

## Alternative Investment Fund Managers Directive – Pre-investment Disclosure Document

### Article 23 AIFMD

The regulatory regime in the European Union covering the management, administration and marketing of alternative investment funds, widely referred to as “AIFMD”, requires the alternative investment fund manager (the “AIFM”) of a fund such as HICL Infrastructure PLC (“HICL” or the “Company” or, together with its subsidiaries, “the Group”) to comply with an extensive set of requirements in connection with the marketing of shares in the capital of the Company in the European Union. The regime is intended to offer an appropriate level of protection to investors in investment products that do not fall under the European Union regime for regulation of certain investment products known as “UCITS”. HICL is a UK-domiciled and tax resident public company, which operates its affairs as a UK Investment Trust, and applies the tax, legal and regulatory regimes of the UK to its business. InfraRed Capital Partners Limited (“InfraRed” or the “Investment Manager”), is the appointed Alternative Investment Fund Manager (“AIFM”) of HICL, under the Alternative Investment Fund Managers Directive (“AIFMD”).

AIFMD has been implemented in the United Kingdom by a combination of HM Treasury Regulations and FCA Handbook rules, and requires that, amongst other things, certain information is made available by the AIFM to potential investors prior to their making an investment in the Company. The required information is set out in Article 23 of the AIFMD. The UK AIFMD Regulations also require the AIFM to disclose certain information on a periodic basis.

To the extent that the AIFM has determined that the requisite information is already set forth in the Company’s Prospectus 2019 - Issue of Ordinary Shares and Admission to the Official List and to trading on the Main Market (the “Prospectus”), or in any other source document to which investors have access or which they may request, this supplement contains references to the relevant source materials; and to the extent that the AIFM has determined that the requisite information has not been provided to investors, this supplement contains additional disclosure items.

#### 1. A Description of the Investment Strategy and Objectives of the Company, Types of Assets the Company may invest in, Investment Techniques and Associated Risks and Investment Restrictions

For information about the Company’s investment strategy and objectives, the types of assets in which the Company may invest, the investment techniques, principal risks and any investment restrictions, investors are directed to the following disclosures contained in the Company’s Prospectus:

Disclosure requirement	Heading(s) in Prospectus	Page(s) in Prospectus
Investment Strategy and Objectives	Investment Opportunity, Investment Objectives, Investment Policy	49-53
Types of asset in which the Company may invest	Investment Opportunity, Investment Objectives, Investment Policy	49-53
Investment Techniques and Associated Risks	Risk Factors	16-34
Investment Restrictions	Investment Policy	50 - 53

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### 2. Leverage

The Company intends to make prudent use of leverage to finance the acquisition of investments, to enhance returns to investors and to finance outstanding subscription obligations. Under the Company's articles of association, the Group's outstanding borrowings, excluding intra-group borrowings and the debts of underlying investee companies, but including any financial guarantees to support subscription obligations, are limited to 50% of the Adjusted Gross Asset Value (meaning the fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations) of its investments and cash balances at any time.

The Company may from time to time employ different types and sources of leverage. This would typically involve the use of bank borrowings, but also encompasses indebtedness incurred through the issue of debt securities (which may or may not convert into equity). An analysis of the current leverage used by the Company can be found on page 26 of the Prospectus under "*Leverage*".

The Company uses leverage in the financing of its investments. The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, severe economic downturns or deteriorations in the condition of an investment or its market. It is possible that the Company may not be able to refinance borrowing which becomes repayable during the life of the Company, in which case the performance of the Company may be adversely affected. The Company's borrowings may be secured on the assets of the Company. A failure to fulfil obligations under any financing documents may permit lenders to demand early repayment of the loan and to realise their security.

The Company does not have in place any collateral or asset reuse arrangements.

### 3. Modification of Investment Policy

In accordance with the Listing Rules of the UK Listing Authority, any material change to the Company's published investment policy will require the prior approval of both the Financial Conduct Authority and the shareholders of the Company. In considering what is a material change the Company will have regard to the cumulative effect of all the changes since the Company's shareholders last had the opportunity to vote on the investment policy.

### 4. Contractual Relationship between the Company and Investors, Applicable Law and the Enforcement of Judgments

HICL is an infrastructure investment company whose shares are listed on the Official List of the UK Listing Authority and are admitted to trading on the London Stock Exchange's main market for listed securities. The Company was incorporated in England and Wales under the UK Companies Act 2006 as a public company limited by shares and is a closed-ended investment company. The constitutional document of the Company is its memorandum and articles of association ("**Articles**") which may only be amended by way of a special resolution. A shareholder's liability to the Company will be limited to the amount uncalled on their shares. The Company has one class of shares in issue, namely ordinary shares, with standard rights as to voting, dividends and payment on winding-up and no special rights and obligations attaching to them. Transfers to US persons are restricted but otherwise there are no material restrictions on transfers of shares. The shares are not redeemable at the option of investors.

As the Company is incorporated under the laws of England and Wales, any disputes between an investor and the Company will be resolved by the English courts in accordance with English law.

As the Company is incorporated under the laws of England and Wales, it may not be possible for an investor located outside that jurisdiction to effect service of process within the local jurisdiction in which that investor resides

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upon the Company. All or a substantial portion of the assets of the Company may be located outside of the local jurisdiction in which an investor resides and, as a result (except as explained above), it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

### **5. Information on the AIFM, Depositary and Service Providers**

#### *AIFM*

The Company is categorised as an externally managed EEA AIF for the purposes of the AIFMD and the UK AIFM Regulations. The Directors are responsible for managing the business affairs of the Company and have overall responsibility for the Company's activities, including its investment and capital raising activities. The Company has appointed InfraRed Capital Partners Limited ("InfraRed", or the "Investment Manager") as the Alternative Investment Fund Manager ("AIFM") for the purposes of the AIFMD. The Company makes its investments via a group structure involving a Luxembourg-domiciled investment company ("Luxco") and an English limited partnership (the "Partnership"). The Investment Manager has also been appointed to operate and manage the Partnership and its assets in accordance with and subject to the Company's investment policy and the investment guidelines that are adopted by the Directors from time to time.

The Investment Manager also has responsibility for financial administration and investor relations, advising the Company and the Group in relation to the strategic management of all or any of Luxco and the Partnership (the "Holding Entities") and the investment portfolio, advising the Company in relation to any significant acquisitions or investments and monitoring the Group's funding requirements.

#### *Depositary*

IQEQ (formerly known as Augentius Depositary Company Limited) has been appointed as the Depositary of the Company pursuant to the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is entitled to an annual fee per asset of £500, as well as transaction fees per investment or disposal of £1,000 and an initial implementation fee charged on a time-cost basis and capped at £30,000. These fees are exclusive of VAT which may be charged thereon, if applicable. The Depositary is entitled to reimbursement of all reasonable out-of-pocket expenses it incurs in the performance of its duties and obligations under the Depositary Agreement. Subject to the terms of the AIFM Directive and the Depositary Agreement, the Depositary is entitled to delegate its custody and safekeeping functions. Any fees and expenses of a sub-custodian will be payable by the Company in addition to the fees charged by the Depositary.

The Investment Manager, the Administrator, the Auditor and other service providers are detailed on pages 41-42 of the Prospectus. Descriptions of the duties of the Investment Manager, the Administrator, the Auditor and service providers to the Company are contained in this Disclosure Document. All key service providers are appointed directly by the Company. Service providers are appointed following appropriate evaluation and the Directors have ensured that the contractual arrangements with key service providers are appropriate. Investors enter into a contractual relationship with the Company when subscribing for shares in the Company; they do not have any direct contractual relationship with, or rights of recourse to, the service providers in respect of any of such service provider's default pursuant to the terms of the agreement it has entered into with the Company.

#### *Company Secretary*

Aztec Financial Services (UK) Limited acts as Company Secretary to the Company. The Company Secretary is required to provide company secretarial services including convening meetings of Directors, keeping the statutory books and records of the Company, maintaining the company register, convening general meetings of the Company, preparing and delivering company announcements and other company secretarial duties properly or reasonably performed by the secretary of a company or as the AIFM may reasonably require.

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### *Registrar*

The Registrar of the Company is Link Asset Services Limited. The register of shareholders may be inspected at their office at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, during normal business hours.

The Company has delegated certain investor record-keeping and administration duties to the Registrar, together with associated data processing tasks in respect of the Company. In line with the regulations that govern such operational outsourcing, the Company retains full responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.

### *Broker*

Investec Bank plc and RBC Europe Limited act as the Company's joint corporate brokers, providing the Company with corporate broking and associated financial advisory services.

### *Administrator*

Aztec Financial Services (UK) Limited acts as Administrator to the Company, providing administrative and cash management services. Such services include, in particular, keeping the accounts of the Company, providing all information and assistance required by the Investment Manager in relation to the Investment Manager's preparation of the Net Asset Value ("NAV") of the Company's Ordinary Shares, and arranging for and administering the issue of shares.

### *Auditor*

KPMG LLP acts as the Company's auditor. The Auditor is responsible for auditing the annual financial statements that have been prepared by the AIFM in accordance with auditing standards and, as appropriate, regulations, and for providing its report to shareholders in the Annual Report and financial statements. In addition, applicable law and regulation may require other reports to be prepared for the Company and, as the appointed auditor of the Company, the Auditor will undertake such work under the auditor service agreement between the Company and the Auditor.

### *Solicitors*

Hogan Lovells International LLP acts as the Company's solicitors in respect of English law.

## **6. Protection from Professional Liability Risks**

The AIFM covers professional liability risks by way of professional indemnity insurance.

## **7. Delegation Arrangements and Management of Conflicts**

### *Delegation Arrangements*

From time to time, the AIFM may delegate certain management functions to third parties. Currently the AIFM has not delegated any such functions.

### *Conflicts of Interests*

As regards the conflicts of interest which may arise between the Company and the Investment Manager, it is expected that future investments by HICL will be sourced by the Investment Manager and it is likely that some of these will be investments that have been originated and developed by, and may be acquired from, the Investment Manager (or its affiliates) or from a fund managed by the Investment Manager (or its affiliates). In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between the HICL Group, the Investment Manager (or its affiliates) or funds managed by the Investment Manager (or its affiliates) (the "Rules of Engagement"). If the Group invests in funds managed or

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operated by the Investment Manager (or its affiliates), the Group shall bear any management or similar fees charged in relation to such fund provided, however, that the value of the Group's investments in such funds shall not be counted towards the valuation of the Group's investments for the purposes of calculating the fees/profit share payable to the Investment Manager or the General Partner.

It is possible that in future the Group may seek to purchase certain investments from funds managed or operated by the Investment Manager (or its affiliates) once those investments have matured and to the extent that the investments suit HICL's investment objectives and strategy. If such acquisitions are made, appropriate procedures from the Rules of Engagement will be put in place to manage the conflict.

The Rules of Engagement are described on pages 52 and 53 of the Prospectus. Key features of the Rules of Engagement include:

- the creation of separate committees within the Investment Manager. These committees represent the interests of the vendors on the one hand (the "Sellside Committee") and the HICL Group on the other (the "Buyside Committee"), to ensure arm's length decision making and approval processes. The membership of each committee is restricted in such a way as to ensure its independence and to minimise conflicts of interest arising;
- a requirement for the Buyside Committee to conduct an independent due diligence process on the assets proposed to be acquired prior to making an offer for their purchase;
- a requirement for any offer made for the assets to be supported by a report on the Fair Market Value for the transaction from an independent expert;
- the establishment of information barriers between the Buyside and Sellside Committees with appropriate information barrier procedures to ensure information that is confidential to one or the other side is kept confidential to that side; and
- the provision of a "release letter" to each employee of the Investment Manager who is a member of the Buyside and Sellside Committees. The release letter confirms that the employee shall be treated as not being bound by his/her duties as an employee to the extent that such duties conflict with any actions or decisions which are in the employee's reasonable opinion necessary for him/her to carry out as a member of the Buyside or Sellside Committee.

In considering any such acquisition the Directors will, as they deem necessary, review and ask questions of the Buyside Committee and the Group's other advisers, to ensure that the Directors are satisfied that the terms of any such acquisitions are negotiated on an arm's length basis.

### **8. Valuation Procedures**

The Company's key policy in relation to the valuation of investments is described on pages 56-57 of the Prospectus.

The Investment Manager is responsible for carrying out the fair market valuation of the Group's investments which is presented to the Directors for their approval and adoption. The valuation is carried out on a six-monthly basis as at 31 March and 30 September each year.

The Directors receive an independent report and opinion on this valuation from a third-party valuation expert.

For non-market traded investments (being the majority of the investments in the current portfolio), the valuation principles used are based on a discounted cash flow methodology, and adjusted in accordance with the European Venture Capital Association's valuation guidelines where appropriate to comply with IAS 39 and IFRS 13, given the special nature of infrastructure investments. Traded securities are valued at the quoted market price.

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### 9. Liquidity Risk Management and Redemption Rights

The Company is authorised as a closed-ended investment company and there are therefore no redemption rights in respect of the Ordinary Shares. However, the Company's Ordinary Shares are admitted to trading on the main market for listed securities of the London Stock Exchange and are freely transferable.

Although the Ordinary Shares are admitted to trading on the Main Market and will be freely transferable, the ability of shareholders to sell their Ordinary Shares in the market, and the price which they may receive will depend on market conditions. The Ordinary Shares may trade at a discount to NAV and it may be difficult for a shareholder to dispose of all or part of his holding of Ordinary Shares at any particular time.

HICL has the ability, subject to certain shareholder approvals, to make tender offers for Ordinary Shares from shareholders and to make market purchases of Ordinary Shares from shareholders. Any such tender offers or market purchases will however be made entirely at the discretion of the Directors. As such, shareholders will not have any ability to require HICL to make any tender offers for, or market purchases of, all or any part of their Ordinary Shares. Shareholders cannot therefore require HICL to take particular action that might reduce the discount at which Ordinary Shares are trading.

### 10. Fees, Charges and Expenses

The Investment Manager, in its capacity as Operator of the limited partnership which holds and manages the Company's investments, and the General Partner of that limited partnership are together entitled to annual fees calculated on the following basis and in the following order: (i) 1.1 per cent. of the proportion of the Adjusted Gross Asset Value of the Group's investments which have a value of up to (and including) £750 million in aggregate; (ii) 1.0 per cent. of the proportion of the Adjusted Gross Asset Value of the Group's investments that is not accounted for under (i) which, together with the investments under (i) above, have an Adjusted Gross Asset Value of up to (and including) £1.5 billion in aggregate; (iii) 0.9 per cent. of the proportion of the Adjusted Gross Asset Value of the Group's investments not accounted for under (i) or (ii) above which, together with investments under (i) and (ii) above have an Adjusted Gross Asset Value of up to (and including) £2,250 million; (iv) 0.8 per cent. of the proportion of the Adjusted Gross Asset Value of the Group that is not accounted for under (i), (ii) and (iii) above which, together with investments under (i), (ii) and (iii) above, have an Adjusted Gross Asset Value of the Group of up to (and including) £3,000 million; and (v) 0.65 per cent. of the proportion of the Adjusted Gross Asset Value of the Group that is not accounted for under (i), (ii), (iii) and (iv) above. The Investment Manager is also entitled to a fixed advisory fee of £100,000 per annum.

These fees are calculated and payable quarterly in arrears, and are based on the Adjusted Gross Asset Value of the HICL Group's assets at the beginning of the period concerned, adjusted on a time basis for acquisitions and disposals during the period.

The Investment Manager does not receive any directors' or other fees from any Project Company in the Current Portfolio and any fees arising from any Project Company are for the benefit of the Group.

The Company also incurs fees, charges and expenses in connection with bank fees and charges, marketing, company secretarial fees, administrative fees, auditors' fees, lawyers' fees and corporate broker's fees. There is, however, no maximum cap on the total amount of fees, charges and expenses which may be indirectly borne by investors. There are no expenses charged directly to investors by the Company.

The Company's Ongoing Charges Percentage (which include the management fee), as calculated in accordance with guidance published by the Association of Investment Companies, for the last reported financial year amounted to 1.07%.



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### **11. Fair Treatment / Preferential Treatment of Investors**

As its Ordinary Shares are admitted to the Official List and to trading on the Main Market of the London Stock Exchange, the Company is required to comply with, inter alia, the relevant provisions of the Listing Rules and the Disclosure Requirements and Transparency Rules and the City Code on Takeovers, all of which operate to ensure fair treatment of investors. No investor in the Company obtains, or has obtained, preferential treatment or has the right to obtain preferential treatment.

### **12. Availability of the AIF's latest Annual Report**

The Company's latest Annual Report is available on the Company's website: [www.hicl.com](http://www.hicl.com).

### **13. Procedure and Conditions for the Issue and Sale of Shares**

The issue of new shares by the Company, either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA Listing Rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker.

### **14. Latest NAV of the AIF**

The Company's NAV is published by way of an announcement on a regulatory information service and is also available on the Company's website: [www.hicl.com](http://www.hicl.com). As well as being available on the Company's website, its share price is also available at [www.londonstockexchange.com](http://www.londonstockexchange.com) and appears in the Financial Times and other national newspapers.

### **15. AIF's historical performance**

The Company's historical performance data, including copies of the Company's previous Annual Reports and accounts, are available on the Company's website: [www.hicl.com](http://www.hicl.com).

### **16. Prime Brokerage**

The Company has not appointed a prime broker.

### **17. Sustainable Finance Disclosure Regulation / EU Taxonomy Regulation**

The European Commission adopted a package of measures on sustainable finance in May 2018. One component of this package is the Regulation (EU) 2019/2088 Sustainable Finance Disclosure Regulation (the "SFDR") which aims to standardise disclosure requirements on how financial market participants integrate environmental, social and governance factors in their investment decision-making and risk processes. In addition, the European Commission adopted Regulation (EU) 2020/852 Taxonomy Regulation (the "EU Taxonomy") which introduces specific criteria regarding environmentally sustainable economic activities and investments.

Pursuant to the SFDR, the Company has set out below certain pre-contractual disclosures based on the criteria

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and definitions set out in SFDR relating to sustainability risks in respect of the Company. In addition, information about the environmental and social characteristics, as set out and defined in SFDR, of the Company is available in the Annex to this document.

### *Integration of Sustainability risks*

Sustainability risk factors and ESG objectives are therefore integrated into the Company's investment decisions and are a determinant of the types of assets in which the Company may invest.

Sustainability risks are considered to be environmental, social or governance events or conditions that could cause an actual or potential material negative impact on the value of the investment. Sustainability risks to which the Company is exposed may, if they manifest and are not mitigated, cause a negative impact on the value of the Company's investments. The Investment Manager reports sustainability risks to the Company's Risk Committee, and certain sustainability risks may be identified as material. Quantification of the impact of these risks will vary based on the type of asset being acquired. Examples of these risks, as well as the approach taken to quantify their impact, is disclosed in HICL's 2022 Annual Report, 2022 Sustainability Report and also in the Company's Prospectus.

The infrastructure in which the Company invests supports individuals, communities, societies and their environment. With this comes a responsibility for the Company and its portfolio companies to act with care, consideration and integrity. The Company discharges these responsibilities through its governance structure in order to mitigate risks and to create a positive impact which aligns with and goes beyond the Company's commercial objectives.

### **18. Periodic Disclosures**

The AIFM will, at least as often as the Annual Report and accounts are made available to shareholders, make the following information available to shareholders:

- any changes to (i) the maximum level of leverage that the AIFM may employ on behalf of the Company and (ii) any right of reuse of collateral or any guarantee granted under any leveraging arrangement;
- the total amount of leverage employed by the Company;
- the percentage of the Company's investments which are subject to special arrangements resulting from their illiquid nature;
- the current risk profile of the Company outlining (i) measures to assess the sensitivity of the Company to the most relevant risks to which the Company is or could be exposed and (ii) if risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded, a description of the circumstances and, the remedial measures taken; and
- the risk management systems employed by the AIFM outlining the main features of the risk management systems employed by the AIFM to manage the risks to which the Company is or may be exposed. In the case of a change, information relating to the change and its anticipated impact on the Company and the shareholders will be made available.

The AIFM will inform shareholders as soon as practicable after making any material changes to its liquidity management system and procedures.

The information described above will be provided to shareholders by way of a regulatory news service announcement on the London Stock Exchange.



**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



## Annex

**Product name:** HICL Infrastructure PLC  
**Legal entity identifier:** 213800BVXR1E5L7PEV94

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

  **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
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## What environmental and/or social characteristics are promoted by this financial product?

HICL Infrastructure PLC's (the "**Company**" or "**HICL**") investment proposition is to deliver sustainable income and capital growth 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. HICL's vision is to enrich lives through infrastructure and to attain certain environmental and social characteristics, by delivering:

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- **Strong Social Foundation**, through investments in health, education, law & order, and accommodation;
- **Connecting Communities**, through investments in rail and rolling stock, fibre networks and telecom towers; and
- **Sustainable Modern Economies**, through investments in assets that contributing to the energy transition to achieve net zero carbon emissions and deliver climate resilient infrastructure, including water, offshore electricity transmission, district energy and electricity distribution.

(together, the "**E/S Characteristics**").

In addition, HICL's Investment Manager, InfraRed (the "**Investment Manager**" or "**InfraRed**") takes an active approach to long-term sustainability which is based on a foundation of robust ESG principles. The Investment Manager uses environmental criteria to assess how effectively portfolio companies steward the natural environment, assist with the transition to a low carbon economy and comply with relevant laws and regulations. Through a social set of standards, the Investment Manager evaluates the asset-specific approach to health & safety, labour standards and working conditions as well as the relationships held with stakeholders and surrounding communities.

In addition, HICL will actively contribute to the United Nations (UN) Sustainable Development Goals (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).

A reference benchmark has not been designated for the purpose of attaining the E/S Characteristics.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

InfraRed uses the following key performance indicators to measure the attainment of the E/S Characteristics that the Company promotes:

- Environmental: energy, water and waste management, consideration of climate risks and Scope 1, 2, 3 emissions; and
- Social: community contributions to environmental or social initiatives, health & safety polices and performance and assessment of human rights and diversity and inclusion policies.

InfraRed will develop and introduce additional sustainability indicators to measure the attainment of the E/S Characteristics for the Company in the future, as appropriate.

### Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

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- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **Does this financial product consider principal adverse impacts on sustainability factors?**

- ✘ Yes. Prior to acquisition of an investment, the Investment Manager considers the mandatory principal adverse impact indicators in Table 1 Annex 1 of the RTS, , to the extent that relevant data is available from each potential investee company. Post-acquisition, the Investment Manager will assess the principal adverse impacts on an ongoing basis through an annual ESG Survey which project companies will be required to complete. The ESG Survey provides both an effective data point and tool to monitor the ongoing position of the ESG impact at each of the portfolio companies.

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The ESG Survey output also acts as an annual audit of sustainability performance which identifies an action plan of aspects which are to be addressed by the portfolio company to improve ESG performance.

Further information regarding the consideration of adverse impacts will be available upon request.

No



### What investment strategy does this financial product follow?

InfraRed adopts a rigorous investment process which comprises of pre-investment screening and due diligence and asset management.

If the screening or due diligence findings indicate that an investment opportunity is inconsistent with InfraRed's expectations in relation to the E/S Characteristics, HICL's Board will not pursue the opportunity further. In addition, InfraRed takes a proactive approach to portfolio and asset management to ensure that environmental awareness and best practice is being promoted, as well ensuring environmental risks and opportunities are considered and measured.

InfraRed's investment strategy also prescribes that it will not invest in assets operating in certain excluded sectors which would be inconsistent with the Fund's E/S Characteristics. Details regarding InfraRed's Exclusion Policy are set out below and further details about the investment process are available upon request.

In addition, InfraRed's sustainability investment and management framework, which is applied to each potential project company for HICL, is set out below:

- **Negative Screening:** checks are made against InfraRed's Exclusion Policy (as detailed below);
- **Deal Screening:**
  - counterparty searches are completed to assess company's sustainability performance;
  - initial identification of sustainability risks and opportunities;
- **Due Diligence:**
  - Sustainability performance is assessed in line with sector guidelines and regulatory requirements;
  - Climate change risk assessments are completed;
  - Due diligence findings are incorporated into investment valuations and/or

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

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- risk mitigation plans;
  - Sustainability action plan is created for post-investment implementation;
- **Investment Approval:** due diligence findings and sustainability action plan are presented to the Investment Committee for consideration and approval;
- **Management:**
  - Oversight of project governance and active management of sustainability aspects through board representation by InfraRed Asset Managers;
  - Implementation of the sustainability action plan developed in the Due Diligence phase;
  - Annual ESG Survey is used to collect data against key metrics (including regulatory requirements) and monitor ESG performance;
  - Sharing of best practices through guidance documents, case studies and InfraRed 'Creating Better Futures' Awards;
  - Engagement with key stakeholders on key sustainability themes, such as bi-annual workshops, industry collaborations and targeted surveys;
- **Reporting:** Transparent disclosure of the Company's sustainability performance and incidents; and
- **End of Investment Life:**
  - For divestments, counterparty searches are completed on acquirers and asset sustainability performance data are shared; and
  - Environmentally and socially responsible approach to asset handback / decommissioning.
- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

### InfraRed Exclusion Policy

InfraRed has identified certain product-level and conduct-based matters listed below in its 'Exclusion Policy' that it will exclude from investment by the Company, known as exclusions, to help attain the E/S Characteristics that the Company promotes

#### **Product-level exclusion:**

- Coal
- Oil
- Gas if unaligned with net zero trajectory

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- Supporting infrastructure which directly facilitates the above activities
- Weapons
- Combat-related contracts
- Alcoholic beverages
- Tobacco

***Conduct-based exclusion:***

- Biodiversity and habitat loss
- Breaches of fundamental human rights
- Resettlement
- Pornography and adult entertainment
- Gambling
- Failure to uphold and business ethics and compliance

A copy of the Exclusion Policy can be found [here](#).

Prior to any investment, InfraRed will conduct screening and extensive due diligence on each investment under consideration as outlined above, and following investment (to ensure compliance with InfraRed's standard policies and local regulations) the Asset Management Team will ensure the implementation of bespoke policies in portfolio companies, in relation to:

- health and safety;
- anti-bribery;
- conflicts of interest;
- tax;
- cyber-security;
- diversity and inclusion;
- whistle blowing; and
- modern slavery.

**HICL Sustainability Policy**



## HICL Infrastructure PLC

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In addition, HICL has adopted a sustainability policy (the "**Sustainability Policy**"). InfraRed is responsible for applying HICL's Sustainability Policy in respect of new investments as well as the ongoing management of HICL's portfolio. In this way, InfraRed ensures 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.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the Company's investments.

● ***What is the policy to assess good governance practices of the investee companies?***

As noted above and outlined in InfraRed's Exclusion Policy, as part of the investment process InfraRed will conduct extensive due diligence on portfolio companies to ensure that they are following good governance practices. Prior to acquisition, in line with the Exclusion Policy the deal team is required to complete public data searches on investee companies to identify the existence of any sustainability breaches or incidents, as well as responding to mandatory sustainability questions on relevant sustainability risks and opportunities such as climate change impact and positive contribution to the UN SDGs.

Following acquisition, typically, the Asset Management Team has board representation with governance rights to ensure sufficient controls and protections are in place within portfolio companies. This ensures that portfolio companies are aligned with InfraRed's standard policies and local regulations in relation to good governance (e.g. anti-bribery and health and safety). The team will also ensure environmental awareness and best practice is promoted, as well as ensuring environmental risks and opportunities are considered.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



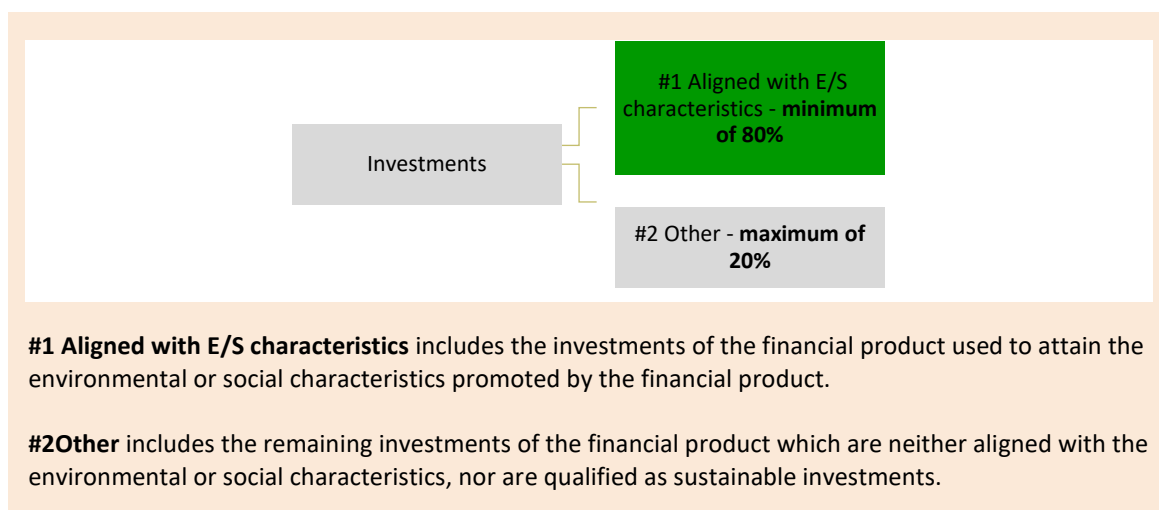
### **What is the asset allocation planned for this financial product?**

# HICL Infrastructure PLC

InfraRed will invest a minimum proportion of 80% of the Company's assets in order to attain the E/S Characteristics. As a result, 20% of the Company's assets will relate to investments in "#2 Other" (as detailed further below).

### Asset allocation

describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

No hedging transactions will be undertaken by the Company for speculative purposes. See disclosure below regarding derivative transactions entered into for hedging purposes.

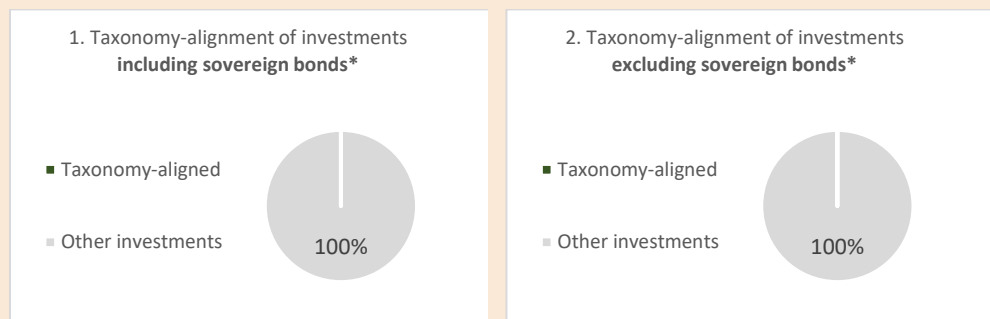


**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

InfraRed is not currently in a position to disclose how and to what extent the investments underlying the Company are in economic activities that qualify as environmentally sustainable economic activities (as defined in Article 3 of the EU Taxonomy). This is because HICL's investments are in social infrastructure, which cannot at present be assessed against the EU Taxonomy. In accordance with the European Commission's Decision Notice of 13 May 2022 (C(2022) 3051), InfraRed confirms that the Company's investments are 0% EU Taxonomy-aligned.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the*

*investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

As noted above, InfraRed is not currently in a position to disclose how and to what extent the investments underlying the Company align with the EU Taxonomy. Therefore, InfraRed is not in a position to disclose the minimum share of investments in transitional and enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

N/A



**What is the minimum share of socially sustainable investments?**

As noted above, a key feature of HICL's portfolio is that it consists of essential social infrastructure investments which sit at the heart of communities. Nonetheless, InfraRed is not at present in a position to disclose any socially sustainable investments by HICL within the definition of SFDR. InfraRed will keep this position under review.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

## HICL Infrastructure PLC

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Currency and interest rate hedging may be carried out to seek to provide protection against foreign exchange risk and increasing costs of servicing Group Debt (as defined in the Prospectus) drawn down to finance investments. However, currency and interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

As noted above, the Investment Manager plan that a maximum of 20% of the Company's assets will be in "#2 Other" investments for the purposes of efficient portfolio management. This planned asset allocation will be subject to fluctuations in the market, for instance in relation to foreign exchange, and therefore will be subject to external market factors beyond the Manager's control. Therefore, to the extent that more than 20% of the Company's assets will be in "#2 Other" investments, this will be accounted for in the periodic disclosures (and, if necessary, reflected by future amendments to the pre-contractual disclosures).



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

N/A

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online? More product-specific information can be found on the website: [www.hicl.com/sustainability/](http://www.hicl.com/sustainability/)**