



## Climate Methodology

## 01. Methodology description

Through the 2-infra challenge initiative, Infranity has sponsored the development by Carbone 4, a leading energy transition & climate change advisory firm, of an innovative and independent methodology, dedicated to the infrastructure asset class (CIARA – Climate Impact Analytics for Real Assets) This methodology allows not only to calculate carbon emissions and avoided emissions, but also to evaluate the alignment of our portfolios with the Paris Agreement climate trajectory.

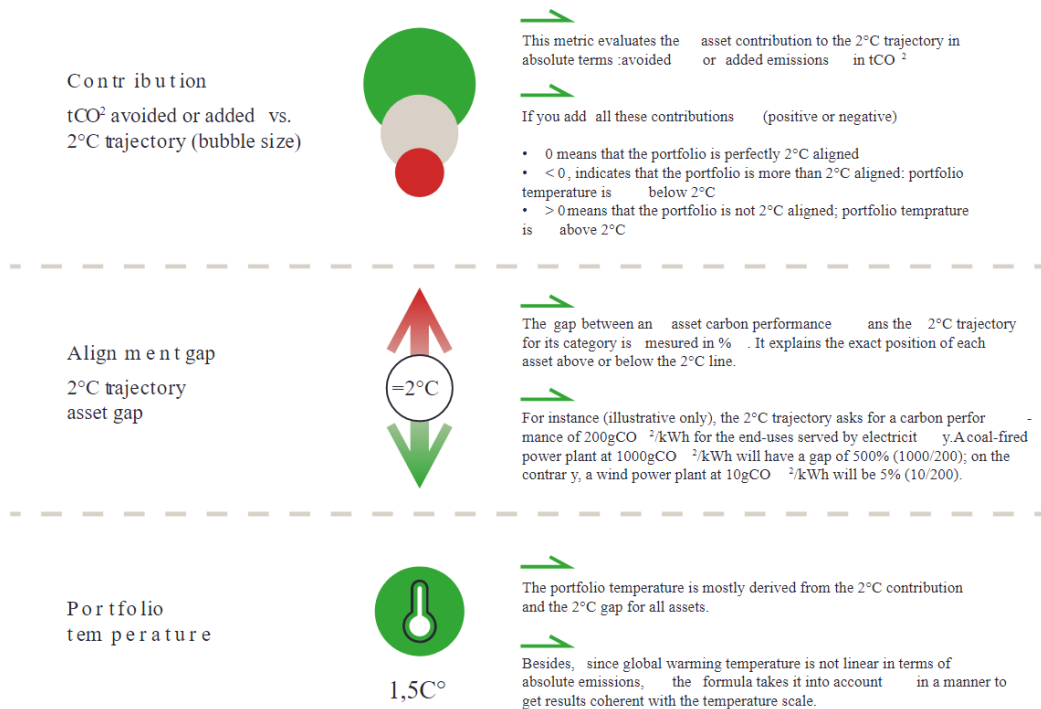
The approach is comparable to Sector Decarbonization Approach (SDA) which are used to set carbon-intensity reduction targets based on sectoral carbon budgets. For CIARA, the core assumption is to compare carbon-intensity metrics of a portfolio (such as CO<sub>2</sub>/kWh for the Power) vs. what should be the value of that same metric in a given “climate scenario” based on the performance of the infrastructure end-uses. That approach has been adapted and customized to fit specifically the infrastructure sector. Climate scenarios take into account country specificities and range from a 1.5°C to a 6°C trajectory. Therefore, this methodology allows to assess the forward-looking carbon performance of infrastructure portfolios.

The bottom-up analysis is conducted as much as possible with the real physical data associated to each asset included in the portfolios.

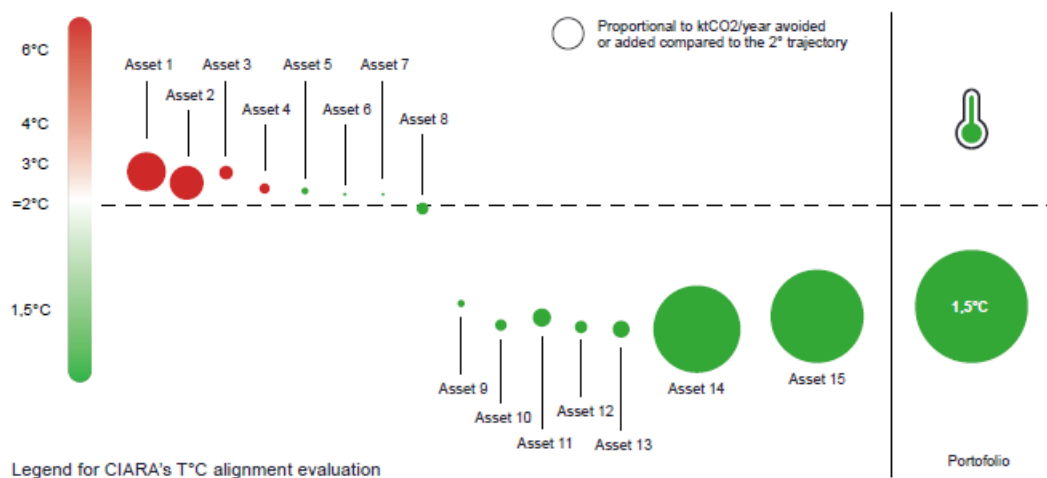
It is a 6-steps process:

- » **Step 0:** the forward-looking performance of assets is assessed;
- » **Step 1:** the end-use of assets are identified;
- » **Step 2:** assets’ end-uses have defined carbon performances that may be compared against that of the 2°C scenario;
- » **Step 3:** end-uses are projected over time in order to calculate their average weight for the asset;
- » **Step 4:** each asset is rated against a given scenario;
- » **Step 5:** performance is aggregated to deliver a final rating at portfolio level;

The result of these assessment leads to metrics and representations such as:



## Assets' alignment vs. 2°C trajectory (ktCO2/year)



A methodological guide of the 2 Infra Challenge can be downloaded ([here!](#)).

A simplified, high-level assessment methodology is used to screen investments in order to check their compatibility with Infranity's investment policy. The full assessment is carried out when the asset is booked in portfolios and updated yearly if relevant. In particular updates may be performed when an asset has undergone impacting changes or when the Cabone4 climate scenarios are updated (at least every 3 years).

## 02. Data Sources and Processing

To ensure data robustness in our systems, our in-house Sustainability team work closely together to assess the data quality and consistency. Systematic controls and specific analysis are performed on external ESG data, and a periodic quality review is performed. To that extent, Infranity Sustainability's team is in ongoing contact with the data providers to challenge their views.

At the moment, the combination of multiple external data providers, the numerous quantitative and qualitative metrics does not allow the consultants to calculate and provide the proportion of estimated data.

### Limitations to methodologies and data

Limitations to the methodologies and data for climate analysis include in particular the necessary use of hypotheses and estimates which results in an important uncertainty.

To ensure that such limitations do not affect the achievement of the environmental or social characteristics promoted by the financial product, Infranity has implemented the following safeguards: the climate analysis using the CIARA methodology is performed by external expert consultants in order to ensure the consistency of the results attributed.

Climate analyzes are reviewed periodically and presented to the Sustainability Committee.

<sup>1</sup> [http://www.carbone4.com/wp-content/uploads/2020/09/Carbone4\\_2-infra\\_challenge\\_methodological\\_guide\\_july2020.pdf](http://www.carbone4.com/wp-content/uploads/2020/09/Carbone4_2-infra_challenge_methodological_guide_july2020.pdf)