



IKAV SICAV-FIS SCA

Sustainability-related disclosures

Product name: IKAV SICAV-FIS SCA – IDI II Infrastructure and Infrastructure Corporate Debt

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This document includes information relating to environmental and social characteristics of financial products, and sustainable investments, in accordance with Article 10 of the Regulation (EU) 2019/2088, the Sustainable Finance Disclosure Regulation (SFDR), and Chapter IV, Article 24-36 of the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288 or “SFDR RTS”).

1. Summary

IKAV SICAV-FIS SCA manages the IKAV SICAV-FIS SCA – IDI II Infrastructure and Infrastructure Corporate Debt fund (“IDI II” or “the fund”), an Article 8 fund under the SFDR.

No sustainable investment objective

The fund promotes environmental or social characteristics but does not have as its objective sustainable investment. It commits to allocate a minimum of 25% of its investments towards sustainable investments that make a positive contribution to the environment and the energy transition.

Environmental or social characteristics of the financial product

The following environmental and social characteristics, if applicable, will be considered or actively promoted:

- **environmental:** contribution to reducing and/or offsetting greenhouse gas (GHG) emissions.
- **social:** health and safety of employees and contractors.

Investment strategy

The fund’s assets will be mainly invested directly or indirectly in loans to or equity capital positions in energy infrastructure such as conventional energy, geothermal energy, energy efficiency programmes, wind and solar installations (PV, solar heat, etc.), conventional production/processing, gas power plants, hydroelectric power plants, etc.), as well as in storage, transport, etc. within the Eurozone and the rest of the world.

Proportion of investments

When fully invested, the fund will have a minimum share of 25% of investments that meet the aforementioned environmental or social characteristics. This percentage also reflects the funds designated sustainable investments.

The remaining maximum share of 75% “Other” investments do not have the commitment to align with the environmental or social characteristics nor to qualify as sustainable investments.

Furthermore, these sustainability-related disclosures outline IKAV’s

- Process for **monitoring environmental and social characteristics**, and collection of relevant environmental and social data.
- **Methodology** to measure how the environmental and social characteristics of the financial product are met and **limitations** to such methodology
- **Data sources and processing**
- **Due diligence** process carried out on the target investments and
- **Engagement policies**, including management procedures applicable to sustainability-related controversies in investee companies.

2. No sustainable investment objective

The fund and the AIFM, to the extent they are different, together with the investment adviser, to the extent applicable, has as its objective to invest responsibly in real assets.

The fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

The fund commits to allocate a minimum of 25% of its investments towards sustainable investments (in renewable energy assets such as wind, solar and concentrated solar power and CCUS) defined under Article 2(17) SFDR.¹

The sustainable investments underlying the fund contribute to the following environmental objectives in accordance with Article 9 of Regulation (EU) 2020/852 (“EU Taxonomy”):

- Climate change mitigation
- Climate change adaptation

The inherent nature of IKAV’s sustainable investments in renewable energy assets such as wind, solar PV, concentrated solar power ensure meaningful material contribution towards the emission reduction objectives set out under the Paris Climate Agreement.

A key sustainability indicator of the sustainable investments underlying this fund is the avoided tons of CO₂e generated by investing in renewable energy, compared to the same energy generated from

¹ Article 2 (17) SFDR: Sustainable investment means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;

non-renewable sources. In calculating avoided CO2e emissions, the fund follows the GHG Protocol and methodological requirements related to GHG (Greenhouse Gas) intensity / absolute GHG emissions, ensuring that any discrepancies or estimates are explicitly highlighted.

Moreover, IKAV considers the principal adverse impacts (“PAIs”) of Table 1-3 of Annex 1 of the SFDR RTS where these are applicable to the renewable energy investments that qualify as sustainable under SFDR. The PAIs are each considered to assess whether sustainable investments do no significant harm (DNSH) to the environmental or social objectives.

If a sustainable investment meets one environmental objective but violates others, the others are analyzed, and potential mitigation strategies are developed. If there is a violation of multiple sustainable investment objectives, the investment cannot be categorized as a sustainable investment.

IKAV also assesses sustainability indicators that indicate the presence or absence of a significant adverse impact as part of the due diligence process for a new investment. These indicators may include, but are not limited to, the following:

- GHG emissions reduction and measurement
- Indicators to ensure the health and safety of employees and contractors.

Adverse impacts related to health and safety will be monitored by the company or project company managers and/or Health and Safety consultants. An investment cannot be executed without appropriate Health and Safety clearance.

The fund’s investment strategy focuses on infrastructure assets in the EU and/or the US. Human rights, labour rights and business ethics must be respected as a matter of law in the EU and the US. As such, potential assets can be considered compliant with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the fundamental principles and rights contained in the eight core conventions, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and also the International Bill of Human Rights.

Furthermore, during the pre-selection phase as part of the investment process, the investment team screens potential investment opportunities via a negative screening. By applying exclusions criteria, IKAV can eliminate potential investments that fail to meet certain ESG criteria or that are understood to have material negative social and environmental impacts.

- Production, trade or transportation of banned, controversial and/or conventional weapons (including chemical and biological weapons, cluster munitions and anti-person mines);
- Extraction or processing of coal (provided it is significantly used for electricity generation);
- Production and sale of tobacco or alcohol and/or
- Gambling businesses.

This list is subject to periodic review and amendment by each of the individual funds and the AIFM together with the Investment Advisor and may from time-to-time result in amendments.

IKAV’s negative screening exclusions list reflects our company values as well as relevant regulations and international norms on critical issues.

3. Environmental or social characteristics of the financial product

The following environmental and social characteristics, if applicable, will be considered or actively promoted:

- **environmental:** contribution to reducing and/or offsetting GHG emissions.
- **social:** health and safety of employees and contractors.

An ultimate reference benchmark or index is not used to measure the degree to which the advertised environmental or social attributes have been achieved.

4. Investment strategy

The fund's assets will be mainly invested directly or indirectly in loans to or equity capital positions in energy infrastructure such as conventional energy, geothermal energy, energy efficiency programmes, wind and solar installations (PV, solar heat, etc.), conventional production/processing, gas power plants, hydroelectric power plants, etc.), as well as in storage, transport, etc. This also includes project rights, real estate intended to be used primarily and in the long term for infrastructure, projects that are under construction as well as operational projects (with potential for expansion), and energy companies, YieldCos within the Eurozone and the rest of the world (for example, the United Kingdom, Japan, Canada, the USA).

Central to good governance are sound management structures, employee relations, and employee compensation. IKAV places a high importance on good governance to promote relationships with local suppliers, regulators, the community and other key stakeholders. The existence of policies on responsible business conduct, corruption avoidance, tax compliance and antitrust law is reviewed as part of the due diligence undertaken during the investment process. Where risks are identified, appropriate measures and mitigation strategies are established.

Post investment, expert local teams use best efforts implement proven good governance practices. These teams review ESG matters relevant to each asset. We aim to ensure that ESG matters are discussed at least annually with the Investment Advisor, asset management teams and at local Board of Directors level.

5. Proportion of Investments

When fully invested, the fund will have a minimum share of 25% of investments that meet the described environmental or social characteristics. This equally qualifies as the minimum amount the fund intends to invest in sustainable investments with the overall sustainable investment objective being climate change mitigation. Regarding the above-mentioned sustainable investments, the fund intends to invest solely in economic activities that qualify as environmentally sustainable under the EU taxonomy.

The remaining maximum share of 75% "Other" investments are neither aligned with the environmental or social characteristics nor are qualified as sustainable investments.

No minimum environmental or social safeguards exist for the fund's "Other" investments. However, IKAV due diligence considers sustainability risks.

Hedges such as CO2 certificates or similar can be used for the purpose of achieving certain targets.

6. Monitoring of environmental or social characteristics

The sustainability indicators used to measure the attainment of the environmental or social characteristics are monitored as follows:

- i. Monitoring at operating level - Local management is responsible for post- investment performance monitoring on environmental and social characteristics promoted by the fund. This also comprises technical operations and maintenance interventions. Detailed reports on value development and performance as well as significant indicators are prepared for each fund and provided to investors.
- ii. Compliance checks - Performance reports are reviewed by risk management to ensure compliance with the predefined risk profile of the fund and to identify potential conflicts of interest. We aim to ensure that ESG matters are discussed at least annually with asset management and at local Board of Directors level.
- iii. ESG Reporting Template - A core set of sustainability indicators, some of which may overlap with the requirements under the SFDR RTS Annex 1, Table 1-3 PAI indicators, will be completed by the local teams, so that even where an indicator is deemed to be relatively non-material for a specific asset, IKAV has a core set of sustainability indicators for comparability of investments at fund level. These may be quantitative and qualitative in nature.

Further detailed information around periodic monitoring of our investments can be found in IKAV's ESG Policy (available on our website).

7. Methodologies

IKAV uses the following methodologies to measure indicators and allow for proper PAI reporting as well as ensuring minimum safeguards (under the Taxonomy Regulation) are in place:

- Post-investment, local management is required to provide data for ESG updates on an annual basis and for certain Investment Committee reports. The ESG reporting template is then analysed by the ESG Team. Thereafter, data is reviewed and cross-checked. During the acquisition process, the investment team identifies asset specific ESG risks and opportunities, in line with the environmental and social characteristics.
- We report asset performance on a quarterly basis and provide a more thorough picture on performance and strategy during our annual investors' meetings. In the event of major ESG incidents, IKAV strives to communicate to investors as soon as possible after becoming aware of the incident.

The sustainability and/or PAI indicators relevant to the fund are aggregated across assets to obtain fund level indicators. On an annual basis, at fund level, IKAV will report on the aggregated indicators as required under SFDR RTS by completing Annex 4 and appending to its annual report.

8. Data sources and processing

Data is collected directly from the local management teams or from ecoprime (the Investment Advisor), an affiliated company which provides technical, operation and maintenance and asset management services to the fund. IKAV uses an ESG reporting template with fund specific (sustainability) indicators, some of which are taken from the PAI table in SFDR RTS. Data is cross

checked by the ESG team to ensure reliable data is provided as well as ensuring comparability of data from one fund to the next. If there is any doubt on quality or accuracy of data, further analysis is undertaken.

Data is considered at asset level to analyse the performance of each asset and aggregated to oversee the performance of the fund. If data is estimated, IKAV will disclose the fact that estimates were used in calculating certain indicators.

9. Limitations to methodologies and data

Potential limitations to methodologies and data sources are as follows:

- data may be incomplete
- comparability of data
- Early-stage implementation of monitoring systems at local management level

During the post-investment phase, data is reviewed by ecoprime (the Investment Advisor) and at fund level however may not be verified by a third party. As for the pre-investment phase, where specific information is not readily available, we shall use best efforts to obtain the relevant information directly from the potential investment, or by carrying out additional research, using third party data or making reasonable assumptions.

Active ownership is essential and an open dialogue with local management is key to obtaining the ESG data required and ensuring the environmental and social characteristics as well as the sustainability indicators for the sustainable investments are monitored.

10. Due diligence

The due diligence undertaken for each potential investment is determined by country, specific regional considerations, potential risks associated with the specific counterparty, specific project considerations, technology and by the risks inherent to the sector.

The fund's overall approach to due diligence is as follows:

The due diligence during the pre-investment phase ensures that relevant issues are identified and considered early on.

Following this initial due diligence, expert third parties may be commissioned to perform further in-depth due diligence including ESG if this is considered sensible by ecoprime, the Investment Advisor.

The Investment Committee reviews the results of the due diligence process and is informed on key findings. The approval process ensures that material ESG risks and opportunities of potential investments are appropriate, and part of fund mandates as defined in the private placement memorandum. All material due diligence findings, including ESG and recommendations from the Investment Team and third parties, are communicated in investment reports to investors, fund directors and the asset management team.

11. Engagement policies

At IKAV Group we consider ourselves primarily as service providers to our investors. We aim to be as transparent as possible on risks, opportunities, and performance data. One of our goals is to maintain accurate and complete financial information and records of the business and performance and to ensure that all transactions are properly authorized, recorded, and reported.

We strive to educate on risk and opportunity profiles of our asset classes and regularly perform workshops to inform our stakeholders, and our investors of key issues, including ESG related issues, with respect to the funds and the market in general. IKAV Group discloses potential conflicts of interest to investors and further relevant third parties during the investment cycle.

The following are examples of engagement policies implemented within our organisation to reduce principal adverse impacts and to support ESG improvements within our investments.

IKAV General Partner as fund manager of IKAV SICAV-FIS SCA is represented at board level and engaged with the local teams of our investments and the Investment Committee. Direct engagement via ecoprime and management teams is key to regularly monitoring and engaging across all material aspects of our operations, including on ESG related issues. An open dialogue between the advisor and the local teams is imperative.

IKAV Group endeavours to assign responsibilities to effectively identify, manage and monitor ESG risks, actively collaborate with ecoprime and/or third parties who adhere to our ESG Policy, and engage proactively with stakeholders.

Where we are not 100% owners, we engage with our co-investors to ensure a positive influence with regards to management of ESG risks and opportunities.