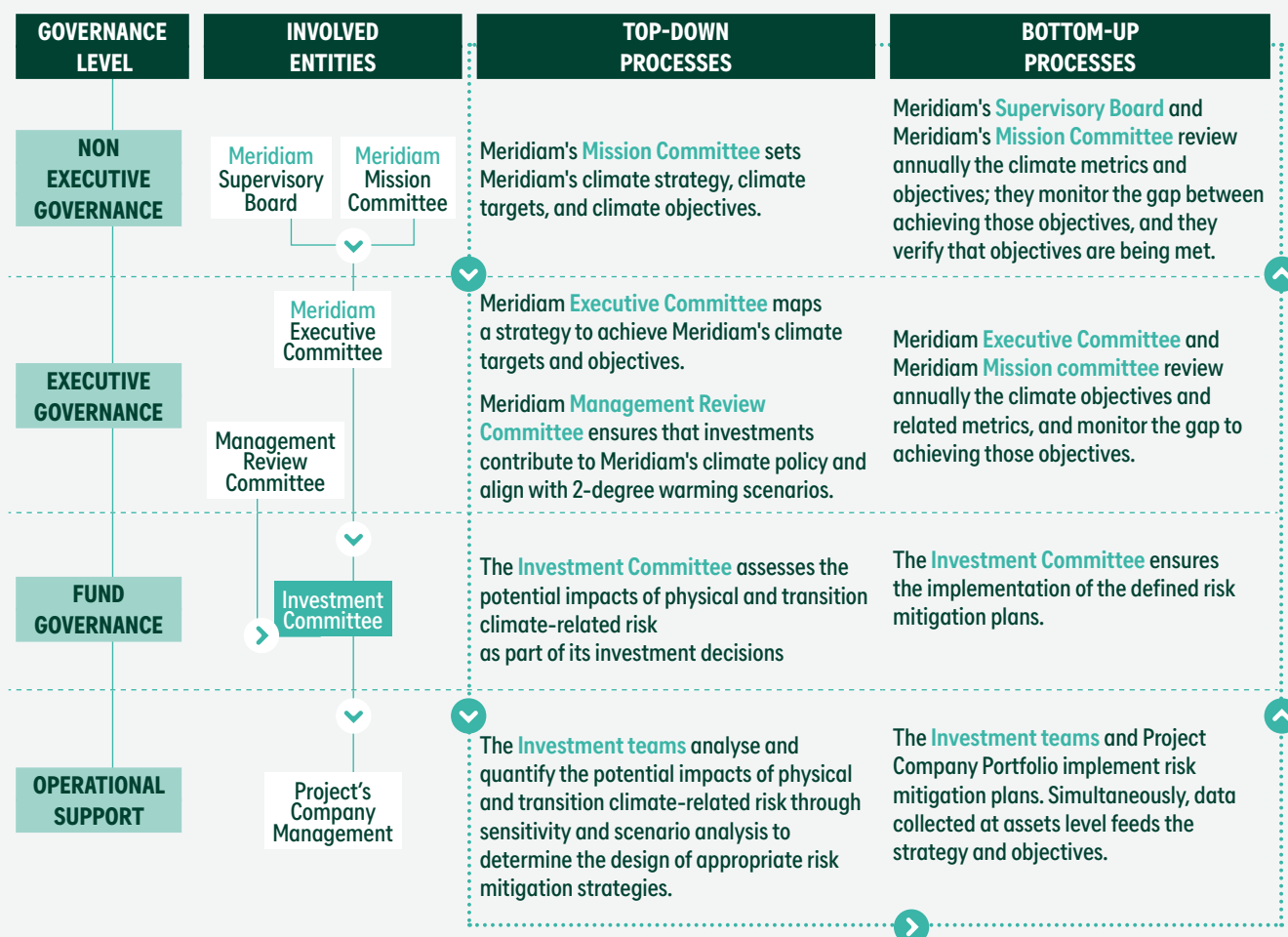
RISK MANAGEMENT



METRICS AND TARGETS

The report defines the scope of action of Meridiam towards climate action, the enabling governance framework set to facilitate the deployment of its strategy, how the strategy itself is carried out throughout its activities and finally Meridiam's 2023 carbon data.

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 indicators annually and verify that the objectives are met.

» The committees analyze in particular:

1. Alignment of Meridiam's Fund with its NZAMI decarbonization trajectory: a 50% reduction in tCO₂e per million invested, scope 1 and 2 by 2030 and carbon neutrality in 2050;
2. Alignment of Meridiam's Fund towards a 2°C trajectory

Non-executive Committees

» Meridiam's Supervisory Board

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

» Meridiam's Mission Committee

Following Meridiam's change of status to a "Société à mission" (French Benefit Corporation) in 2019, 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. 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.

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. It also validates that the projects are resilient and provide solutions to address and withstand climate-related shocks.

The Executive Committee meetings are held every month, and a yearly review is also conducted 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.

» Investment Committee

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

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.*

Investment Committee meetings 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. The head of the ESG and Sustainability sits on the Executive Committee, the Management Review Committee and the Mission Committee.

» The Hub team

The hub team is in charge of the Portfolio management. On a quarterly basis, it reviews Meridiam's assets exposure to ESG risks, including climate risks.

Every quarter, the Investment Committee reviews asset level reports produced by the hub team assisted by the project leaders, on financial and extra financial criteria, including climate-related risks.

These reports highlight any significant developments on climate risks and allow the Investment Committee to properly monitor 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 organized 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 climate considerations for all investment projects are systematically analyzed throughout the decision-making process.

To reinforce the climate-related responsibilities at the investment team level, board members and senior 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 an investment team does not reach certain KPIs related to SDG targets, including climate-related ones. To further incentivize the investment teams to achieve the ESG impact targets, Meridiam links carried interest to SDG performance.

2. STRATEGY

Risks and opportunities

Managing climate-related risks is critical for Meridiam's infrastructure assets. As a long-term infrastructure investor, its assets concession periods can be up to 50 years, and are often constructed in areas that are exposed to climate risks.

Meridiam has more than 100 infrastructure assets in portfolio and/or in development in Europe, Africa and South and North America in the mobility, social and energy transition sectors. Although climate-related risks vary significantly from one asset to the next, there are underlying common risk that can be systematically analysed on a short (<3 years), medium (3-6 years) and long term (>6 years) basis. These risks are described in the section opposite.

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

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).

These risks can have financial impacts which have also been identified and are described in this section.



RISKS AS AN ASSET MANAGEMENT COMPANY

- Strategic risk
- Sector risk
- Sourcing risk



CLIMATE-RELATED RISKS ON INFRASTRUCTURE ASSETS

- Transition risks
- Physical risks

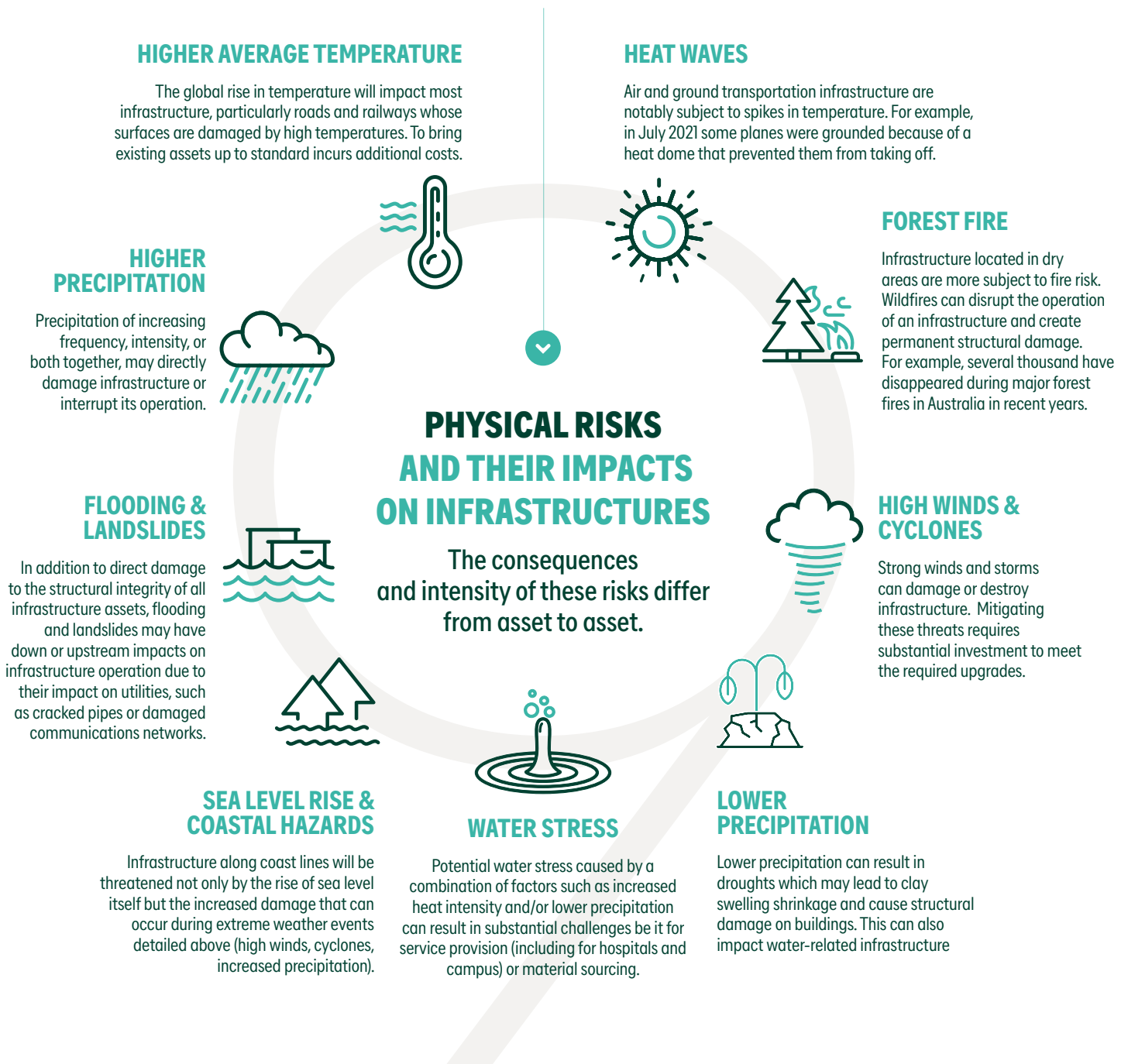


OPPORTUNITIES AS AN ASSET MANAGER

- New products
- Increase market share
- More infrastructure to renovate and rebuild
- New infrastructure assets

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.

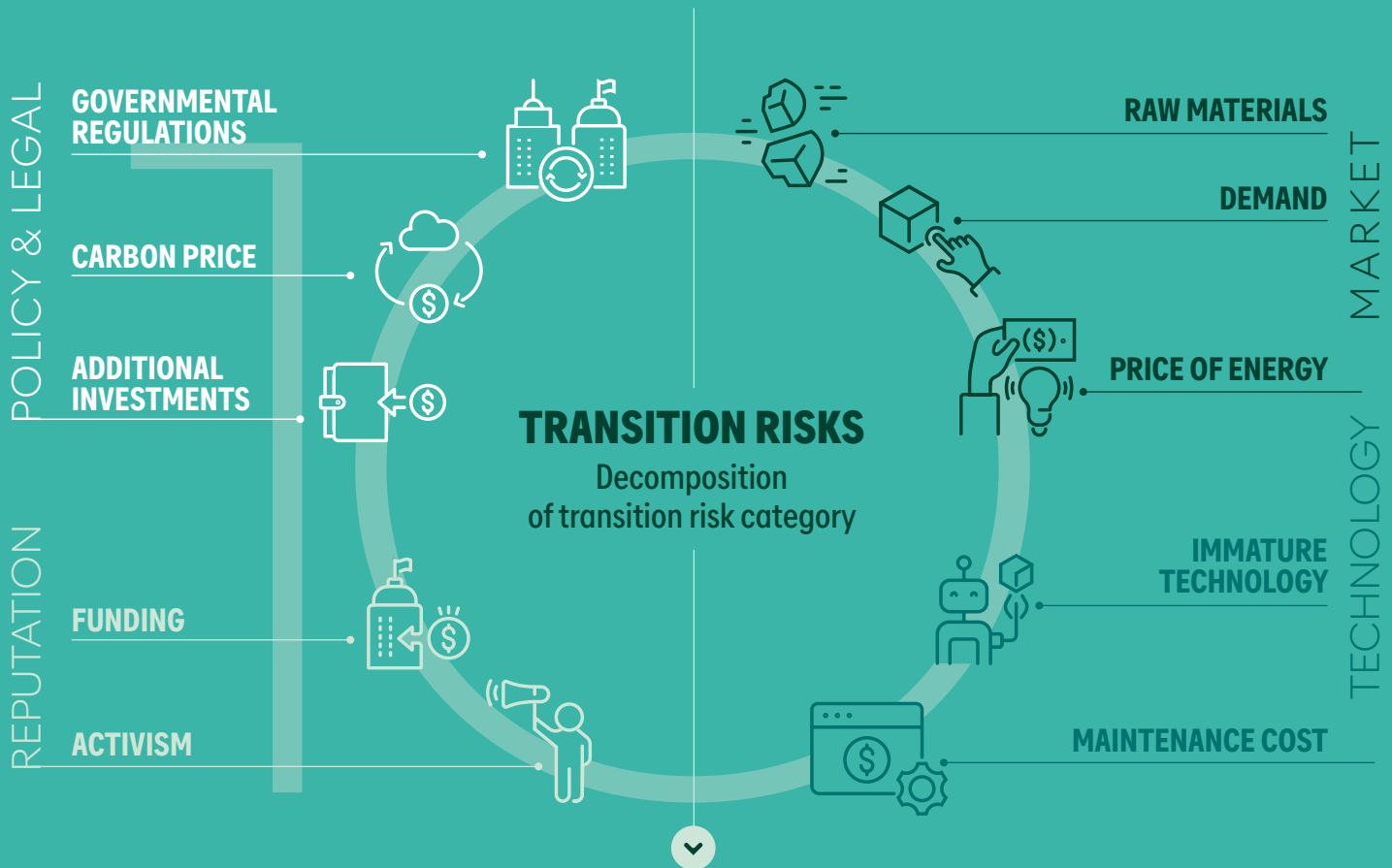
» Shrinkage of clays

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:



PHYSICAL CLIMATE-RELATED RISKS
EXAMPLES

FINANCIAL IMPACTS			
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

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

» Renewable energy

In line with our climate-related objectives, Meridiam aims to continue capitalizing on new and innovative infrastructures, 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 analyze opportunities in new technologies such as batteries and energy storage systems, power conversion solutions, hydrogen, digital platforms and marketplaces for mobility or consumer goods, optimization software for logistics, supply chain, data analytics, etc.

» Training and technical know-how

To remain at the forefront, Meridiam's teams 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 assets in challenging and changing environments.

Meridiam's Climate Strategy

Climate-related issues are at the heart of Meridiam's business and financial planning and are systematically factored into its mission and investment strategy: to design, finance, develop and operate transformational infrastructure, for the long term with the mission to address the world's most pressing challenges – building resilient communities, tackling climate change and protecting the environment.

As an international investor and asset manager vowing to develop sustainable and positive impact-driven infrastructures, Meridiam has a role to play in the mitigation of climate change. Moreover, because infrastructure assets are directly exposed to acute and chronic climate related risks, managing climate-related issues is material to Meridiam's business, strategy and financial planning.

Meridiam's Climate Strategy is structured around three pillars:

Low carbon investment Policy

Meridiam's global investment approach is to design, finance, develop and operate transformational infrastructures, for the long term with the mission to address what we believe are the world's most pressing challenges – building resilient communities, tackling climate change, and protecting the environment. As part of this investment Policy, Meridiam has committed, since its inception, to not knowingly finance, directly or indirectly, projects related to the extraction, processing or production of coal, oil and other fossil fuels nor in any 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.

In addition to integrating climate issues in its investment and management approach, Meridiam develops thematic funds which target sectors and asset type adapted to modern adaptation and mitigation challenges and climate scenarios beyond Meridiam's investment time horizon.

These include:

- **The Green Impact Growth Fund "GIGF"** that provides capital to innovative SMEs focusing on the ecological transition;
- **Meridiam Transition Fund** that offers an innovative response to the challenges of energy transition by contributing to the long-term financing of greenfield development projects in the fields of energy efficiency, local energy supply, smart grids and innovative renewable energies;
- **The Urban Resilience Fund ('TURF') Global Platform**, that focuses on the development of inclusive, resilient, and economically sound urban infrastructure projects.

Specifically, Meridiam Transition Fund and Green Impact Growth Fund are classified under Article 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.

Climate risk management

Meridiam seeks to develop, invest, and manage projects that are resilient and provide solutions that are adaptable to withstand climate-related physical shocks and transition risks. As such, the management of climate-related risks and opportunities within the investment procedures allows to determine materiality and support the design of appropriate risk mitigation strategies related to energy, carbon, and climate change. Through these in-depth evaluations carried out on every project, Meridiam covers, anticipates, avoids, and compensates for any project's short, medium, and long-term climate-related issues during the investment and asset management phases.

Carbon reduction objectives

Meridiam's carbon 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: **to avoid and reduce Meridiam's portfolio emissions.**

These objectives further translate into two targets:

1. As a Net Zero Asset Manager Initiative (NZAMI) signatory, Meridiam is committed to becoming carbon neutral by 2050 on 100% of its assets under management (AUM) encompassing GHG's scopes 1, 2 and 3. Meridiam sets an interim target of a 50% reduction of its portfolio's GHG emissions scopes 1 and 2 by 2030. To achieve these targets, Meridiam has launched a portfolio-wide decarbonization initiative.
2. Align Meridiam's portfolio towards a 2°C climate trajectory, using a rigorous methodology developed by Carbone 4 and sponsored by Meridiam, through the 2-infra Challenge initiative. This portfolio approach enables Meridiam to allocate investment in a compatible manner with a low-carbon scenario.

To reach its carbon reduction objectives Meridiam employs the following approach:

» Careful monitoring

- Meridiam was a key partner in the “2-infra challenge” initiative, in partnership with the French Development Agency, the Banque Postale Asset Management, EIT, Climate KIC and Generali Global Infrastructure. The “2-infra challenge” initiative led to the development of a rigorous and operational tool, called CIARA® (Climate Impact Analytics for Real Assets), that allows various climate-stress tests, namely a methodology that enables the alignment of infrastructure financial portfolios with the Paris Agreement (eg. with a 2°C compatible pathway). This methodology is unique in the market as it has been developed specifically for the infrastructure asset class. It can score a portfolio's alignment from a 1,6°C compatible pathway to a 6°C compatible pathway. With this methodology, Meridiam is able to assess the forward-looking carbon performance of its infrastructure portfolios.
- As part of the CIARA® tool, a module was developed to conduct carbon footprint analyses. Therefore, the carbon footprint of each asset in portfolio is assessed with CIARA® following the principles of the GHG Protocol and measured by an independent consultant, Carbone 4. Significant emissions are calculated along the entire infrastructure value chain (scopes 1, 2 and 3) and presented according to the asset's life phases (construction, operation, use). In each of its carbon footprint calculations, Meridiam considers both direct and indirect emissions which it classifies as:
 - **Scope 1 emissions:** those greenhouse gas emissions directly related to a project's activity such as fuel used to power machines onsite;
 - **Scope 2 emissions:** indirect greenhouse gas emissions from the generation of electricity purchased for a project's activity, such as generators used in contracted builders' accommodation; and
 - **Scope 3 emissions:** indirect greenhouse gas emissions that result from the production of materials purchased from other parties and used in the project's activity, such as the steel used to make a rail track or employees' business travel or waste disposal.

This data is used to set Meridiam's NZAMI targets and to track the progression of its performance towards it.

» Active management

Meridiam is systematically deploying decarbonization efforts at the asset level. To do so it launched the Meridiam Asset Decarbonization initiative in order to formalize a consistent support to every asset in building its decarbonization action plan.

Under this initiative, each asset needs to analyse its total carbon footprint in order to develop a context-specific and relevant decarbonization plan with tailored, asset-level emission reduction targets.

This is done by identifying initiatives and solutions to reduce its carbon footprint following best practices on the implementation of efficient decarbonization drivers such as state of the art energy saving features, integration of on-site power generation, optimization of infrastructures' share of renewable energy in its global energy mix, development of energy management system, etc.

The assessment of Meridiam's portfolio alignment with a 2°C scenario 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 alignment of the portfolio.

» Responsible investment strategy


Meridiam's investment strategy is directly tailored for the transitioning to a low-carbon economy with the aim of providing infrastructures that will enable societies to reach that global goal.

Meridiam positions itself to seize new market opportunities and aims at ensuring the resilience of its business to a low-carbon economy consistent with a 2°C scenario.

This is achieved by:

1. investing in R&D to develop market tools and standards in order to better apprehend climate-related issues,
2. managing its assets with a stringent climate-risk approach, and
3. proactively deploying assets' decarbonization initiatives throughout all its portfolio, in particular its most carbon-intensive ones.

3. RISK MANAGEMENT

A person is holding a lit sparkler, with bright sparks emanating from the tip. The background is a bokeh of out-of-focus lights and trees, suggesting an outdoor night event. A large, semi-transparent 'M' logo is overlaid on the left side of the image.

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 as these tools allow Meridiam to determine the materiality of risk 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 material climate 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 optimize 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.



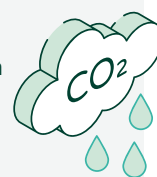
2. GLOBAL RISKS ANALYSIS

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 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 benefit from the improved understanding of the project setting as well as the environmental and social impacts it will generate.

To develop a better understanding of our projects and, in turn, improve our climate related risk assessments, teams 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 to manage potential climate-related risks and enhance 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-specific 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 the identified risks and mitigation measures are properly monitored and managed.

Zoom on 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 asset type, an indicative list of potential impacts is established with the objective to ensure 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

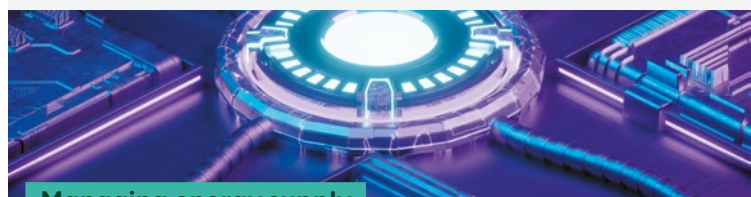
The objective is to identify risks presenting potential negative financial, operational, commercial, or reputational impacts to the project and that may need to be monitored and further analyzed over the investment process.

The extent and probability of these risk exposure is often difficult to estimate precisely at the outset, and are often 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.*

Quantitative transition and physical risks of Meridiam's portfolio, under assessment by Carbone 4

» Physical risk assessment

Physical risks are being 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.



Risk scoring combines transition hazards projections, local context information, and assets' structural (CAPEX) and operational (EBITDA) vulnerability. The assessment is structured around the following approach:

» Risk mitigation

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

Selection of material hazards: The climate-related risks selected for each asset will depend on the location of the asset, as well as on the type of asset and therefore its intrinsic sensitivity to the hazard.

The initial list of hazards considered will be in line with the list prescribed by the European Taxonomy¹.

Identification of vulnerabilities by asset type: Using existing CIARA databases, Carbone 4 will list the potential impacts of each hazard on each asset. The vulnerabilities identified will be divided according to their impact on CAPEX or OPEX.

» Transition risk assessment

Transition risks are being 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)

Climate scenario assessment: For each asset, Carbone 4 will study the evolution of climate-related material hazards in relative terms.

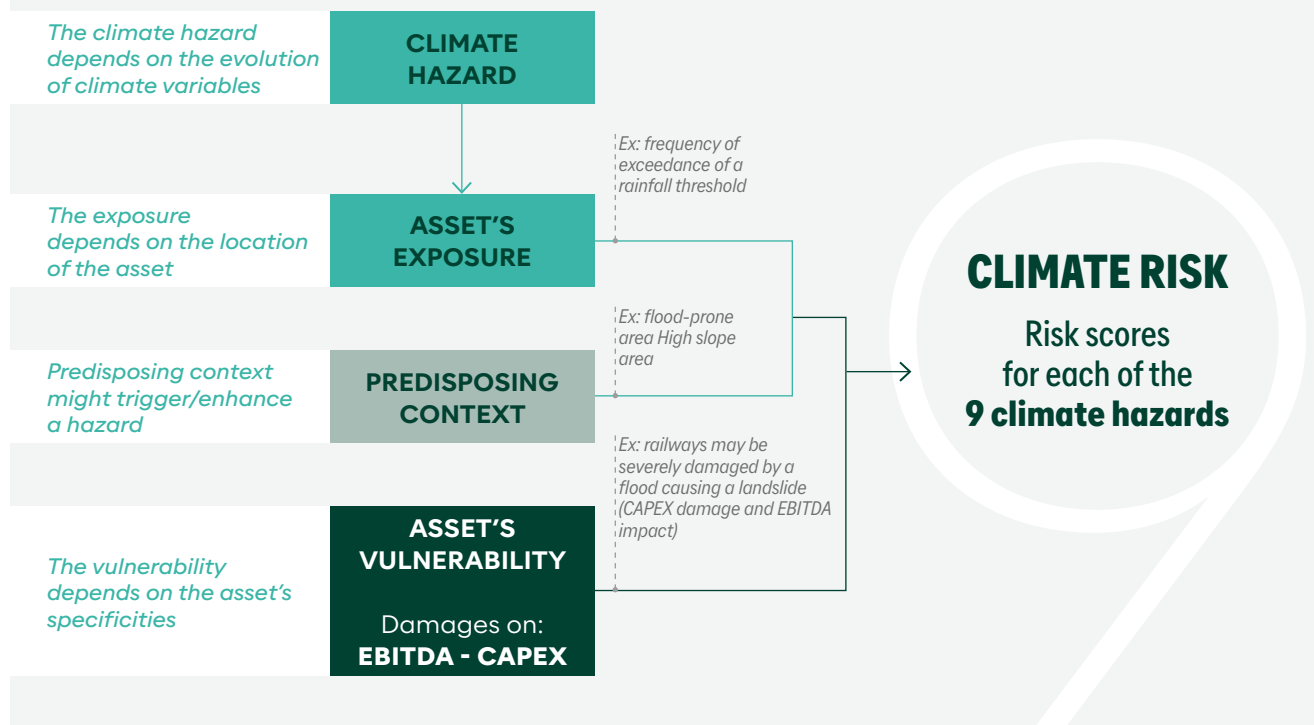
- Geographic scope: Europe, America, Africa
- Scenario: RCP4.5 and RCP8.5
- Time horizons: 2030 and 2050

Carbone 4 will then assign an evolution score to the hazard according to the statistical distribution of evolution values. Proceeding in this way allows to cover Africa, a geographical zone for which there are no unbiased climate data and therefore for which Carbone 4 cannot use the damage functions of the CIARA methodology.

Results aggregation: Based on the risk ratings of each asset, Carbone 4 will calculate aggregate indicators at portfolio and asset type levels.

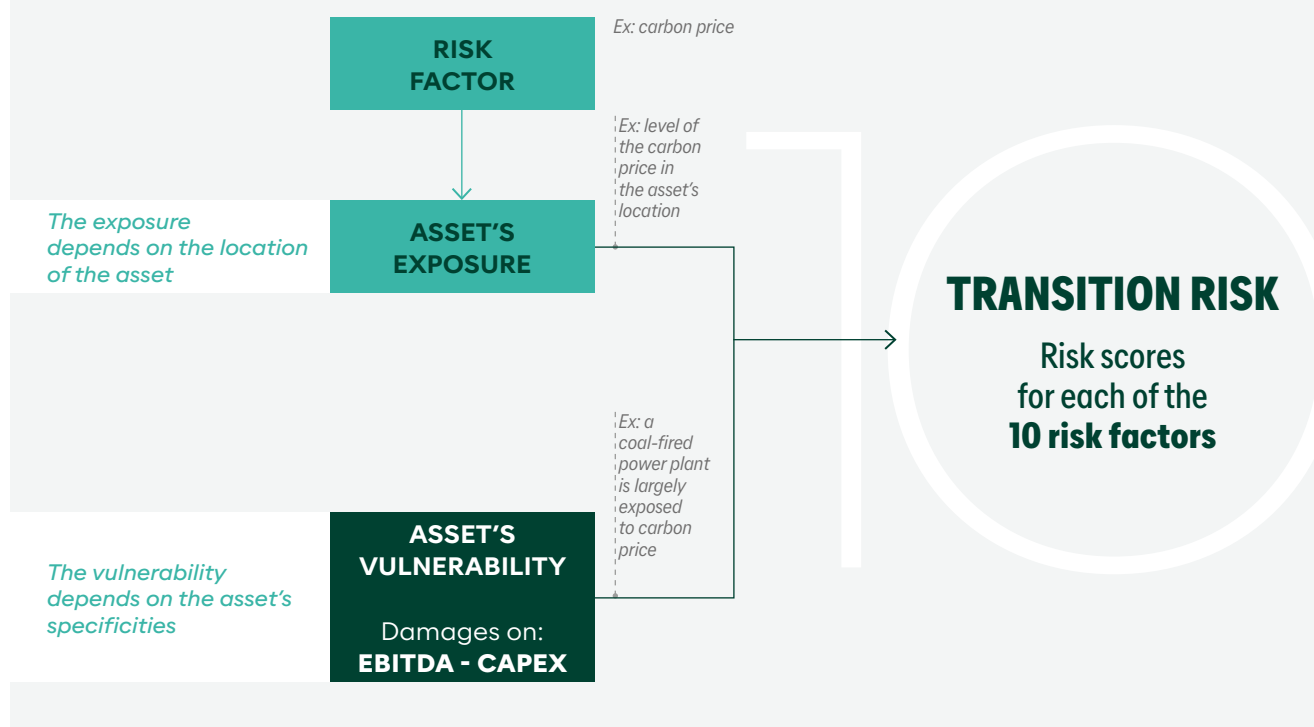


- For each **climate hazard** and for each asset, risk is a combination of climate projections, local context and asset vulnerability*.



*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

Meridiam's risk management processes are integrated within its investment procedures and for each climate-related risk associated with Meridiam's assets, mitigation or compensation measures are identified.

» 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 are identified. This is 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 assets.

» Additional studies

Depending on the asset's development, Meridiam may engage with specialized local and international consultants to conduct tailored assessments. Detailed studies are meant to validate/complete the analysis of an asset's 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

Based on the sustainability and climate studies undertaken throughout the investment process, opportunities to optimize the resilience and sustainability performance of the asset will be sought and measures will be integrated in the design.

» Stakeholder engagement

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. A mapping of the stakeholders involved (public authorities, interest groups and local communities) is created early during the development phase. Meetings and discussions with stakeholders are held to validate/ identify/address issues, including climate-related ones, and potential mitigation/ compensation measures, if needed. With regards to assets that are already in portfolio and for which specific measures are identified to further reduce their carbon footprint, the stakeholders are also involved in the improvement process.

» Implementation plan

Meridiam engages with the assets' management teams and their stakeholders to discuss, validate, and optimize 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.

4. METRICS



Climate related-risk and opportunities metrics

As an infrastructure and long-term asset manager, the principal climate-related risk and opportunities 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, risks and opportunities as well as 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 risks and opportunities 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 be exposed to natural habitats-related risks 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.

Below is a non-exhaustive table summarizing a sample of climate-related risk and opportunities metrics associated with water, energy, land use, and waste management.

TYPE	CLIMATE-RELATED RISKS OR OPPORTUNITIES	METRICS	UNITS	DATA 2023
 ENERGY SOURCE & RESOURCE EFFICIENCY	<ul style="list-style-type: none"> > <i>Stigmatization of sector</i> > <i>Increased stakeholder concern or negative stakeholder feedback</i> > <i>Costs to transition to lower emissions technology</i> > <i>Substitution of existing products and services with lower emissions options</i> 	Exposure to companies active in the fossil fuel sector	%	0%
		Exposure to companies active in the coal sector	%	0%
		Share of non-renewable energy consumption of investee companies	%	66%
	<ul style="list-style-type: none"> > <i>Use of lower-emission sources of energy</i> > <i>Use of supportive policy incentives</i> > <i>Use of new technologies</i> > <i>Participation in carbon market</i> > <i>Shift toward decentralized energy generation</i> 	Energy consumption intensity per high impact climate sector (in GWh per million € of revenue of investee companies)	Electricity, gas, steam and air conditioning supply	0,10
			Water supply: sewerage, waste management and remediation activities	0,12
			Construction	0,02
			Transportation and storage sector	0,03
 BIODIVERSITY	<ul style="list-style-type: none"> > <i>Increased stakeholder concern or negative stakeholder feedback</i> > <i>Exposure to litigation</i> > <i>Development of climate adaptation</i> 	Activities negatively affecting biodiversity sensitive areas	%	11
 WATER & WASTE	<ul style="list-style-type: none"> > <i>Enhanced emissions-reporting obligations</i> > <i>Mandates on and regulation of existing products and services</i> > <i>Use of new technologies</i> > <i>Move to more efficient processes</i> 	Emissions to water	t/M € invested	4
	<ul style="list-style-type: none"> > <i>Enhanced emissions-reporting obligations</i> > <i>Mandates on and regulation of existing products and services</i> > <i>Use of more efficient production and distribution processes</i> > <i>Use of recycling</i> 	Hazardous waste and radioactive waste ratio	t/M € invested	0,6

Greenhouse Gas Emission Assessment

» Total Carbon Emissions

The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO₂e.

MERIDIAM NEW APPROACH Between 2022 and 2023, Meridiam fundamentally changed how the allocation was measured for its assets greenhouse gas (GHG) emissions to Meridiam's consolidated emissions. In 2022, the GHG emissions attributed to an asset were determined by the ratio of Meridiam's financial commitment at closing (or equivalent) to the total project cost at closing. 2023 disclosures were prepared using the "enterprise value" and the "current value of investment" in accordance with the Sustainable Finance Disclosure Regulation (SFDR). The considerable variance between the data for 2022 and 2023 primarily stems from this methodological transition, which now incorporates the fair value of the asset, along with its debt and cash, rather than solely relying on the initial investment ratio. Regarding the raw underlying carbon data, in 2022 Meridiam disclosure was accounting for about 60% of its portfolio in relative commitment terms, in 2023 the carbon data covers 96%. Of these 96%, 94% of the carbon footprints have been calculated directly from physical data by Carbone 4 using an activity-based approach and following the GHG Protocol methodology. Data score PCAF 1-2 on scopes 1-2 and score PCAF 2-3 on scope 3, so data quality is correct to date. Physical data collection can be improved to reduce the number of physical proxies used and ensure a more location-based methodology.

The remaining 6% of the data was inferred at asset level using proxies calculated based on a minimum of three corresponding data points from similar assets in similar geographies.

Meridiam total carbon emissions for 2023 were the following:

Formula

$$\sum_n^i \left(\frac{I_i}{EV_i} \times GHG^{(x)}_i \right)$$

I_i = current value of Investment i

EV_i = investee company's Enterprise Value i

$GHG^{(x)}_i$ = investee company's Scope (x) GHG emissions i

Methodology Scope 1 and Scope 2 GHG emissions as well as Scope 1, 2 & 3 are allocated to Meridiam based on a total ownership approach. The methodology used herein is aligned with the definitions prescribed in Annex I of the delegated regulation 2022/1288 supplementing SFDR. "Current value of investment" means the value in EUR of the investment by Meridiam in the investee company. "Enterprise value" means the sum, at fiscal year-end, of the market capitalization of ordinary shares, the market capitalization of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents. Emissions are calculated by Carbone 4 using the GHG Protocol methodology. The last evaluation is dated Q1 2024 and is updated on a yearly basis to integrate new assets in portfolio and update assets' operational data when relevant.

FUNDS	SCOPE 1 & 2 GHG EMISSIONS (TCO ₂ e)	SCOPE 1,2 3 GHG EMISSIONS (TCO ₂ e)	%,PORTFOLIO ALLOCATION SCOPE 1,2 & 3
TOTAL MERIDIAM	2,353,835	18,225,324	100%
TOTAL MERIDIAM WITHOUT SUEZ	295,427	5,508,979	-
MI SICAR	14,063	894,882	5%
MIE II	58,515	781,470	4%
TRANSITION	15,640	25,144	0%
MII	8,238	141,763	1%
MSWWF	2,058,408	12,716,345	70%
IIB	11,027	123,988	1%
MSIE IV	235,127	1,600,648	9%
MIEE	75,008	258,652	1%
MIAF	8,323	87,970	0%
MIAF II	2,323	106,082	1%
MIE III	58,151	782,115	4%
MSIEE IV	39	30,800	0%
MINA II	15,706	1,227,969	7%
MINA III	61,232	105,351	1%

» Carbon footprint

Total carbon emissions for a portfolio normalized by the total investment in the portfolio, expressed in tons CO₂e/€M invested.

Formula

$$\frac{\sum_i^n \left(\frac{I_i}{EV_i} \times GHG_{(1,2 \& 3)_i} \right)}{I_{total}}$$

I_i = current value of Investment i

EV_i = investee company's Enterprise Value i

$GHG_{(1, 2 \& 3)_i}$ = investee company's Scope 1, 2 & 3 GHG emissions i

I_{total} = current value of all Investments (€M)

Methodology Scope 1 and Scope 2 GHG emissions as well as Scope 1, 2 & 3 are allocated to Meridiam based on a total ownership approach as described under methodology for Total Carbon Emissions. The total amount invested by Meridiam is used to normalize the data.

FUNDS	SCOPE 1 & 2 GHG EMISSIONS (TCO ₂ E/M€ INVESTED)	SCOPE 1,2 & 3 GHG EMISSIONS (TCO ₂ E/M€ INVESTED)
TOTAL MERIDIAM	61	530
TOTAL MERIDIAM WITHOUT SUEZ	2	141
MI SICAR	4	235
MIE II	16	213
TRANSITION	9	15
MII	18	312
MSWWF	205	1,267
IIB	50	561
MSIE IV	144	983
MIEE	67	230
MIAF	15	162
MIAF II	6	256
MIE III	24	337
MSIEE IV	1	437
MINA II	2	195
MINA III	35	59

Meridiam will be updating its baseline and target NZAMI in line with its recent methodological harmonization.

Funds' Temperature assessments using CIARA methodology

» Context

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.

» Output

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

» Indicator

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

» Methodology

The emissions avoided or in surplus relative to the trajectory are calculated for each asset and then summed, resulting in the portfolio scoring. The allocation approach at asset-level attributes the GHG emissions to an asset based on the ratio of Meridiam's financial commitment at closing (or equivalent) to the total project cost at closing.

» 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.

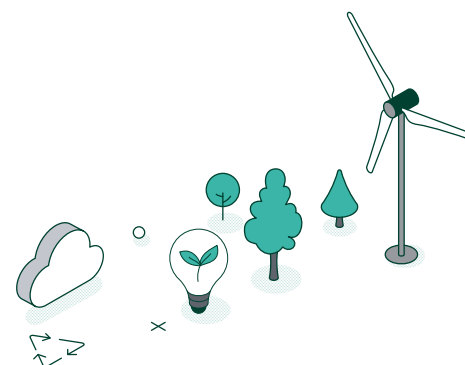
FUNDS	TEMPERATURE °C	TCO ₂ AVOIDED OR ADDED VS. 2°C TRAJECTORY
TOTAL MERIDIAM	2.0	51,035
MI SICAR	2.5	30,211
MIE II	1.9	- 5,789
TRANSITION	1.6	- 415,622
MII	2.9	5,786
MSWWF	2.0	36,792
IIB	1.8	- 3,307
MSIE IV	2.1	38,791
MIEE	1.9	- 1,233
MIAF	1.8	- 432,223
MIAF II	1.5	- 228,529
MIE III	5.3	688,456
MIEE III	5.4	123,687
MSIEE IV	1.9	- 591
MINA II	5.4	183,792
MINA III	3.4	25,346

» Methodology Perimeter

The 2-infra challenge methodology focuses on more than 60 infrastructure asset types, including energy (Solar PV, wind onshore, hydro or geothermal facilities), mobility (roads, railways, metro, train stations, airports, ports), water (distribution, wastewater) and waste management (recycling, 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 and the African continents.

» Allocation

This approach enables Meridiam to evaluate its portfolio and to allocate its investment in a compatible manner with a low-carbon scenario.



Climate-related Targets

Consistent with its mission statement, Meridiam continues deploying and measuring its mission objectives based on its five pillars built on the United Nation's Sustainable Development Goals. Meridiam's new mission objectives are set from 2024 to 2030 and include the following Climate-related targets.

KPI	TARGET	UNIT	YEAR OF ACHIEVEMENT	BASLINE PERFORMANCE	BASLINE YEAR	PERIMETER
Ghg emissions, scope 1 and scope 2	50% reduction	tCO ₂ e/€M invested	2030	43	2019	100% AUM
Ghg emissions, scope 1,2 & 3	Carbon neutrality	tCO ₂ e/€M invested	2050	-	-	100% AUM
Fund's alignment towards a 2°C trajectory	2°C alignment	t°C	2050	3,2	2022	100% AUM
Assets' decarbonation action plans (dap)	75% of involved assets have started defining their plan	Nb of assets that initiated a DAP	Q4 2024	0	2023	100% AUM
Meridiam decarbonation trajectory	A defined trajectory at portfolio level	Modelized trajectory	Q2 2025	-	2023	100% AUM
Assets having developed and implemented at least 4 out of 5 of the following sustainability-related management plans: - International certification (iso 50001, iso 14001, leed, breem) - Energy management system - Climate change-related risk assessment and management system - Waste reduction and recycling management system - Water management system	95% of assets	% of assets achieving the 4/5 threshold	2026	72%	2022	100% AUM
Included measures and/or obligations in the suppliers' contracts aiming at reducing pressures on biodiversity and preserving resources	100% of assets	% of assets that have integrated measures and/or obligations for their supply chain	2030	N/A	-	100% AUM
Quantitative physical and transition climate-related risks	100% of assets	% of assets for which a complete quantitative risk assessment is performed	Q2 2024	-	2023	100% AUM

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