



Luxembourg, 15.09.2022

## Environmental and Social Data Sheet

### Overview

Project Name:	CORDIANT DIGITAL INFRASTRUCTURE
Project Number:	2022-0493
Country:	REGIONAL EUROPE
Project Description:	Equity fund targeting digital infrastructure.
EIA required:	yes, in some cases
Invest EU sustainability proofing required	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The project consists in an investment in a single-sector Fund, focused on digital infrastructures (mainly telecoms towers, fibres and data centres), mainly in the EU with limited participation outside the EU, EEA, UK and North America. The project is expected to result in improved quality of digital connectivity, improved energy efficiency and be well aligned with the EIB public policy goals (PPG) on Innovation, Digital and Human Capital – Digital Infrastructure.

The key E&S risks and impacts of this project derive from the Fund Manager's capacity to identify, assess and manage potential environmental and social risks associated with its proposed investment activities. These risks typically include occupational health and safety, labour and working conditions, resource efficiency, pollution prevention and stakeholder engagement and grievance management. The Fund Manager is a signatory of the UN Principles for Responsible Investing (UN PRI), member of the Global Impact Investing Network (GIIN) and a founding signatory of the IFC principles for impact management.

The E&S impacts of most of the proposed investments – if appropriately designed and operated – are likely to be limited. Most of the investments do not fall under Annex I or II of the EIA Directive 2011/92/EU amended by Directive 2014/52/EU (the EIA directive For investments inside and outside the European Union requiring an EIA, the Fund Manager will ensure that the EIAs are disclosed and made available on the Fund Manager's website.

<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20 000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20 000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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### **Environmental and Social Management System**

The Fund Manager's E&S framework includes for a Responsible Investment Policy ("the Policy") that is made available to staff and include provision for regular training to employees on E&S management. The Policy highlights the process of integrating E&S considerations throughout the entire investment cycle. The E&S risk management process includes three stages:

- i) **Screening:** all prospective investments are screened out against the Fund Manager's exclusion list ("Exclusion List 2021") and a dedicated ESG criteria matrix which refers to the UN Global Compact principles on Human Rights, Labour and Environment and Paris Climate Accord objectives. The Fund manager will be required to align its exclusion list with the EIB list of excluded sectors and activities.  
Afterwards, eligible investments will go through an Environmental, Social and Governance Due Diligence (ESG DD) to establish key ESG risks and opportunities pertaining to each proposed investments. The ESG considerations are presented to the Investment Committee that incorporates them in the investment decision.
- ii) **Management:** The Fund Manager evaluates the investees' ESG performance, identifies additional gaps and engage investee companies on eventual ESG remediation actions. Material ESG concerns are incorporated in an ESG Action Plan (ESGAP) agreed between the Fund Manager and the investee company.
- iii) **Monitoring and Evaluation:** The Fund Manager performs ongoing monitoring and evaluation on companies throughout the investment cycle, including the completion of eventual remaining E&S actions. The Fund Manager bases its monitoring and evaluation on the adoption of relevant Sustainability Accounting Standard Board (SASB) Standards.

EIB will require the Fund manager to act according to the provisions of the EIA Directive as transposed into national law. Should the relevant competent authority screen in an investment project, the Fund manager will be required to ensure that the EIA studies have been made publicly available as part of the EIA process and also on the Fund Manager's website

The Fund Manager has a dedicated ESG and Impact team composed by:

- i) a Vice President, who is also an *ex officio* attendee of Board Meetings, based in Montreal, Canada;
- ii) Senior ESG and Impact Consultant, based in Montreal, Canada;
- iii) A Senior ESG Analyst based in Montreal, Canada;
- iv) An ESG Associate based in London, UK and
- v) An ESG Analyst based in London, UK.

For each proposed investment, the Impact and ESG team work closely with the investment lead to assess and identify E&S risks and opportunities for potential investments.



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In line with the best industry practices, the Fund Manager also developed a Modern Slavery Policy covering both corporate and investee companies. During its ESG DD, the Fund Manager will ensure that investee companies address forced and child labour issues and conduct a risk assessment on suppliers on a best effort basis.

The Fund Manager Carbon footprint methodology covers emissions from grid electricity for powering data centres and fuel consumption from vehicular movements associated with operation and maintenance (O&M) activities and from other sources, including onsite generators at the tower sites. The Policy also highlights the targets for climate change and reduction of carbon footprint at corporate and investment level.

A climate risk assessment is undertaken systematically for investee companies as part of the ESG DD. The assessment does not cover supply chain contractors for which a methodology will be prepared once more data is available.

The Fund Manager uses three primary goals to target a reduction of carbon intensity in its investments in the digital sector: i) increasing efficiency of data centres (as measured in Power Usage Effectiveness (PUE) or power utilisation efficiency ratios) ii) where possible, integrating renewable energy in the mix for data centres, towers and fibres and iii) encouraging network designs that enable energy efficiency. The Fund Manager is currently developing a procedure to assist investee companies in reporting emissions based on PCAF-approved GHG protocol, tailored to the financial sector.

### **Climate Assessment**

- **Climate change mitigation:** The investments in energy efficient data centers and fiber networks might contribute to mitigate climate change if specific technical criteria are fulfilled.
- **Climate Neutrality:** The Fund has been assessed for Paris alignment and is considered to be aligned both against low carbon and resilience goals and against the policies set out in the Climate Bank Roadmap. The Fund will ensure Paris Alignment of all its investments, as part of the Side Letter with EIF.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

The Fund manager has more than 500 MEUR of assets under management. As such, the Fund manager is in scope of and screened in the PATH framework. Hence, EIF will require the Fund manager to report – at the latest 12 months after signature – in line with the TCFD recommendations, including in particular information in relation to transition and physical climate risk.



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## Conclusions and Recommendations

The Fund's procedures to ensure compliance with the EIB E&S Standards, core E&S requirements, as well as the E&S national laws and regulations, appear acceptable in view of its specific project pipeline considering the following conditions:

- The Fund will incorporate EIB's Environmental and Social requirements into its legal documentation to the satisfaction of the Bank;
- The Fund will enhance its E&S policy and procedures by (i) aligning its Exclusion list to the EIB excluded activities and excluded sectors list and other requirements in line with the EIB Environmental and Social Standards.
- On an annual basis, the Fund Manager will prepare and submit to the EIB an aggregated E&S performance report.
- The fund manager will publicly report in line with the TCFD recommendations, within 12 months of the Fund closing.

With these conditions in place, the Fund is considered acceptable for the Bank in environmental and social terms.