

Sustainability Policy

Purpose

HICL's investment proposition is to deliver sustainable income from a diversified portfolio of investments in core infrastructure. The Company offers investors stable, long-term returns from core infrastructure assets that are vital to communities, spanning sectors such as roads, rail, utilities and social infrastructure.

The Company is a trusted steward of essential assets and has a responsibility towards the communities that the assets serve and, in many cases, to which the assets will be returned at the end of the defined contractual term. Operating in a sustainable manner lies at the heart of the Company's business model; it is fundamental for the successful delivery of its investment proposition and means ensuring that each portfolio company takes responsibility for its environmental, social and governance impacts, risk and opportunities.

The infrastructure in HICL's portfolio supports individuals, communities, societies, and their environment. With this comes a responsibility for HICL and its service providers to act with care, consideration and integrity. HICL's Sustainability Policy seeks to articulate how those responsibilities are discharged in order to mitigate risks and to create a positive impact beyond HICL's commercial objectives.

HICL is committed to meeting all local and national laws and regulations in the jurisdictions in which it operates. HICL will actively contribute to the United Nations (UN) Sustainability Development Goals¹ (SDGs). Although HICL contributes to multiple SDGs, the nature of HICL's investment proposition means the Company inherently contributes to developing industry, innovation and infrastructure (SDG 9); and building sustainable cities and communities (SDG 11).

Roles and responsibilities

The Board has overall responsibility for HICL's Sustainability Policy and its application.

HICL's Sustainability Policy applies to both making new investments, including throughout the deal screening and due diligence processes, and the running of the current portfolio, including asset management activities, monitoring and reporting. The application of the Sustainability Policy to making new investments and the management of HICL's portfolio is undertaken by InfraRed Capital Partners ("InfraRed"), as Operator, so that HICL:

- Invests in assets which have a social purpose and proactively engages with its stakeholders to improve sustainability outcomes across the portfolio;
- Promotes environmental initiatives for the benefit of current and future generations;
- Makes a positive overall impact on the communities in which our assets are located; and
- By doing all of the above, aligns the interests of stakeholder groups of HICL's investments which typically have long asset lives.

The Operator's approach to achieve sustainable investment decisions is based on a foundation of:

- Robust corporate governance;
- Guiding principles, where environmental, social and governance opportunities and risks are considered throughout the investment cycle;
- Strong track record as an environmentally and socially responsible partner; and
- Corporate values that are lived and adhered to by its people.

InfraRed publishes its Sustainability Report and sustainability policy, including its approach to integrating sustainability considerations into each stage of the investment cycle, on its website at: <https://www.ircp.com/sustainability/>.

InfraRed has been a signatory of the Principles for Responsible Investment ("PRI") since 2011. InfraRed's Responsible Investment Transparency Report and PRI Assessment Report are both available via HICL's website at <https://www.hicl.com/sustainability/>.

Adherence to InfraRed's sustainability policy and contributions to sustainability are embedded into InfraRed's partners' and employees' performance objectives and will also be taken into account in their annual performance assessment and compensation.

This Sustainability Policy is subject to ongoing enhancement including a formal annual review and will be reported on in HICL's annual report and accounts.

Signature:



Date: 5 August 2021

¹ <https://www.un.org/sustainabledevelopment/>

Appendix: Sustainable Finance Disclosures Regulations

Acting sustainably is fundamental for the successful delivery of HICL's investment proposition and the Company intends to adopt the new requirements of the EU Sustainable Finance Disclosures Regulations ("SFDR") regime. As a UK-listed, UK-domiciled investment trust, HICL is not legally required to meet these requirements, so all disclosure will be on a voluntary basis.

The Company is currently actively complying with the relevant provisions of the Level 1 requirements of the SFDR, and in its capacity as Alternative Investment Fund Manager to HICL, InfraRed has updated its remuneration policy in line with the relevant SFDR Level 1 requirements. HICL has also published additional information regarding compliance with the SFDR in its Article 23 Alternative Investment Fund Managers Directive ("AIFMD") disclosure to investors document.

The Investment Manager will continue to work closely with HICL's portfolio company management teams to improve data collection and processes at asset level. In turn, this will enable closer alignment with the Level 2 provisions of the SFDR, which are anticipated to require detailed reporting in May 2023.

Additional information and documentation related to SFDR can be found at <https://www.hicl.com/sustainability/>