



2022 SUSTAINABILITY REPORT

**Creating
Better Futures**



In 2022, TRIG, an InfraRed fund, invested in Hornsea One, the world's largest offshore wind farm off the east coast of the UK. This project produces enough clean energy to power well over one million homes.

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Werner von Guionneau CEO

With 25 million people interacting with our assets on a daily basis, we are privileged to have the opportunity to create a positive impact on societies and the environment.

We appreciate the position that InfraRed is in to leverage our scale and passion as a multiplier for achieving benefits for our stakeholders. That's why we've evolved our sustainability strategy to reflect our ambition of **Creating Better Futures**.

We aim to do this by focusing our resources and influence on our four overarching priorities that are captured by this ambition – Climate, Environment, Communities and People.

I want to highlight two areas in which we have made significant progress in the last year.

Communities

Firstly, we have greatly enhanced our focus on addressing social mobility via improving educational outcomes at our schools. Over the past year, we strengthened our engagement with external stakeholders by establishing an Education Taskforce, a working group dedicated to creating a forum to engage with teachers, headteachers and other UK partners in order to gather first-hand insight into the barriers to quality education.

The establishment of this Taskforce was inspired by the community fridge initiative at our Oldham Schools project. This was a place where schoolchildren and parents could readily access fresh food donated by local supermarkets. We have seen just how great an impact this initiative has had on the community.

By actively listening to our end users, we can maximise our social impact as we can tailor our initiatives to their specific and pressing needs.

Sadly, a survey conducted by the Taskforce revealed that digital and food poverty were the most common issues faced by some of our schools. We have refurbished and allocated 78 corporate laptops to several schools in our portfolio. Through these types of initiatives, discussed in section 8 of this report, we see real opportunity to contribute to closing digital and

social divides, and in so doing, improving social mobility. Over the coming year we will look to implement these initiatives across more of our projects.

Climate change

The second area where we have made significant progress is climate action. We are committed to addressing the climate crisis in the knowledge that doing so transcends environmental benefits and will simultaneously address inequality, strengthen the economy and promote global health.

Climate change is a time-sensitive, generation-defining threat which demands effective collaboration to limit global warming to 1.5°C. In 2021, we joined the Net Zero Asset Managers initiative, pledging to reach net zero emissions across our entire portfolio of assets by 2050 or sooner. We are engaging directly with our portfolio companies, clients and delivery partners to understand how we can align our assets to a net zero trajectory.

This commitment will also see us increase the investments we have been making in recent years into decarbonisation solutions, with a particular focus on capturing the growth in the renewable energy sector in the US. We have already come a long way from our first renewables investment in 26MW capacity Maesgwyn Wind Farm in 2009, to our most recent investment in the world's largest offshore windfarm, 1.2GW Hornsea One.

Our focus

Throughout these pages you will see examples of where we have been successful, in collaboration with our colleagues, business partners and supply chains, in raising standards at individual projects and at a corporate level. You will also read about where more needs to be done.

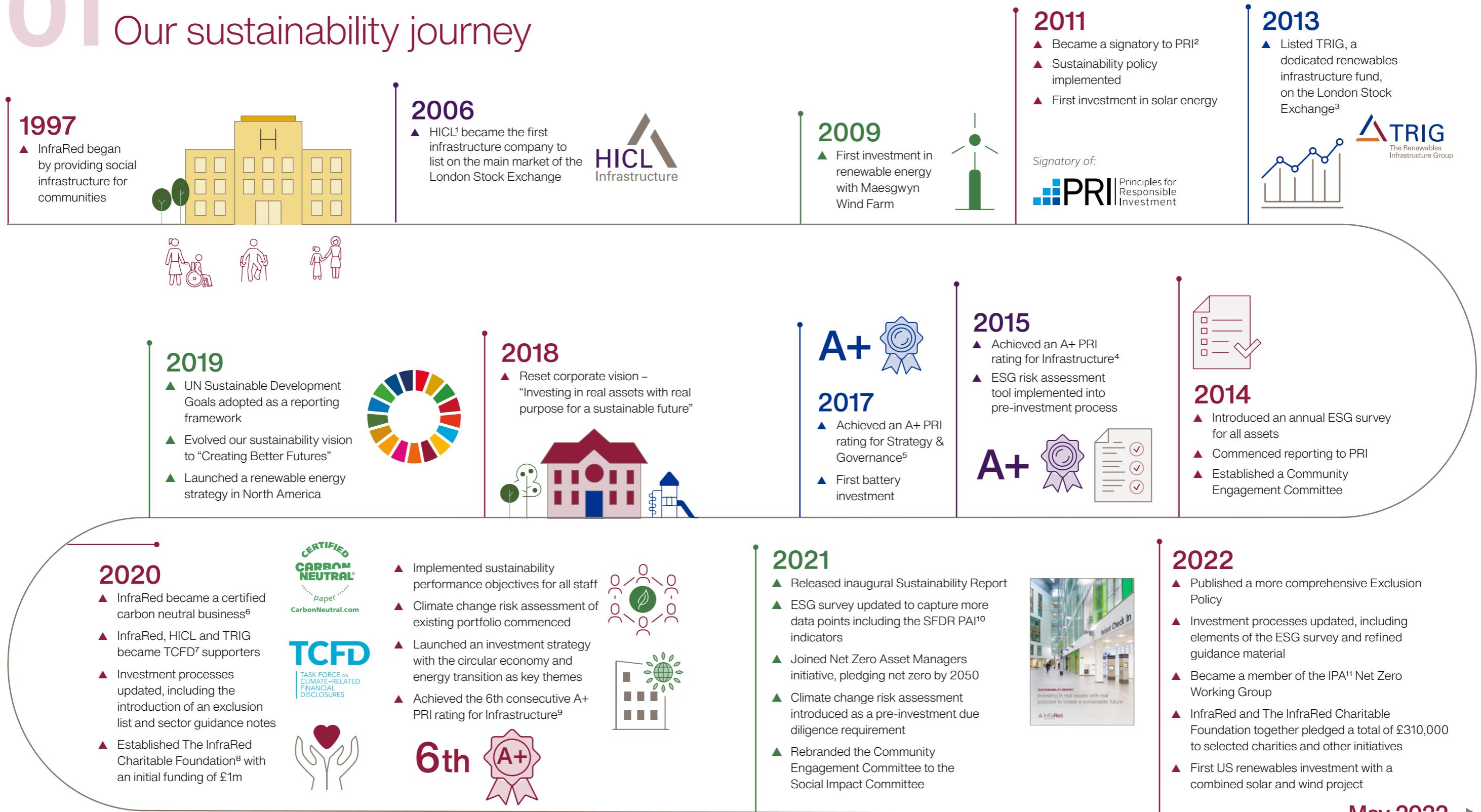
We want to further our focus on areas such as increasing diversity, inclusion and equality in our workforce, creating a strategy to minimise our biodiversity impacts and quantifying the impact of our initiatives. It is important to us that we measure the contributions we are making towards our long-term vision of **Creating Better Futures**.

We are excited to develop and commit to even more ambitious goals in 2022 and beyond, raising the bar for our business and industry. The societies we live in face immense challenges, but it is our firm belief that through further embedding sustainability into our thinking and way of operating, we can play an active part in solving these challenges.

I trust you will enjoy reading our Sustainability Report and how we are progressing on our journey. We welcome any feedback that you may have and can be reached via **sustainability@ircp.com**

Werner von Guionneau
May 2022

01 Our sustainability journey



¹ HICL Infrastructure PLC (HICL), a listed fund managed by InfraRed
² Principles for Responsible Investment (PRI) ratings are based on following a set of Principles, including incorporating ESG issues into investment analysis, decision-making processes, and ownership policies. More information is available at <https://www.unpri.org>

³ The Renewables Infrastructure Group Limited (TRIG), a listed fund managed by InfraRed
⁴ Score relates to the assessment period which was the preceding year (2014)
⁵ Score relates to the assessment period which was the preceding year (2016)

⁶ In 2020, we became a certified carbon neutral firm effective from 1 January 2019 in accordance with The CarbonNeutral Protocol. Further information is available at <https://carbonneutral.com/the-carbonneutral-protocol>
⁷ Taskforce on Nature-related Financial Disclosures

⁸ The InfraRed Charitable Foundation is a UK registered charity. Charity number: 1191507
⁹ Score relates to the assessment period which was the preceding year (2019)
¹⁰ Sustainable Finance Disclosure Regulation Principal Adverse Impact
¹¹ Infrastructure and Projects Authority

02 Our business

InfraRed Capital Partners Limited (InfraRed) is an international infrastructure investment manager, investing in real assets which contribute positively to society and support the transition to a net zero future. We operate worldwide from offices in London, New York, Sydney and Seoul. With around 165 professionals, we manage US\$12bn of equity capital in multiple private and listed funds, primarily for institutional investors across the globe.

As owners and operators of infrastructure assets which impact the lives of millions of people globally, we are committed to ensuring that our investments contribute positively to society, whether through promoting social

development, improving the quality of life or supporting decarbonisation.

We have been a signatory of the Principles of Responsible Investment (PRI) since 2011. We were awarded an A+ in 2020 (the latest assessment) for Strategy & Governance and Infrastructure.¹

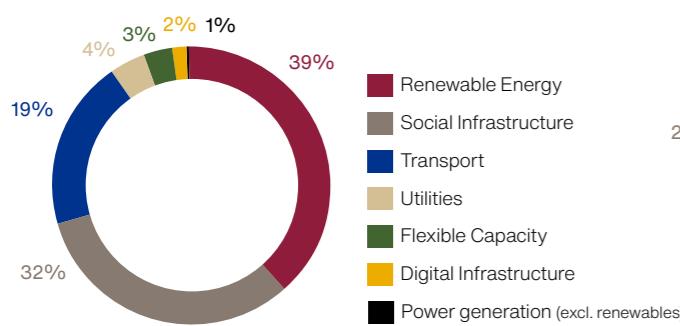
InfraRed is part of SLC Management, the institutional alternatives and traditional asset management business of Sun Life. InfraRed represents the infrastructure arm of SLC Management, which also incorporates the investment platforms BentallGreenOak and Crescent Capital.

\$12bn
EUM²

165
Staff

220+
Assets

Investments by sector³

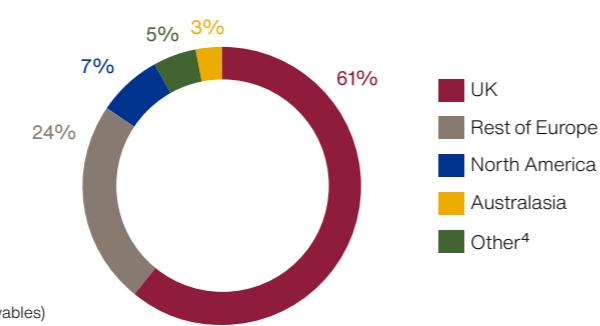


Our investments inherently contribute towards the following SDGs⁵:



Our prioritised SDGs are the areas where we believe we can make the greatest impact.

Investments by geography³



We choose to prioritise our resources to make a positive contribution to the following SDGs⁵:



¹ This 2020 score relates to the 2019 assessment period

² Equity Under Management

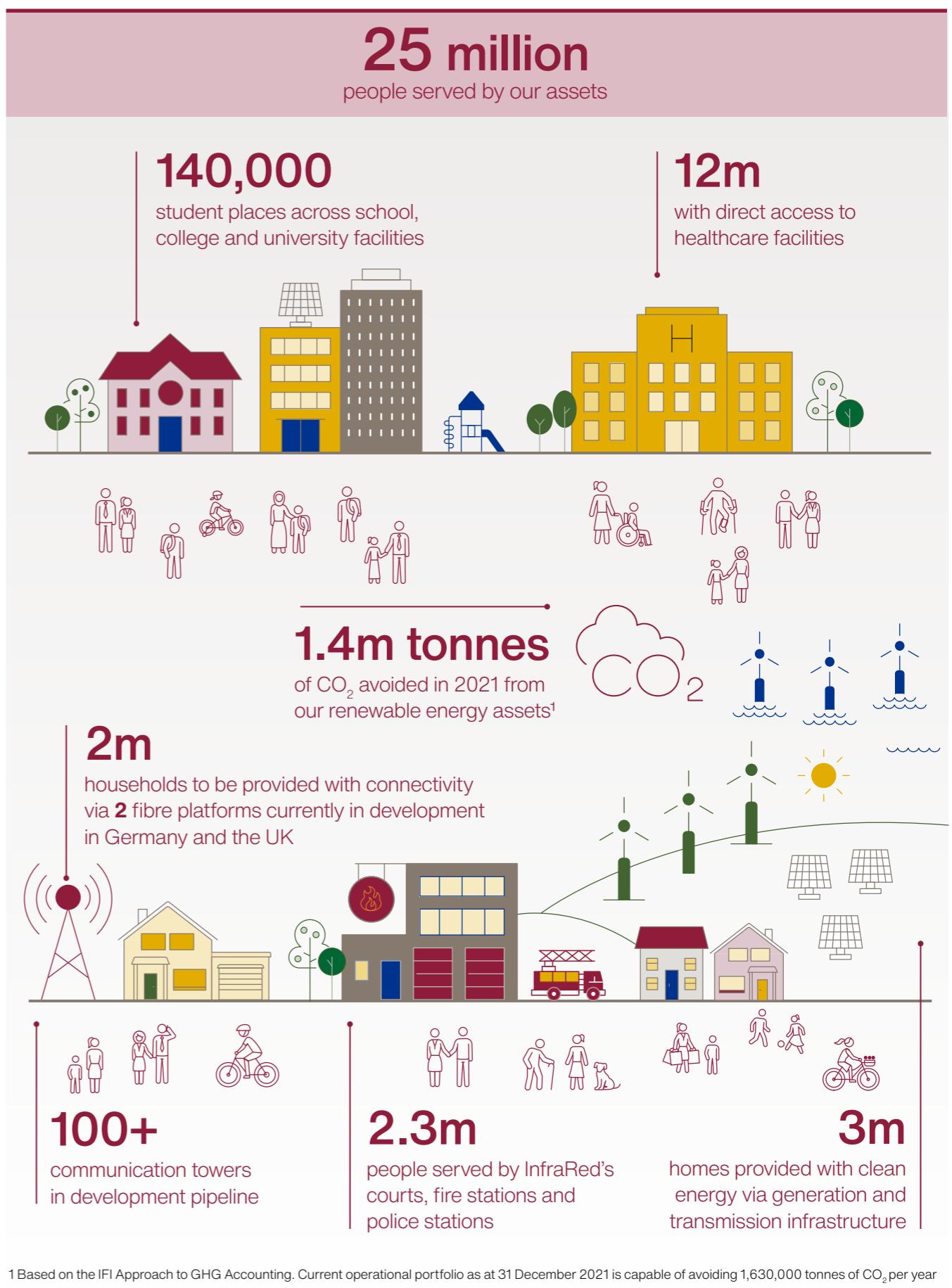
³ Data as at 31 December 2021, noting that InfraRed sold its real estate business in December 2021

⁴ Other includes Asia, South America and the Middle East

⁵ United Nations Sustainable Development Goals

Our reach

The graphic below shows the reach associated with the key sectors that our business invests in.



03 Progress against our 2021 commitments

Focus for 2021		Progress made
1. Continue to incorporate sustainability into our investment process		
PRE-INVESTMENT		
Review and update the firm-wide exclusion list	✓	<ul style="list-style-type: none"> We reviewed our exclusion list which was originally introduced in March 2020. It has been revised into a more comprehensive Exclusion Policy which can be found on our website
Trial the completion of incorporation of our annual ESG survey into the pre-investment due diligence processes	✓	<ul style="list-style-type: none"> We have designed a sustainability KPI tool to ascertain the sustainability performance of projects pre-investment during the due diligence process. This tool is based on elements of our annual ESG survey and considers aspects such as measuring and reducing resource consumption; contributions made to the local community; existence of key policies; and performance against the Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impact (PAI) indicators
Update our investment processes with respect to human rights issues	✓	<ul style="list-style-type: none"> During 2021 we made significant progress in understanding and assessing human rights issues along supply chains, particularly in relation to the solar and battery industries
Set a requirement to incorporate an ESG dedicated budget into new investments	✓	<ul style="list-style-type: none"> Dedicated ESG budgets have been internally mandated for all new investments. This is to ensure that funding is available for the portfolio company to deliver ESG initiatives
Complete climate change risk assessment for all new investments	✓	<ul style="list-style-type: none"> This requirement has applied to all new investments since November 2021
POST-INVESTMENT		
Work with portfolio companies to address the results of the climate assessment	✓	<ul style="list-style-type: none"> Following the completion of the assessment, 91%¹ of portfolio companies have discussed the risk assessment at the board and 94%¹ have incorporated the findings into the risk register. We will be working with the remaining portfolio companies to address this in 2022
Ongoing engagement with portfolio companies in relation to key sustainability themes and best practices	✓	<ul style="list-style-type: none"> We have continued to engage with our portfolio companies through various channels including board representation and our bi-annual ESG workshop

Successfully Implemented In progress

¹ Value excludes projects which have not yet had a climate change risk assessment completed. Adherence to these two requirements was monitored via the ESG survey

Focus for 2021	Progress made
2. Make a positive contribution to our prioritised UN SDGs	
Establish dedicated KPIs which measure our impact against our prioritised SDGs	<ul style="list-style-type: none"> We expanded our ESG survey in 2021 to include more KPIs in accordance with best practice disclosure and regulatory requirements such as SFDR PAIs and Task Force on Climate-Related Financial Disclosures (TCFD) In 2022 we aim to expand our ESG KPIs to measure and report on metrics for each of the key priorities within our refreshed sustainability strategy – Climate, Environment, Communities and People
Report resource use data and GHG emissions	<ul style="list-style-type: none"> We have measured Scope 1, 2 and 3 greenhouse gas emissions of our portfolio
Assets under our operational control – set quantifiable science-based targets to reduce GHG emissions. Assets not under our control – encourage clients to set reduction targets	<ul style="list-style-type: none"> In July 2022 InfraRed will set interim targets in line with our net zero pledge under the Net Zero Asset Managers initiative We will continue to work with our portfolio companies to implement decarbonisation strategies and align the portfolio with a net zero trajectory
3. Track sustainability improvements across our portfolio and corporate operations	
Expand sustainability reporting to align with SFDR and EU Taxonomy requirements	<ul style="list-style-type: none"> We have updated our annual ESG survey to capture more data points including those related to the SFDR PAI indicators. We are also working with a specialist consultant to confirm the degree of alignment of our funds with the EU Taxonomy We will incorporate the necessary disclosures into fund and firm reporting in 2023 in accordance with the regulatory time frame
Reporting against all 11 recommended TCFD disclosures for HICL (05/21) and TRIG (02/22)	<ul style="list-style-type: none"> Our listed funds have further enhanced their TCFD reporting. In 2022, we will introduce TCFD reporting for InfraRed as a corporate as well as for our unlisted funds
Additional climate-related questions included in the sustainability reporting framework	<ul style="list-style-type: none"> We monitored our portfolio companies' responses to the climate change risk assessments via our ESG survey We also expanded the 2021 ESG survey to request data on Scope 3 emissions (in addition to Scope 1 & 2)
4. Embedded sustainability into all staff performance assessments	
Ensure all staff have sustainability performance objectives in 2021	<ul style="list-style-type: none"> 80% of our staff have sustainability performance objectives in 2022 (up from 70% and 2021 and 72% in 2020). We will continue our efforts to ensure a 100% coverage rate
Sustainability performance objectives to be refined from 2022 to include quantitative measures	<ul style="list-style-type: none"> Our focus to date has been on ensuring that all staff have sustainability performance objectives and that their contributions to sustainability have been reflected in their remuneration. We will continue to focus on refining the objectives moving forward, including the addition of quantitative indicators
5. Minimise our corporate carbon footprint	
Update our travel policy to encourage staff to consider the most efficient way to travel	<ul style="list-style-type: none"> Our travel policy was updated in October 2021 to require all staff to fly economy class. Exceptions may be granted for staff travelling on overnight flights where they are required to work in the office the next day We will continue to monitor our staff's travel activities to identify other solutions and incentives to reduce the associated emissions

04 Our sustainability governance

Sustainable principles are central to how we invest and manage our portfolio

Dedicated resources and a shared responsibility for all our staff

We have a dedicated sustainability team which is responsible for developing our sustainability strategy and supporting the wider business to implement this strategy. We have also established a new role, Director of Portfolio Impact, assumed by Sarah Gledhill. Sarah is working alongside the Asset Management Team and is responsible for managing InfraRed's stakeholder relations and for implementing our impact initiatives at a project level.

However, it is the responsibility of all our staff to incorporate sustainability considerations into the delivery of their day-to-day role.

Sustainability performance objectives

Staff's contributions to sustainability are measured against specific sustainability performance objectives which have been established for the various business functions and levels of seniority at InfraRed.

We are working at creating more tangible links between staff's discretionary compensation and sustainability objectives by introducing more specific and quantitative indicators. This is a complex initiative but it is an important step to further embedding sustainability into our business. We hope to roll out this initiative by 2023.

Enhancing our pre-investment processes

We have refined our pre-investment approach to sustainability in our Negative Screening, Deal Screening and Due Diligence phases

In 2021, the Sustainability and Origination & Execution Teams worked together to review and enhance the sustainability requirements in our pre-investment processes.

A key change includes a new requirement to complete a climate change risk assessment. Another is the incorporation of new KPIs (including the SFDR Principle Adverse Impact indicators) to monitor performance prior to investing.

These changes have been added to our sustainability investment and management framework outlined on the following page. This enhanced framework will help to provide a more accurate assessment of sustainability prior to investment.

"In the five years that I've worked at InfraRed, I have seen the investment processes evolve to consider sustainability as a critical due diligence workstream.

While our sustainability commitments have caused us to decline some investments in recent years, they have also incentivised us to think outside of the box in order to improve the ESG credentials of an otherwise unsuitable investment.

It is rewarding to know that we can make a real impact across the infrastructure spectrum."

Joy Rong Investment Executive,
Origination & Execution



Our updated sustainability investment and management framework

Sustainability is integrated into every stage of the investment process as illustrated in the chart below.



Our sustainability programme is aligned with SFDR, UN SDGs and the PRI



Managing sustainability performance post-investment

In addition to active management via board representation, our Asset Management Team conducts an annual ESG survey to ensure our projects adhere to the highest standards of corporate conduct and ESG performance.

First launched in 2014, the survey seeks to ensure that all of our portfolio companies and subcontractors have appropriate sustainability policies and practices in place and that these are followed in the delivery of the services to clients and end users.

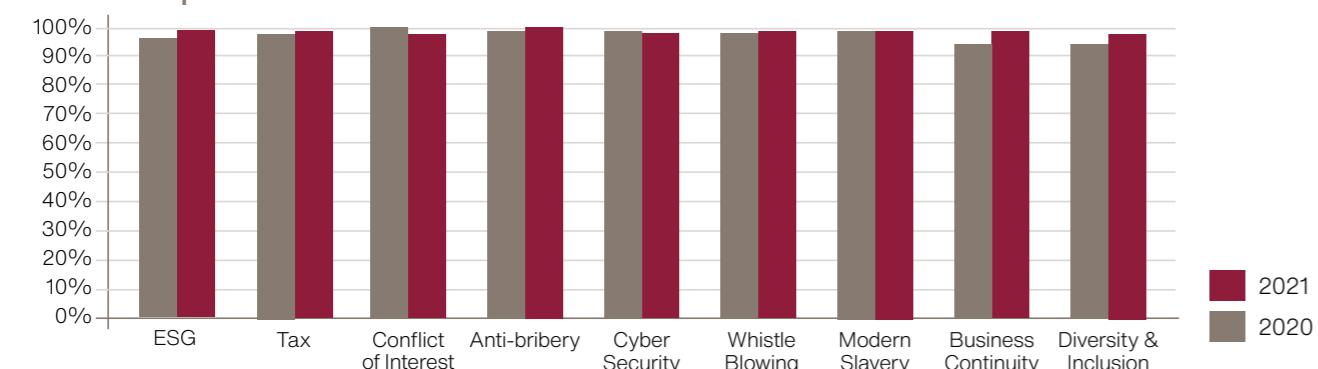
The survey responses are reviewed and marked by an external consultant engaged by InfraRed.

 **184** portfolio companies responded to the 2021 survey (compared to 174 in 2020)

 **79%** of the projects achieved a 5-star rating by an external consultant (compared to 63% in 2020)

 **100%** of our projects achieved our active asset management criteria (compared to 99% last year)¹

Policies compliance



During 2022 we improved compliance with the majority of the policies with the exception of cyber security and conflicts of interest. In both instances there are a total of three projects without the relevant policies in place and we are working to rectify this.

 “Having led the implementation of the ESG survey since its inception, it’s been fantastic to see the improvement in the results year on year.

I look forward to the day we achieve my personal objective of a 100% success rate.”



Mark Holden Director,
Asset Management

¹ As part of the ESG survey, our portfolio companies report on whether the InfraRed Board Director has attended all board meetings, has actively monitored the portfolio company's performance and has carried out a site visit in the last 18 months. Due to the pandemic, the latter was refined to capture attendance at a virtual meeting.



CASE STUDY

Project: Royal Adelaide Hospital, Australia

Fund: InfraRed Infrastructure Fund III

- ▲ Royal Adelaide Hospital (RAH) is one of the most advanced hospitals in Australia, providing care for an estimated 85,000 inpatients and 400,000 outpatients each year
- ▲ In July 2021, our portfolio company Celsus, the commercial operator of RAH secured, a A\$2.2bn sustainability loan
- ▲ This framework has been verified by DNV Business Assurance Australia, to ensure alignment with the internationally recognised Green Loan Principles 2021 and Social Loan Principles 2021

 World's largest green and social loan in the healthcare sector¹

 Largest project finance green sustainability loan in Australia¹

RAH also has a number of features that support both our prioritised and inherent SDGs:



With a dedicated Aboriginal and Torres Strait Island Liaison unit on site, there is a specialised focus on indigenous health



RAH is South Australia's largest accredited teaching hospital offering a range of training positions across medical, nursing, health science and pharmacy areas



Innovations in building design include the use of sustainable materials such as low VOC paints, flooring and acoustic insulation, water sensitive landscape design, and water and power smart meters



The site has 3.8 hectares of landscaped environment with more than 70 internal themed courtyards including features such as the Spinal and Aboriginal Gardens, creating a significant footprint of green space



Some key climate change mitigation aspects include energy efficient fittings and a co-generation system that recycles waste heat into energy for heating the building

¹ As at July 2021

05 Our sustainability strategy

We have evolved our sustainability strategy to focus on four key priorities

Creating Better Futures



Climate

Support climate action by decarbonising our assets, investing in the energy transition, and delivering climate resilient infrastructure



Communities

Create a positive social impact by addressing the needs of sustainable communities in which our assets operate



Environment

Minimise environmental impacts, resource consumption and biodiversity loss



People

Promote fair and safe work practices as well as diverse and inclusive workplaces

These priorities are underpinned by our:

- ▲ Investment strategies which are informed by our sustainability priorities
- ▲ Active approach to asset management at project level
- ▲ Commitment to high governance standards and the stewardship of our portfolio
- ▲ Proactive stakeholder engagement to ensure we understand the needs of the clients, end users and communities connected to our projects
- ▲ Ability to leverage our resources and business relationships to maximise our impact

“These priorities are not new to InfraRed – they have driven our approach to sustainability for many years now. Focusing on **Creating Better Futures** has always been at the very core of who we are. It drives our people and defines InfraRed.”



Kate McKeon
Head of Sustainability

This Sustainability Report provides an overview on the progress we have already made against these four objectives, as well as the further actions we will be taking to fulfil our overall objective of Creating Better Futures.

Our priority for the next year is to establish clear metrics and targets which will allow us to measure and report our performance against each of our four priorities.

The chart below provides an overview of the progress we have already made against our four priorities as part of our overarching ambition of Creating Better Futures.

Priorities	Theme	Current Initiatives	Reference
Climate	Climate Change Resilience	▲ InfraRed completed a climate change risk assessment of its portfolio in 2021, the results of which were shared with portfolio companies to discuss in board meetings and incorporated into the project risk register	17
	Net Zero Portfolio	▲ In July 2021, InfraRed joined the Net Zero Asset Managers initiative, committing to align our portfolio to net zero by 2050. We have measured our 2019 baseline emissions and are in the process of setting interim targets	18 - 20
	Carbon Neutral Firm ¹	▲ InfraRed is a certified carbon neutral company and has been pursuing opportunities to reduce emissions associated with our offices and staff business travel	21
Environment	Resource Consumption	▲ We expect our projects to implement energy, waste and water reduction plans. We support reduction initiatives and monitor the operationalisation of reduction strategies via our annual ESG survey	25 - 27
	Biodiversity	▲ Whilst several of our projects are already implementing biodiversity initiatives, we are working to develop a portfolio-wide strategy to more systematically address biodiversity impacts across our projects	28 - 29
Communities	Food Poverty	▲ Based on findings from a survey conducted by InfraRed, we have implemented a number of initiatives to address food poverty faced by schoolchildren	31 - 33
	Digital Poverty	▲ We donated 78 corporate laptops and several interactive whiteboards to students in an effort to reduce inequalities which stem from poor access to IT equipment	34
	Charitable Partnerships	▲ The InfraRed Charitable Foundation has pledged £210,000 to charities focused on improving social mobility ▲ InfraRed has committed £100,000 to charities and initiatives supporting communities affected by the war in Ukraine	33 - 35
People	Diversity & Inclusion	▲ Our priority is to foster a culture of inclusion and to encourage diversity of thought within our business. We also expect our portfolio companies and business partners to prioritise these objectives	37 - 38
	Mental Health & Wellbeing	▲ We have launched a formal mental health and wellbeing programme that reflects feedback we receive from our staff	39
	Health & Safety	▲ Our Asset Management Team actively monitors 5 specific H&S metrics to ensure a robust H&S approach within our projects; performance against all H&S metrics improved in 2021	40
	Supply Chain Management	▲ In 2021, we enhanced our investment due diligence processes by looking further into the supply chain, particularly for solar and battery assets. We are now identifying ways to adopt similar principles for all asset classes	41

¹ Certified by The CarbonNeutral® Protocol, a framework developed by Natural Capital Partners (NCP)

06 Climate

Supporting climate action by decarbonising our assets, investing in the energy transition, and delivering climate resilient infrastructure

As climate science advances and continues to indicate that the destruction of the climate is one of the greatest threats that people face across the globe, we are scaling our action.

2021 saw InfraRed's most ambitious year yet marked by our net zero 2050 pledge under the Net Zero Asset Managers initiative. However, we are acutely aware that limiting global warming to 1.5°C is not achieved through bold statements but through specific and actionable decarbonisation strategies.

Over the course of 2021 we undertook an extensive data collection process to measure the baseline emissions of our portfolio, which in turn will inform our target setting process and start us on our net zero journey.

Our targets and means of achieving such targets will be reported in our Net Zero Pathway Report later this year.

“The energy transition is a complex challenge with many dimensions beyond renewable energy generation. With investments in battery storage and new investment strategies focused on EV charging points, heat pumps and hydrogen, InfraRed has an integral role to play in decarbonising traditionally high-impact sectors, and in so doing, accelerating the transition.”



Pilar Banegas
Director, Fund Management

2021 highlights



Joined Net Zero Asset Managers initiative, pledging net zero emissions across our portfolio by 2050



Funded over 800MW of renewable energy and battery storage capacity¹

2022 objectives



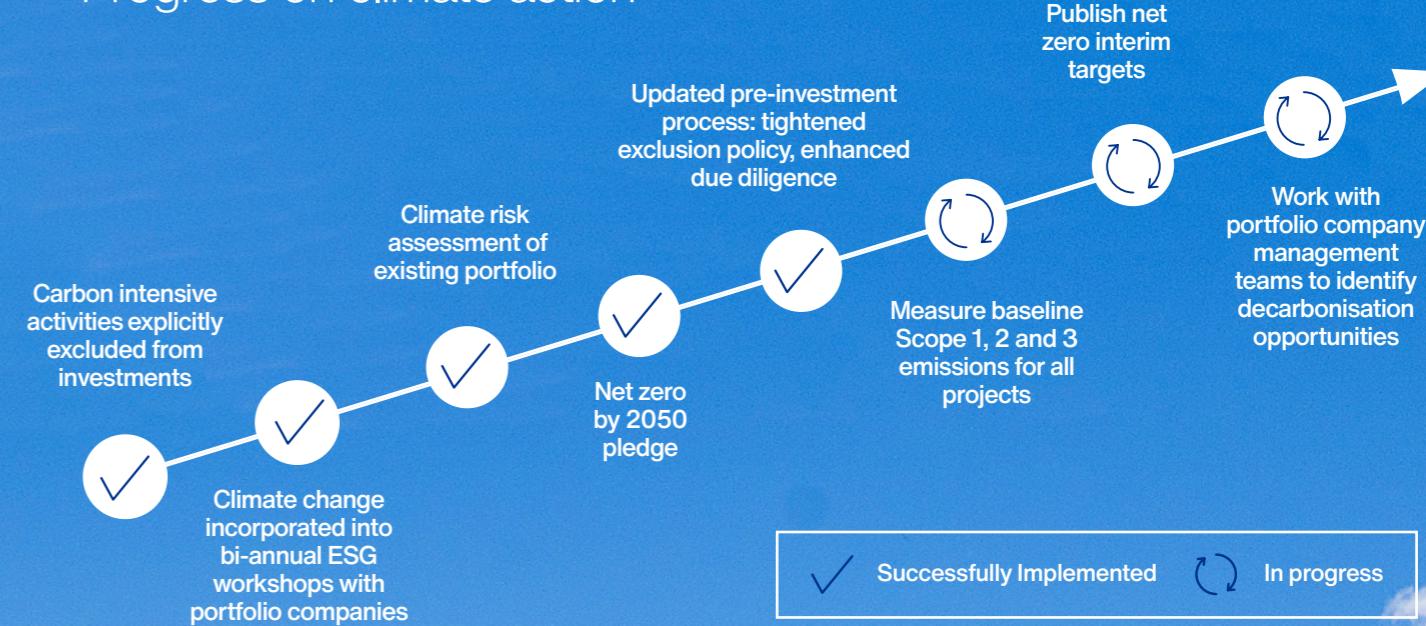
Set interim targets and publish these in a Net Zero Pathway Report



Expand presence in the renewable energy market in North America

¹ Calculated based on each project's capacity pro-rated for InfraRed's share of subordinated debt and equity capital

Progress on climate action



Climate change resilience

We have made significant progress in understanding the vulnerabilities of our assets to changing weather patterns due to climate change. In 2021, we completed climate change risk assessments across our portfolio. This was done with the support of a third-party adviser who modelled various conditions in accordance with the warming scenarios within the Representative Concentration Pathways (RCP) of the Intergovernmental Panel on Climate Change (IPCC).

Project-specific findings were issued to the portfolio company management teams. To support the portfolio companies in understanding

and addressing the findings of the assessment, InfraRed developed a Climate Change Guidance document and was successful in encouraging our management teams to implement the outputs of the assessment into their governance approach. Our annual ESG survey highlighted that the vast majority discussed the results of the risk assessment in a board meeting and incorporated the findings into the project's risk register.

Monitoring risk management at a project level enables us to aggregate and consider the overall impact and opportunities of climate change for our funds, and in turn our portfolio.

Task Force on Climate-related Financial Disclosures

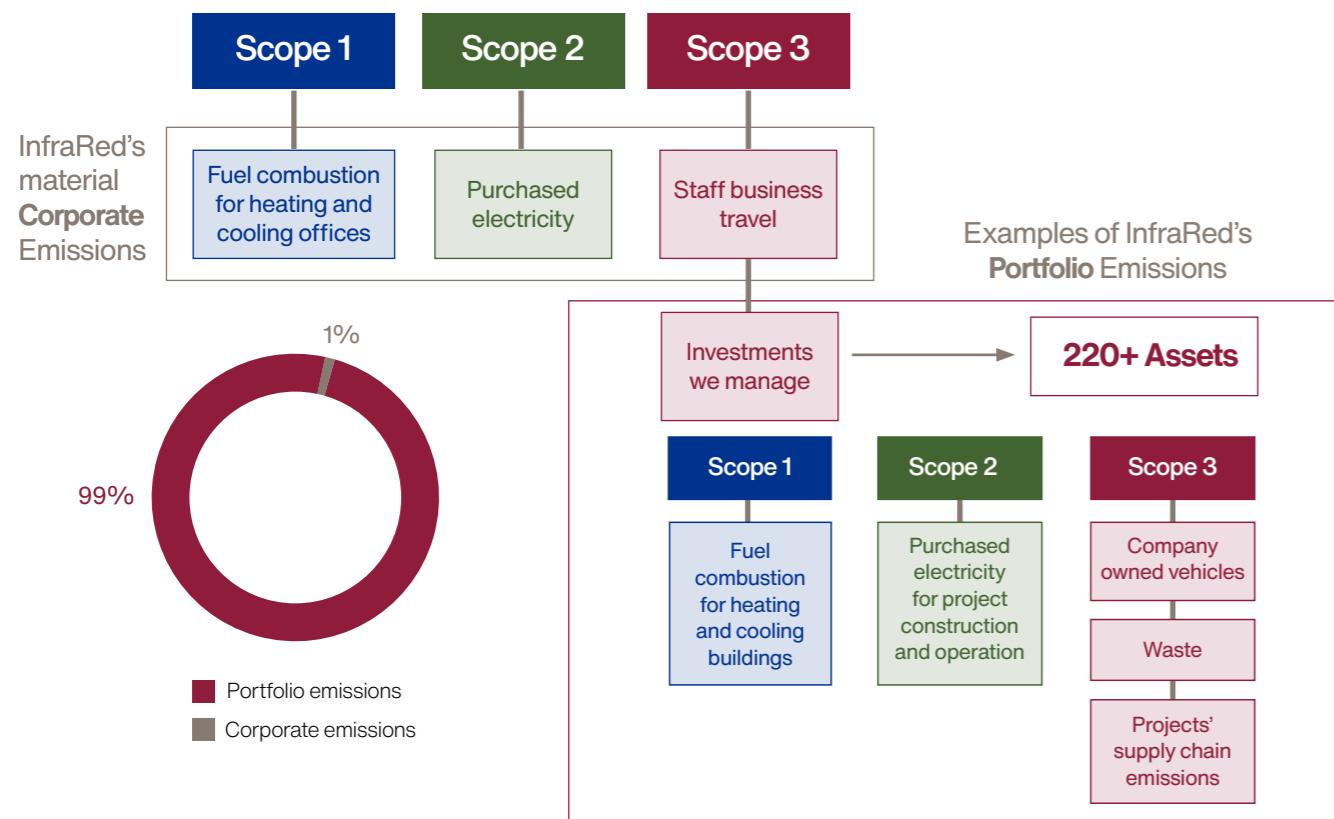
The TCFD framework has been beneficial for InfraRed to not only understand the financial risks and opportunities that climate change poses to our portfolio, but to transparently and consistently communicate these to our stakeholders. InfraRed's listed funds, HICL and TRIG, have been voluntarily reporting under TCFD since early 2020 ahead of this becoming mandatory for listed funds in 2021. While we do not expect it to be mandatory for InfraRed or our private funds to report under TCFD until 2024, we are in the process of incorporating TCFD disclosures into our fund reporting in 2022.



¹ Value excludes projects which have not yet had a climate change risk assessment completed. Adherence to these two requirements was monitored via the ESG survey

Understanding our emissions profile

The greenhouse gas (GHG) emissions associated with our business can be categorised into two key components. The first is the emissions associated with InfraRed's core business, i.e. the operation of our offices and staff business travel. The other aspect is the emissions relating to the investments we make, also known as Scope 3 category 15. These are the GHG emissions relating to the construction, operation and maintenance of the 220+ assets in our portfolio, and constitute approximately 99% of the overall emissions associated with InfraRed's business.



Methodologies for emissions calculations



InfraRed calculates Scope 1, 2 and 3 emissions in accordance with the relevant standards laid out by Greenhouse Gas Protocol, the most widely recognised standards for accounting and reporting on corporate emissions.



The Partnership for Carbon Accounting Financials (PCAF) is an extension of the Greenhouse Gas Protocol Standards and is currently the only globally accepted standard for measuring and disclosing financed emissions. InfraRed uses this detailed methodological approach to measure and eventually disclose GHG emissions associated with our assets under management.



The CarbonNeutral® Protocol¹ is a framework developed by Natural Capital Partners (NCP) to measure, validate and offset InfraRed's corporate emissions. A carbon neutral certification is a recognition that InfraRed is a carbon neutral company, and has implemented a third-party verified carbon offsetting programme.

Embarking on our net zero journey

In 2021 we launched an extensive data collection process to ascertain the GHG emissions associated with all business activities across our portfolio for our pre-Covid baseline year of 2019

Addressing the challenges of data collection

Considering less than 40% of our portfolio provided Scope 1 and 2 emissions data as part of our 2020 ESG survey, we knew that collecting data in 2021 for business activities in 2019, as well as extending to request data for Scope 3 emissions, was going to be a difficult task.

In order to ensure the accuracy of emissions measurement, we engaged consultants Mott McDonald to assist in the collection and analysis of emissions data from each of our portfolio companies. We gathered valuable insight and data during this collection process. However, gaps still remained due to the difficulties in sourcing information from the project's supply chain as well as the amount of time that had elapsed since the 2019 baseline year. As a result we leveraged our consultant's expertise to use proxies (where required) for estimating the emissions of our portfolio.

Moving forward we expect the accuracy and reliability of emissions measurement to improve as we continue to engage with our management teams and their supply chains, to increase awareness of the data required for this measurement process. This process will also be supported through our bi-annual ESG workshops which cover themes of net zero and sustainability metrics.

We are committed to maintaining transparency over the data collection process and any changes in emissions profiles due to improved data capture. We know that effective data collection is a challenge faced by the industry at large and there is a distinct approach of 'learning by doing' as we all navigate through this uncharted territory. While it will take some time to understand the full extent of our GHG impact, we believe it is important to embrace the journey and to share our experiences along the way.



Evolving agreements to allow for a net zero future

Barriers to positive action often present themselves not due to a lack of ambition or funding, but due to rigid terms in outdated contracts which prevent the implementation of initiatives. This is especially the case for public-private partnerships (PPPs) which can be highly prescriptive contract agreements.

Many of these agreements did not account for transformative movements such as net zero when they were executed some 10 to 20 years ago. An integral part of our engagement programme therefore is to collaborate with our clients and delivery partners to identify solutions and overcome these obstacles.

CASE STUDY

Project: Central Manchester Hospital, UK

Fund: InfraRed Infrastructure Yield Fund



The Central Manchester Hospital was facing difficulties in pursuing energy saving opportunities due to principles laid out in the original Project Agreement (the Agreement), executed over 15 years prior. The terms of the Agreement with respect to energy were strict, overly complex and unaccommodating for changes in the hospital's services. All these factors were restricting the aligned ambition of the Manchester University NHS Foundation Trust (the Trust), InfraRed, its co-shareholders, and the project subcontractors to implement environmental initiatives at the project.

In response to the Trust declaring a climate emergency in 2019, the parties unanimously agreed to collaborate and find solutions to working around the strict terms in the contract so that they could support the Trust in delivering its decarbonisation plan. In the first instance, this included the appointment of an Energy Manager and the completion of an energy performance audit for the site.

“The new agreement allows archaic terms to be put aside for the betterment of the project and environment, demonstrating how collaboration can create positive outcomes for all parties.”

David Furnival Group Director of Operations,
Manchester University NHS Foundation Trust



InfraRed's corporate emissions

Whilst we prioritise the decarbonisation of our portfolio companies, we also continue to identify solutions to reduce the impact from our corporate activities

We believe our commitment to decarbonise the emissions relating to our corporate activities sends a strong message to our staff, business partners, investors and other stakeholders that sustainability is at the core of everything we do. We continue to identify opportunities to reduce our environmental impact, big or small.

Office footprint

InfraRed's Head Office in London has been awarded an 'Excellent' rating from BREEAM and a Gold rating by SKA, both of which are gold standard sustainability certifications. Our London office is highly energy efficient with features such as district heating connectivity and motion sensor LED lighting throughout.

Our London office also runs on renewable energy, and in February 2022 we also switched our Sydney office to renewable energy. We are in discussions with the building manager of our New York office and we hope to make the same change for this office in the coming year.

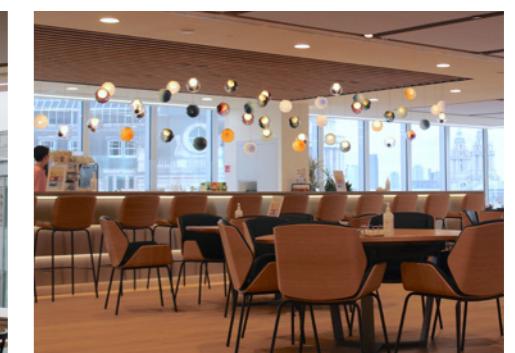
Corporate travel

InfraRed's corporate emissions from business travel have dropped significantly since the pandemic and they are unlikely to ever return to previous levels. However, some travel is integral to the effective management of our business and portfolio.

Our corporate travel emissions make up the majority of InfraRed's corporate emissions and we look to reduce our impact where possible, for example, by refining our travel policy to require all staff to fly economy class. Some exceptions may be granted for staff travelling on overnight flights where they are required to work the following day.

Carbon neutral certification

InfraRed engages an external consultant to measure and verify our corporate emissions. We then purchase Verified Carbon Standard (VCS) offsets equivalent to our corporate emissions. We are aware that reducing our emissions must take precedence over achieving carbon neutrality via measuring and offsetting. However, as we are implementing strategies and seeking opportunities to drive decarbonisation, offsets will in the meantime help us to minimise our climate impact.



Our Head Office in London has energy efficient features throughout including district heating connectivity and motion sensor LED lighting

In March 2022, InfraRed made its first US-based renewables investment by acquiring a stake in a 665MW capacity three-asset project, comprising two onshore wind sites – Iron Star and Priddy, and one solar site, Hawtree.



"This investment follows our previous investment in the US clean energy sector in 2018 with Hecate Grid, a battery storage asset.

We will continue to leverage our experience in Europe and Australasia to support our significant growth ambitions in the US clean energy sector."



Jack Paris
Head of Americas



07 Environment

Minimising environmental impacts, resource consumption and biodiversity loss

Our **Creating Better Futures** ambition envisions a more circular world and an environment where plants, animals and habitats are thriving. Our Environment priority therefore encompasses two key themes, resource consumption and biodiversity.

We have taken significant strides in reducing the consumption of natural resources, discussed throughout this section. Moving forward, our priority is to continue to support the implementation of innovative solutions to drive real efficiencies and reductions in resource use.

While we know that implementing natural resource management principles can fundamentally address biodiversity loss, we recognise that more targeted measures are required to protect and improve local habitats.

Historically, we have done this by supporting the delivery of biodiversity positive initiatives at individual projects. Moving forward, we will develop a biodiversity strategy to help us better understand our impacts and implement nature-based solutions across the portfolio.

“By acting to sustainably manage our resource use and restore ecosystems, we are also advancing our other aims including reducing our greenhouse gas impact and supporting a healthier and more resilient society.

Therefore, we cannot view this priority – or any others – in isolation, but as highly complementary strategies.”



Sophie Lynch
Sustainability Analyst

2021 highlights



Increased the proportion of portfolio companies that monitor and reduce their resource consumption



Implemented a number of key initiatives across our portfolio, including Affinity Water's Save Our Streams campaign

2022 objectives



Develop a strategy to address biodiversity impacts across our portfolio



Continue to engage with portfolio companies to ensure effective reduction plans are in place

Resource consumption

Our business often lacks contractual rights to curb the resource consumption of the clients, users, and supply chains of our assets.

In many PPP projects the resources are the responsibility of the government client, as it is their staff who are performing the services provided within the project, such as a school or a hospital, which ultimately drive resource consumption.

However, it is usually the project company's responsibility to maintain and replace the equipment which provides the building's heating, cooling and lighting. Irrespective of these challenging dynamics, we recognise that we have a responsibility to use our influence to effect positive change. That is why we require our portfolio companies to complete our ESG survey i.e., to report on as well as reduce their resource use.

While we are pleased with the progress made since last year, we acknowledge that there still exists room for improvement. We will continue to work with the remaining portfolio companies to improve resource use metrics.

Resource use metrics



97%

portfolio companies with energy reduction initiatives (compared to 96% in 2020)

49%

portfolio companies reporting Scope 1 and 2 emissions (compared to 37% in 2020)



89%

portfolio companies with water reduction initiatives (compared to 84% in 2020)

98%

portfolio companies report water usage (compared to 91% in 2020¹)



88%

portfolio companies with waste reduction initiatives (compared to 75% in 2020)

49%

portfolio companies report waste generated (compared to 38% in 2020)

In addition to monitoring reduction plans, we have also been working with portfolio companies to analyse data submitted in order to identify opportunities for improvement.

For example, we have compared the energy and water consumption for our healthcare assets, pro-rated based on floor area, to identify leaders and laggards. By doing so, we are providing comparable information to our portfolio companies with the aim of facilitating knowledge sharing and benchmarking across our portfolio.

¹ We have updated the metric reported for water usage to more accurately reflect the progress of our portfolio



Case studies with a focus on reducing resource use

Waste

Project: Romford Hospital, UK

Fund: HICL

- ▲ Romford Hospital and its provider Sodexo set out to reduce food waste by 50% in May 2021, enabled by a data driven food waste reduction programme, 'WasteWatch'. Before food that has perished is thrown away, it is weighed and employees are required to answer a series of questions. This system then provides insight into what exactly is being wasted, why it might be wasted and tips to reduce food waste.
- ▲ All food waste is processed through anaerobic digestion facilities and converted into an energy source as well as an organic fertiliser. This process saves six times more GHG than composting alone. This initiative to date has achieved a 60% reduction in food waste – estimated to be the equivalent of 5,530 meals.



Energy

Project: Queen Alexandra Hospital, UK

Strategy: European Infrastructure Income

- ▲ Queen Alexandra Hospital has launched a £5 million project to replace 24,000 fluorescent light fittings with LED units across a floor area of approximately 180,000 sqm. This undertaking is estimated to avoid over 1,100 tonnes of CO₂ each year through a reduction in demand of 500,000 kWh. This initiative is also expected to generate significant electricity cost savings of an estimated £575,000 per year.



Water

Project: Affinity Water, UK

Fund: HICL

- ▲ Affinity Water kicked off what was ultimately the UK's biggest ever water saving initiative in April 2021. Save Our Streams (SOS) was a lively campaign to build awareness around water consumption and to help reduce demand. Affinity Water adopted a multi-channel approach using social media, radio ads, press and media ads as well as a dedicated website. By December, over 170,000 people had signed up to Affinity Water's saving campaign and over half received free water saving devices. This campaign has led to savings of approximately 17 million litres per day during the peak of the campaign in August.
- ▲ SOS was picked up by local and national press 90 times, with a potential reach of 4.8 million people. At a national level there was coverage in the Observer, the Times and the BBC Wildlife Magazine.
- ▲ Significant awareness has been created by delivering messages in a fun, engaging way, and in December 2021, Affinity Water won The Drum Social Purpose Award for Best Integrated Campaign.



17 million

litres of water saved daily at its peak

66

"One thing we have learned over the last year is that you must not tell your customer what to do. They want information, along with other tools to help achieve sustainable solutions."

Affinity Water

Managing resources in a PPP context

The separation in roles and responsibilities requires InfraRed to be creative and strategic in identifying ways to support our clients to improve efficiencies and minimise consumption. For example, whilst we cannot force behavioural change on the users of our assets, we can work closely with our clients to find other ways to improve the environmental performance of our assets.

This may include the installation of LED lighting and motion sensors, which not only reduce overall energy demand, but these changes can also generate material cost savings for our clients.

Understanding and addressing our biodiversity impacts

As scientific evidence increasingly proves that biodiversity is the critical infrastructure that supports all life on earth, it is simultaneously declining at the fastest rate in history

The rate of extinction of flora and fauna is occurring between 1,000 and 10,000 times higher than that which is considered natural.¹

Given nature's inextricable links with food systems, livelihoods, and consequently the global financial system, it is estimated that over half of the world's GDP – \$44tn – is at moderate or severe risk to biodiversity loss.²

Understanding the financial risk of biodiversity loss to our operations is inherently difficult because many of the processes that shape the natural world remain undiscovered.

Unlike the atmospheric concentration of carbon dioxide which serves as a useful barometer for climate stability, biodiversity loss has a litany of indicators as well as direct and indirect drivers.

Given the geographical and sectoral diversity of our assets, dependencies can vary significantly, making scalable strategies difficult. For example, urban assets are typically more restrictive in terms of the types and scales of biodiversity initiatives available to implement.

Tackling our impact on biodiversity

We are only at the beginning of developing a strategy that adequately addresses the challenge of biodiversity loss, but the window for taking effective action is narrowing. Over the coming years we will investigate ways to assess the biodiversity dependencies and the impact of our assets.

This is a large undertaking that poses methodological challenges. We will engage and collaborate in industry initiatives and use the best available science to undertake such assessment. Such initiatives include Partnership for Biodiversity Accounting Financials (PBAF), Taskforce on Nature-related Financial Disclosures (TNFD), SFDR, and the EU Taxonomy.

Supporting wildlife and nature

In the meantime, we will continue to support the implementation of mature, scalable initiatives, the impacts of which are felt immediately across our portfolio. This will include initiatives such as the installation of bird and bat boxes, supporting bee colonies and the planting of local wild flowers and trees.

Much like climate-related risks, we expect that specific exposure to biodiversity risks and impacts will increasingly form part of our investment processes. InfraRed believes that shifting focus from reducing risk and negative impacts to actively pursuing initiatives which have a positive contribution to wildlife and nature is an important part of addressing biodiversity loss.



Beehives in place on the roof at St. Pancras Station in our High Speed 1 project, London, UK

¹ Source: World Wide Fund for Nature, retrieved from https://www.panda.org/discover/our_focus/biodiversity/

² Source: World Economic Forum, retrieved from: https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

CASE STUDY

Project: Penare Solar Farm, UK

Fund: TRIG



Sheep grazing at Penare Solar Farm

- ▲ Around half of TRIG's UK solar assets facilitate grazing by livestock. TRIG engages with local farmers to move the sheep on site in spring to graze on many types of weeds and invasive species.
- ▲ Sheep are particularly effective at grazing underneath the panels where it is more labour intensive to mechanically mow. At the same time, the panels shelter the sheep from rain, wind, and direct sun on hot days. It also helps to maintain a rural landscape, adds additional income streams for farmers, and helps preserve rural communities – offering operational, ecological and community benefits.
- ▲ In July 2021, all of TRIG's UK solar sites underwent ecological assessment to identify opportunities to promote biodiversity. These site assessments have informed an action plan that TRIG is currently rolling out across all of its UK solar assets.



08 Communities

Creating a positive social impact by addressing the needs of sustainable communities in which our assets operate

Around the world over 25 million people use or interact with the infrastructure assets we manage. As a result, we have an exceptional opportunity to make a positive social contribution by enhancing the experience of our clients, end users and wider stakeholders.

By investing in assets that provide essential services to communities, our portfolio delivers an inherent social good. Our sustainability strategy seeks to build on this by leveraging our own resources, business relationships and charitable partnerships to maximise our positive social impact.

“Our projects have inherent social qualities as they are supporting the lives and livelihoods of communities. The incentives of all stakeholders are therefore fully aligned – creating value for our communities simultaneously creates value for our investors.”



Edward Hunt
Head of Core Income Funds

2021 highlights



We established an Education Taskforce to identify and address the needs of our UK school portfolio



InfraRed and The InfraRed Charitable Foundation pledged £310,000 to charities and initiatives

2022 objectives



Implement a framework to measure the social impact of our corporate and project-level initiatives



Establish similar taskforces to understand the challenges faced by other sectors such as healthcare

A focus on social mobility

Disadvantage at an early stage in a child's development has pervasive, long-lasting effects on their overall life outcomes.

While many factors determine an individual's and community's social mobility, we firmly believe education is fundamental to improving it – particularly for younger generations.

This is why we launched an initiative to work with schools in our portfolio to address the drivers of poor social mobility within the school communities.

Uncovering the needs of our communities

In 2021, the Social Impact Committee set up the Education Taskforce, a working group aimed at engaging with educational facilities to uncover the challenges faced by schools in order to have a tailored approach to address these.

The Taskforce contacted (via project companies) the headteachers at schools across our UK portfolio to better understand the greatest issues faced by these schools.

Alarmingly, the survey identified that child hunger was one of the greatest issues they were experiencing, in addition to poor access to IT equipment.



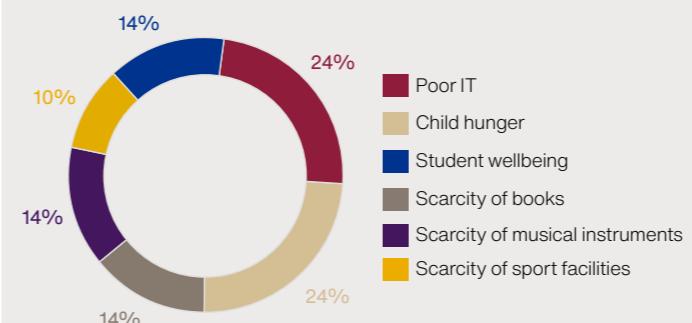
“We identified that food and digital poverty are the most significant challenges faced by our UK school portfolio. Without such basic needs being met, it is difficult for students to fulfil their potential, making social mobility even more challenging.

One of our objectives within our **Creating Better Futures** ambition is to support the improvement of social issues faced by the communities in which our projects are located. We do this by leveraging the passion of our staff, maximising the reach of our portfolio and working in partnership with our clients, business partners and supply chain.”



Sarah Gledhill Director of Portfolio Impact, Asset Management

Taskforce findings: The greatest issues faced by our UK schools



In response to the findings from the survey, we aim to implement a number of initiatives including growing our laptop donation programme and replicating the community fridge project, discussed on the next page.





COMMUNITY FRIDGE

CASE STUDY

Project: Oldham Schools (Failsworth School), UK

Fund: HICL

The Community Fridge initiative has become a cornerstone of the community, providing sustenance to those most in need whilst breaking the stigma that surrounds the use of food banks.

The Co-op Academy Failsworth Community Fridge was one of the first projects of its type in the UK based at an educational establishment. It provides fresh food from local supermarkets to those most in need in the community, including the parents of children at school.

The initiative also reduces food waste from local supermarkets by redistributing it to the community.

The project has become an excellent case study of a scalable project targeting food poverty, which we aim to implement at other schools within our portfolio.

The community fridge was open each day of the summer school holidays for two hours and was accessed every single day. The project has made a real impact on the community, owing to the commitment from the pastoral team at Failsworth to launch, develop and sustain the project over the last 12 months. This initiative also would not have been possible without the support of Co-op.

“Failsworth is an incredibly close-knit community where people look out for each other. It is fantastic that Co-op Academy Failsworth has joined in this spirit by establishing this community fridge.

No family should have to worry about where their next meal is going to come from but sadly the reality is that many still do, and this can impact upon children's education. It's nothing to be ashamed of to need this kind of help and I would encourage any members of the community who would benefit from accessing the community fridge to get in touch with the Academy.”

Angela Rayner MP for Ashton-under-Lyne



Scaling our impact through partnerships

In response to the results of the survey, The InfraRed Charitable Foundation has pledged £50,000 to Magic Breakfast.

Mission

Pre-pandemic it was estimated that 1.3 million children were affected by food poverty in the UK. Magic Breakfast now believe this figure has risen to around 2.3 million. They are currently working with over 1,000 schools in England and Scotland.

Magic Breakfast has a waitlist of around 1,000 schools which they are unable to support at the current time as they do not yet have the required level of funding.



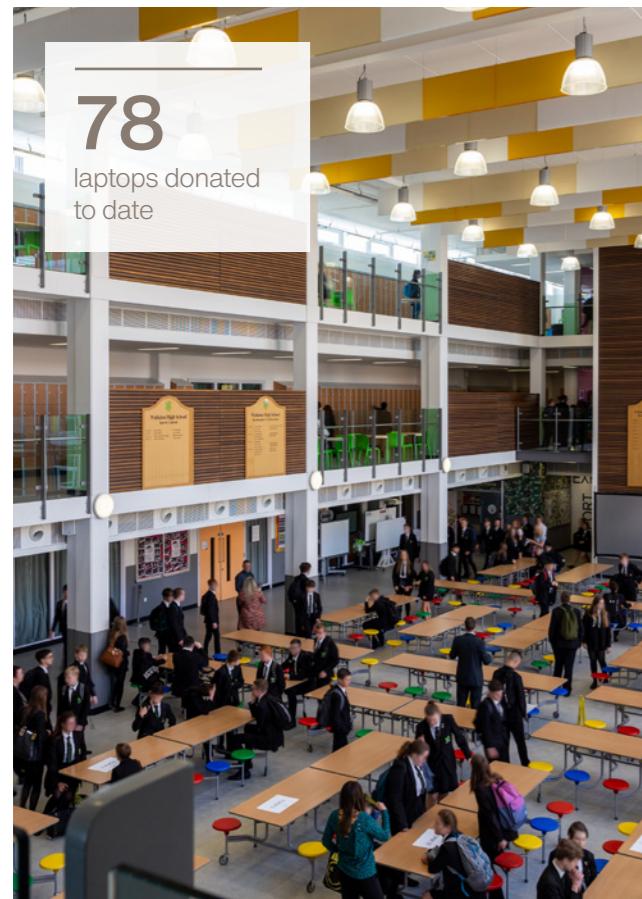
“We hope that through the £50,000 donation by InfraRed's Charitable Foundation, we can make a real difference in reducing Magic Breakfast's 1,000 school waitlist and in genuinely improving educational outcomes.”



Gosia Holowinska
Analyst



We hosted a breakfast in our London office to launch our partnership with Magic Breakfast. The purpose was to raise awareness about the prevalence of food poverty in the UK, its effect on social mobility and the positive impact the Magic Breakfast initiative has on school communities.



Laptop donation scheme

Digital poverty was a key theme that emerged from the survey conducted by our Education Taskforce.

Equipping children with technology skills from a young age is fundamental to their development in the modern world. We are working with our business partners to get new or recycled laptops into classrooms and assigned to disadvantaged learners in an effort to tackle the digital divide.

Having a laptop is an essential element to providing equal learning opportunities for pupils inside and outside of the classroom. In order to ensure that the impact of this initiative has been maximised, IT training workshops were also hosted. IT skills help children break out of the cycle of deprivation and help them succeed in their further education or careers.

“

The laptop has helped in many ways already. I can read the writing a lot more clearly on the laptop instead of on my phone. I was easily able to complete the work that has been set for me.”

Year 6 pupil Lakeside School, Derby

Support for Ukraine

InfraRed has recently pledged £100,000 to selected organisations helping communities affected by the crisis in Ukraine.

An initial £30,000 will be allocated across four charities which are smaller, targeted and more impactful in their approach to offering immediate humanitarian aid.

“The 24 boxes that InfraRed has funded contain everything required to set up initial treatment of severe injury to both civilians and soldiers in Ukraine. The boxes are distributed by a specialist Ukrainian team that, along with UK medics, is giving trauma training to medical personnel in the field.”

David Parry Director of Operations,
Festival Medical Services

These charities are Herosi Foundation, Home – Hope and Homes for Children, World Central Kitchen and Festival Medical Services.

The remaining £70,000 will be set aside to fund medium to longer term initiatives that are impactful in helping rebuild the lives of those affected by the crisis.



The InfraRed Charitable Foundation

Building on our collaboration with Magic Breakfast, The InfraRed Charitable Foundation has partnered with two other important charities focused on improving social mobility



Working Chance is an organisation which supports women with convictions to develop the confidence, self-belief and skills they need to find meaningful employment and matches them with employers.

<https://workingchance.org>

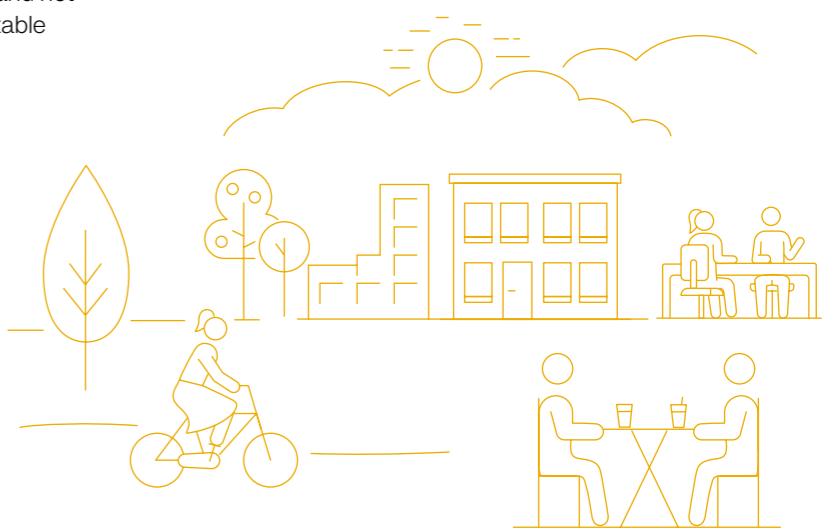
Switchback enables young men to find a way out of the justice system through education, training and long-term work, enabling them to build a stable, rewarding life they can be proud of.

<https://switchback.org.uk>

Leveraging our resources to maximise impact

We see significant opportunity to create value beyond financial donations by leveraging the passion, dynamic skillsets and resources of our staff to support our charity partners' operations.

By providing resources we can help these charities to maximise their impact across all their operations, and not just with the financial sum that the InfraRed Charitable Foundation has contributed.



09 People

Promoting fair and safe work practices as well as diverse and inclusive workplaces

At its heart, InfraRed is a people business. The success of our business is ultimately driven by the talents, passion and wellbeing of our staff, as well as the staff of our business partners along our supply chains.

At InfraRed, we aspire to have an open, supportive and inclusive culture in order to create an enjoyable place to work.

We discuss in this section some initiatives we have undertaken to promote diversity and inclusion within our business, as well as to support mental health and wellbeing amongst our staff.

As a responsible business we must also consider our impact beyond our own operations. We have implemented multiple strategies to promote the fair and safe treatment of people involved either directly or indirectly in the development and operation of our projects.

“Our objective is to foster a culture where each and every one of our staff has an equal opportunity for progression and development within InfraRed, irrespective of their gender, ethnicity or background.”

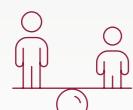


Sandra Lowe Director, Capital Formation and Head of our Diversity & Inclusion Committee

2021 highlights



Enhanced focus on addressing inclusion within our business via staff surveys and training



Refined due diligence processes to better monitor social issues within our supply chains

2022 objectives



Set goals to improve diversity & inclusion at InfraRed and encourage the same within our portfolio



Align processes with best practice human rights frameworks such as UN Global Compact principles and OECD Guidelines for Multinational Enterprises

Diversity and inclusion at InfraRed

Only a rich and diverse variety of viewpoints, personal experiences and professional expertise can lead to the better decisions and innovative thinking that drive success

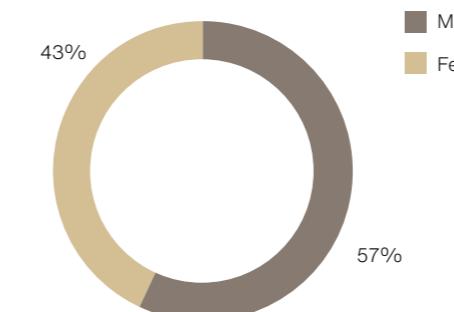
By having a more diverse business, we are also better placed to understand the needs and expectations of the communities in which our assets are located.

We are striving to embed diversity and inclusive principles across all stages of the employee experience, from the recruitment process through to the ongoing development and progression of our staff as outlined on the next page.

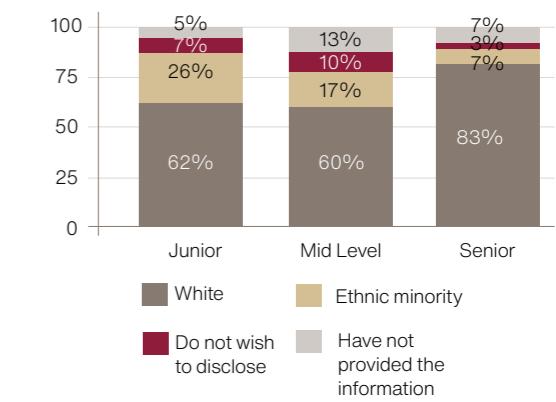
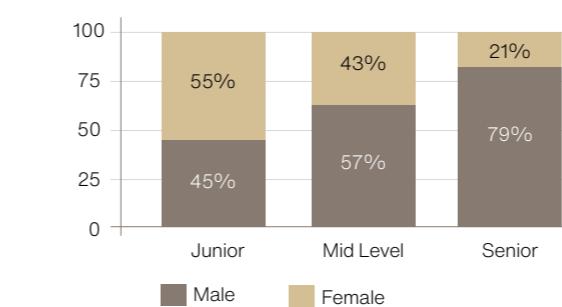
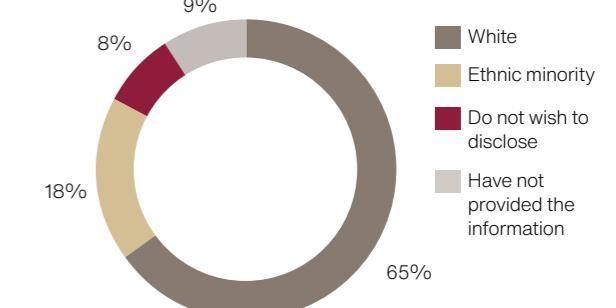
We recognise that further progress is needed to change the composition at the senior level. This starts with improving diversity amongst junior and mid level grades, who rise into leadership positions over time.

In 2021, we implemented a number of measures to address this objective. We appreciate that it will take time to fully realise the benefits of the changes we have made and will continue to make going forward.

Staff profile by gender



Staff profile by ethnicity



Results reflect the self-assessment made by staff

Our diversity and inclusion initiatives

Our approach to diversity and inclusion is focused around three key areas:

 Attract	<ul style="list-style-type: none"> ▲ A balanced shortlist of candidates is required for all new roles ▲ Pre-defined recruitment criteria and interview frameworks are utilised to minimise the risk of unconscious bias during the hiring process
 Retain	<ul style="list-style-type: none"> ▲ "Return-to-work" programme in place to support the transition for new parents and others returning from absence ▲ Shared parental leave policy offering paid leave for new parents ▲ Staff are routinely engaged for their feedback via various channels including anonymised surveys and informal discussions ▲ Training provided to managers including on how to reduce unconscious bias
 Cultivate	<ul style="list-style-type: none"> ▲ Committee which meets monthly to discuss and implement D&I initiatives ▲ Bi-annual performance reviews providing staff with an opportunity to discuss their performance and progression ▲ Dedicated training & development programmes to support the growth of staff at all levels ▲ In August 2021, InfraRed launched a mandatory diversity & inclusion training for our UK employees to and achieved a 100% completion rate ▲ An external consultant is completing exit interviews of recent leavers so that we can gain insight from the anonymised feedback we receive



"Throughout my career I have benefited from senior mentors, especially women, who have helped me break through barriers which I had perceived were in place.

I joined InfraRed's Diversity & Inclusion Committee as I want to play a similar role for my colleagues, so that they can also develop successful careers at InfraRed."



Mohammed Zaheer
Associate Director,
Investor Relations

Mental health and wellbeing at InfraRed

We believe having an open dialogue about mental health at work is important and it has formed a key part of our culture, particularly in light of extended periods of isolation experienced by our staff throughout the pandemic

Staff have access to a wealth of resources designed to support individuals, raise awareness of mental health and wellbeing, reduce the stigma that mental health carries, and to encourage open and honest conversations. Some resources include wellbeing seminars and confidential telephone helplines.

Our aim is to encourage employees to build resilience in the face of a rapidly changing environment and to support them through targeted measures.

Last year we launched a formal mental health and wellbeing programme, which encompasses many initiatives such as access to consultation, webinars and company health and wellbeing challenges. The programme has been tailored to reflect the feedback we receive from staff, either directly or via internal surveys.



Our staff at our head office in One Bartholomew, London

Looking beyond our core business and into our portfolio and supply chain

Health & Safety

Our priority is to protect the health and wellbeing of our own staff, the end users of our assets as well as the staff of our clients, delivery partners and other stakeholders working at and using our assets. We seek to ensure that the highest standards of Health & Safety are exercised at all levels of a project. We monitor compliance with Health & Safety requirements via board meetings and our annual ESG survey.

In 2021 our Asset Management Team proactively engaged with the portfolio companies to improve performance against all five of our Health & Safety metrics, three of which are now at 100% compliance. Moving forward, the team will be focused on maintaining 100% compliance and increasing the percentage of the portfolio which have Health & Safety inspections by both the InfraRed Asset Manager and an independent party.



Compliance with health and safety metrics



Promoting a responsible supply chain

It is our strong belief that decarbonisation should not come at the cost of fundamental human rights. As a result we have worked to tighten our due diligence processes to reduce the risk that InfraRed indirectly supports these practices.

This includes scrutinising the relevant policies and management practices of our suppliers to ensure they align with internationally recognised standards and best practices.

CASE STUDY

Project: Cádiz, Spain

Fund: TRIG



TRIG's acquisition of four development solar PV sites in Spain is an example of how our investment processes work in practice.

Given the concerns in the solar industry, we completed thorough due diligence on the key parties in the supply chain of the solar panels. This involved reviewing policies such as codes of conduct, engaging with procurement teams and specialist consultants. Where possible, we conducted on-site tracing of components to factories and locations used in the development of the panels. The supply chain was also monitored throughout the construction period.

InfraRed and its partners developed a video that outlines their approach throughout the development process, which can be accessed [here](#).

Whilst we understand that we cannot completely eliminate these risks given the lack of transparency across the clean technology supply chains, we do believe we have an important role to play. In collaboration with our partners, we will strive to increase transparency and positively influence behaviours along the supply chain.

“Choosing the right business partners to work with is key. We select like-minded organisations that are also committed to positive environmental and social impact in the conduct of their businesses.”



Minesh Shah
Investment Director,
Fund Management



10 Looking forward



Kate McKeon Head of Sustainability

The global movement to preserve our environment and build more resilient societies is fundamental to the protection of our future.

In increasing recognition of this, the bar for sustainability performance and disclosures continues to rise and we simultaneously strive to ensure that we exceed growing expectations. A sustainability-led mindset has always been deeply embedded in our business DNA. This mindset permeates across our investment strategies and business activities. This is evidenced by the asset classes we invest in, the social mobility initiatives we support, and the sustainability-linked performance objectives of our staff.

It is key to our long-term success that sustainability is seen as an opportunity to improve the performance of infrastructure assets and generate long-term value.

Having firmly established the foundations of our approach to sustainability, we have evolved our strategy to target four key areas – Climate, Environment, Communities and People, as displayed on the following page.

Developing solutions for highly complex sustainability issues is by no means a simple task, nor is it one that can be tackled by a single organisation.

The collaboration required extends far beyond InfraRed and relies significantly on the commitment of our external stakeholders. A fundamental component of our approach will therefore be to proactively collaborate with our clients, peer group and delivery partners. Through industry partnerships,

we can faster develop innovative solutions to address some of the defining issues of our time – net zero, social mobility and diversity & inclusion. We have already begun collaborating on net zero through our membership of the Infrastructure and Projects Authority's Net Zero Working Group and the Net Zero Asset Managers initiative.

The Education Taskforce is a fantastic example of how listening to our stakeholders has enabled us to discover the most pressing issues that our schools were experiencing. Identifying major barriers to education such as digital and food poverty within some of our schools has led us to direct our focus and resources towards highly impactful initiatives. Moving forward, we will replicate this targeted approach for other sectors within our portfolio.

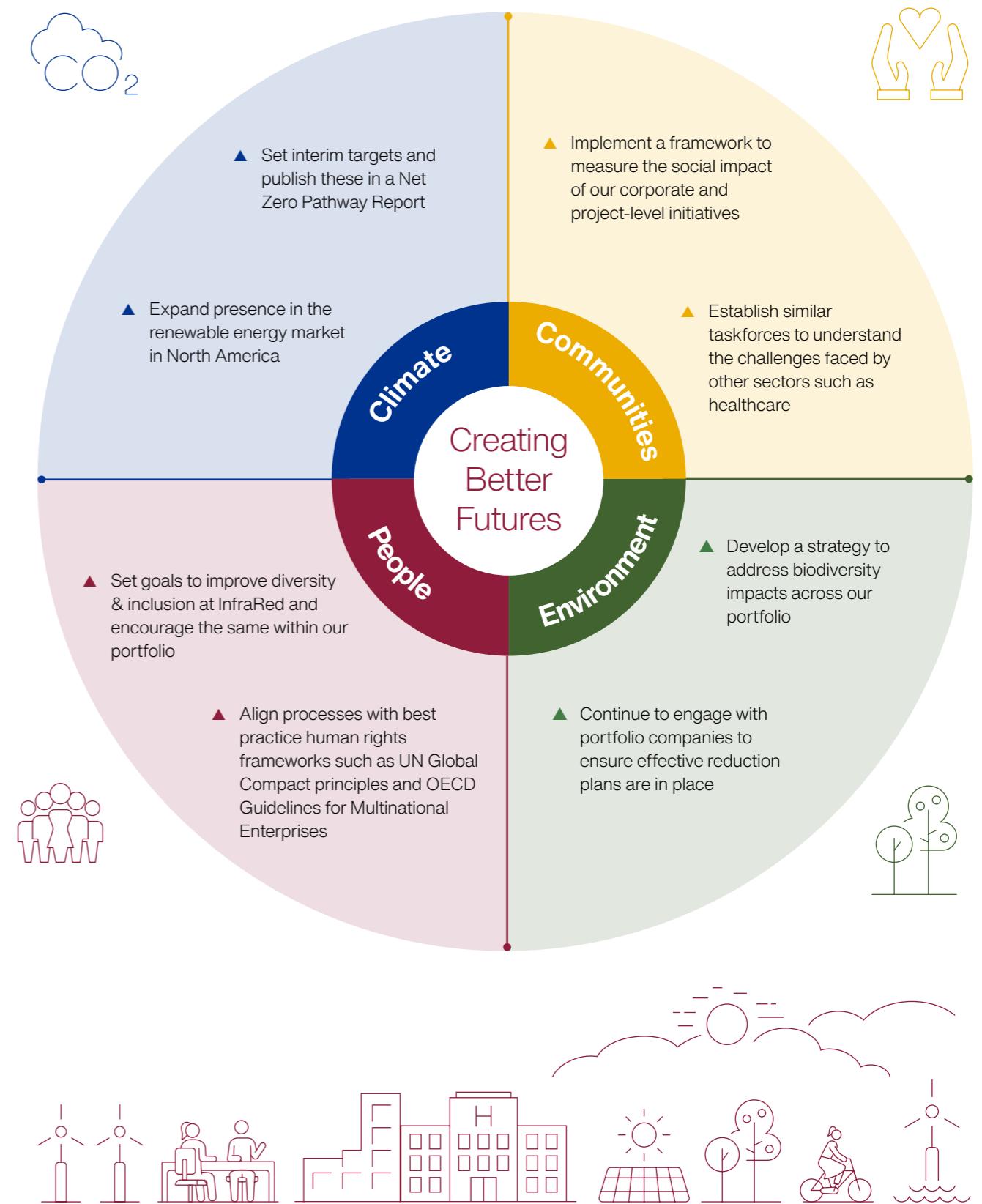
As we continue to listen to our stakeholders, we will strengthen our bonds with the local communities in which we operate. This way we hope to advance our aim of improving social mobility.

Over the coming year we will also develop quantifiable metrics and targets – bespoke to each of our four priorities – so that we can track and report our performance to our stakeholders. Targets will help ensure that all parties maintain their commitment and focus on supporting each other's sustainability goals.

I am excited to see how the changes we make throughout the following year will allow us to make progress on our long-term ambition of Creating Better Futures. I welcome any feedback that you may have on this report which you can share with us via sustainability@ircp.com.

Kate McKeon
May 2022

2022 objectives



Appendix – framework alignment

	<ul style="list-style-type: none"> ▲ We became a certified carbon neutral firm effective from 1 January 2019 in accordance with The CarbonNeutral Protocol®
EU Sustainable Finance Disclosure Regulation (SFDR)	<ul style="list-style-type: none"> ▲ Compliant with Level 1 requirements which came into effect 10 March 2021 ▲ In the process of ensuring compliance with Level 2 requirements which come into effect on 1 January 2023 ▲ In preparation for Level 2 requirements, InfraRed has incorporated the relevant PAI indicators into its 2021 ESG Survey
EU Taxonomy	<ul style="list-style-type: none"> ▲ InfraRed is in the process of mapping its funds' activities against the categorisation criteria prescribed by the EU Taxonomy for Sustainable Activities
International Sustainability Standards Board (ISSB)	<ul style="list-style-type: none"> ▲ InfraRed is tracking the developments of ISSB, a global framework that is expected to consolidate sustainability-related disclosures in the coming years
	<ul style="list-style-type: none"> ▲ One of 236 asset managers committed to reaching net zero across our entire portfolio by or before 2050 ▲ Interim emissions targets to be submitted to the initiative in July 2022, and the underlying decarbonisation strategy will be outlined in our Net Zero Pathway Report later in 2022
	<ul style="list-style-type: none"> ▲ TRIG is a signatory as of January 2022 ▲ InfraRed's net zero approach is aligned with SBTi methodology
	<ul style="list-style-type: none"> ▲ InfraRed, HICL and TRIG have been TCFD supporters since 2020 ▲ Both HICL and TRIG have been voluntarily reporting under TCFD since early 2020 ahead of this becoming mandatory for listed funds in 2021 ▲ InfraRed is in the process of incorporating TCFD disclosures in its unlisted investor reports ▲ Physical and transition risks have been assessed for all assets in the InfraRed portfolio and have been formally reported to project company management teams
	<ul style="list-style-type: none"> ▲ InfraRed is tracking the TNFD framework releases and is currently working to develop a strategy in order to more effectively measure and reduce our impacts on biodiversity
UK Sustainability Disclosure Requirements (SDR)	<ul style="list-style-type: none"> ▲ We continue to track SDR's timeline and expected requirements
	<ul style="list-style-type: none"> ▲ InfraRed supports all of the United Nations (UN) Sustainable Development Goals (SDGs) ▲ Our investments inherently contribute to: <ul style="list-style-type: none"> 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 13 CLIMATE ACTION ▲ Given our corporate values and passions, we choose to prioritise the following:
	<ul style="list-style-type: none"> ▲ InfraRed has been a signatory to PRI since 2011 and has reported under this framework since 2014 ▲ Our Infrastructure business has maintained an A+ rating since the 2014 assessment period ▲ InfraRed's has maintained an A+ rating for Strategy and Governance since the 2016 assessment period

Glossary and Key Terms

BREEAM	A third-party certification of the assessment of an asset's environmental, social and economic
CEO	Chief Executive Officer
ESG	Environmental, Social and Governance
EU	European Union
EU Taxonomy	This is a classification system established by the EU to clarify which investments are environmentally sustainable
EV	Electric Vehicle
GHG	Greenhouse gas
HICL	HICL Infrastructure PLC, a listed fund managed by InfraRed
InfraRed	InfraRed Capital Partners Limited
IPA	The Infrastructure and Projects Authority is the UK government's centre of expertise for infrastructure and major projects
IPCC	Intergovernmental Panel on Climate Change is an intergovernmental body of the United Nations which provides objective and comprehensive scientific information on anthropogenic climate change
KPIs	Key Performance Indicators
LED	LED is an electric light that is significantly more energy-efficient than equivalent incandescent lights and can be significantly more efficient than most fluorescent lights
LEED	Leadership in Energy and Environmental Design, a green building certification system
NHS	National Health Service, the publicly funded healthcare system in the UK
NZAM	The Net Zero Asset Managers initiative is an international group of 236 asset managers, representing US\$57.5tn AUM committed to supporting the goal of net zero greenhouse gas emissions by 2050
PAI	Short for Principal Adverse Impact, these are a set of environmental and social KPIs mandated by EU SFDR
PBAF	Partnership for Biodiversity Accounting Financials is a framework which aims to provide financial institutions with practical guidance on biodiversity impact and dependency assessments
PCAF	Partnership for Carbon Accounting Financials is a framework which enables financial institutions to assess and disclose greenhouse gas emissions of loans and investments
PPP	Public-private partnerships involve collaboration between a government agency and a private-sector company that can be used to finance, build, and operate projects
PRI	Principles for Responsible Investment, a framework to communicate how ESG issues are incorporated into investment practice
RCP	Representation Concentration Pathway is a greenhouse gas concentration trajectory adopted by the Intergovernmental Panel on Climate Change
SDGs	Sustainable Development Goals, a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all"
SFDR	Sustainable Finance Disclosure Regulation, an EU regulation which promotes greater transparency on sustainability-related disclosures in the financial services sector
SKA	SKA rating is an environmental assessment method, benchmark and standard for non-domestic fit-outs
TCFD	Task Force on Climate-related Disclosures, an organisation formed by the Financial Stability Board to develop recommendations for climate-related disclosures
TNFD	The Taskforce on Nature-related Financial Disclosures is a risk management and disclosure framework for organisations to report and act on nature-related risks
TRIG	The Renewables Infrastructure Group Limited, a listed fund managed by InfraRed
UK	United Kingdom
UN	United Nations
VCS	Verified Carbon Standard is a carbon offset program developed and run by the non-profit Verra

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