

Enriching lives through infrastructure

Sustainability Report 2025



Welcome to HICL's 2025 Sustainability Report

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About this report

This is the sixth consecutive sustainability report published by HICL Infrastructure PLC ('HICL' or 'the Company'). It provides an update to our stakeholders on our sustainability approach, priorities and performance in relation to both our investments and operations. The information presented in the report covers the 12-month period ending 31 March 2025 ('the reporting period'), unless stated otherwise. Terms such as 'we' and 'our' refer to HICL. This report constitutes the Company's first public product-level sustainability report, prepared by InfraRed in line with the requirements set out in section ESG 5.5 of the FCA Handbook (the UK Sustainability Disclosure Regulation).

A summary of the methodologies used to calculate quantitative metrics featured in this report is included in the Basis of Preparation section. Any information provided by third parties is believed to be reliable but has not necessarily been verified by HICL or InfraRed Capital Partners ('InfraRed' or 'the Investment Manager').

The contents of this report and HICL's 2025 Annual Report are supported by additional sustainability-related disclosures that can be found on the Company's website.

Our vision is to enrich lives through infrastructure.

Investing in assets with strong social foundations such as healthcare and education; assets that connect communities from rail and road to communications; and assets that support the transition to a low-carbon modern economy.



Introduction

I am pleased to present HICL's Sustainability Report for the year to 31 March 2025. HICL's ability to create value for shareholders over the long-term is intrinsically linked to delivering positive outcomes for the communities served by its essential infrastructure assets. Operating in a sustainable and responsible manner is therefore central to the Company's business model.



The Company's sustainability strategy is set out on [pages 2 and 3](#) and focuses on four pillars: Environment, Communities, People and Governance. These are the areas most pertinent to HICL's investments and where we believe we can have the greatest impact on stakeholder outcomes, all with a view to enhancing returns to shareholders. The Company recognises the importance of evidencing such outcomes and regularly explores new ways to do so. This year, against a backdrop of heightened political debate around infrastructure in the UK, the Board instructed the Investment Manager to assess HICL's infrastructure delivery at a subset of its hospital assets using NHS Estates Returns Information Collection ('ERIC') data. The key takeaway of the analysis was that acute hospitals in HICL's portfolio outperformed the average acute hospital in England & Wales across various metrics that are indicative of infrastructure quality and reliability. A summary of the findings is set out on [page 9](#).

The Board and Investment Manager are committed to ensuring robust controls around HICL's sustainability reporting are in place. Acknowledging that the bar for such disclosures continues to rise, the Board commissioned a specialist consultant to assess the extent to which the Investment Manager's approach to producing emissions and other sustainability performance-related metrics met International Auditing and Assurance Standards Board ('IAASB') criteria. This independent review confirmed that InfraRed's approach met the characteristics of "suitable criteria" required for an independent third-party assurance engagement.

The Company has now published its third assessment of emissions across its portfolio, which covers 98% of HICL's underlying investments and accounts for their emissions resulting from on-site generation ("Scope 1", purchased electricity ("Scope 2") as well as all other indirect emissions ("Scope 3"). The insights provided by this data are instrumental in pursuing HICL's long-term commitment to achieving net zero by 2050, in line with goals of the Paris Agreement and the UK Government. Additionally, InfraRed has progressed its decarbonisation programme with HICL's assets which has resulted in the percentage of the portfolio either aligning, aligned to, or at net zero rising to 34% as at 31 March 2025 from 26% one year prior. An update on the key actions that will need to be taken to deliver appropriate progress against this plan over the near term is set out on [page 14](#) of this report.

HICL's assets facilitate the provision of essential services and therefore serve a core social purpose. This is reflected in the entire portfolio's alignment with the UN Sustainable Development Goals (SDGs), as outlined on [pages 6 and 7](#). Recognising the opportunity to go beyond the intrinsic benefits of infrastructure, the Board and Investment Manager encourage portfolio companies to undertake additional projects that further address the needs of their communities, clients, end users, and other key stakeholders. These efforts are supported by InfraRed's Portfolio Impact strategy, which actively implements community engagement initiatives across HICL's portfolio to create positive social outcomes, as highlighted on [page 21](#).

HICL is firmly committed to ensuring its assets demonstrate strong overall sustainability performance. The portfolio company at A63 Motorway achieving a score of 100/100 in the 2024 Global Real Estate Sustainability Benchmark ('GRESB') assessment is a testament to this. The Company also embraces a duty to enforce this robust sustainability ethos throughout its wider operation in which over 35 million people are served, over 2,300 people are directly employed and thousands more are indirectly employed across supply chains. HICL's key service providers were therefore asked to complete a code of conduct form as well as their usual self-assessment for the second year running, allowing the Company to formally monitor compliance with key policies and standards.

The persistent macroeconomic and financial market volatility experienced over the year has highlighted the importance of HICL's robust governance framework. The significant expansion of the Company's share buyback programme, which will be funded by further asset disposals, demonstrates that the interests of the Company's Board, Investment Manager and shareholders are firmly aligned.

The Company's actions over the year reflect its commitment to the responsible stewardship of public infrastructure. By embedding sustainability considerations within HICL's corporate strategy, the Board firmly believes that it is enabling the Company to deliver on its vision of enriching lives through infrastructure, while delivering value for shareholders over the long-term.

Mike Bane
Chair of the Board of Directors



HICL continues to deliver progress against its sustainability strategy which is creating and protecting long-term value for shareholders.

Our sustainability strategy and key highlights

Environment

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Preserve the natural environment and mitigate the impacts of climate change by investing in the energy transition, delivering climate-resilient infrastructure and working to reduce GHG emissions from HICL's portfolio.

2025 Highlights

- InfraRed conducted an initial analysis to better understand the portfolio's exposure to natural resource-related risks and opportunities, drawing on the Taskforce on Nature-related Financial Disclosures ("TNFD") recommendations
- Progressed the Company's net zero alignment plan, with the percentage of HICL's portfolio aligning, aligned to, or at net zero rising to 34% from 26% at 31 March 2024



2025 key stats

91%

Portfolio companies with carbon reduction initiatives
2024: 76%

81%

Portfolio companies with positive biodiversity initiatives
2024: 76%



Communities

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Positively impact the communities in which HICL's assets are located by actively addressing the needs of clients, end users and other key stakeholders.

2025 Highlights

- Nine initiatives run by HICL portfolio companies recognised as Gold Standard at InfraRed's Creating Better Futures Awards for 2024
- Assessed the quality of infrastructure delivery at a subset of HICL's hospital assets using NHS Estates Returns Information Collection ("ERIC") data, finding that this was generally above average

2025 key stats

92%

Portfolio companies that gave charitable contributions to environmental or social initiatives
2024: 94%

9

Portfolio company initiatives recognised as Gold Standard at InfraRed's 2024 Creating Better Futures Awards
2024: 7



People

▶ Read more page 24



Promote fair and safe conditions as well as diverse and inclusive workplaces within HICL's portfolio companies and across the supply chain.

2025 Highlights

- Following planned Board Director rotation, the Company will be compliant with both the Hampton-Alexander Review and the Parker Review in 2025, in addition to meeting the FCA's Diversity Listing Rule targets from July 2026¹
- Worked closely with the Investment Manager to enhance the Board's visibility over health and safety risk management processes for non-UK portfolio companies

2025 key stats

96%

Portfolio companies which completed an independent health and safety audit
2024: 85%

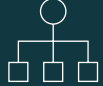
17%

Gender pay gap at portfolio companies
2024: 20%



Governance

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Ensure that HICL maintains high standards of ethics and integrity through the rigorous implementation of policies and the provision of transparent and balanced disclosure.

2025 Highlights

- Specialist consultant review concluded that the Investment Manager's approach to producing metrics featured in this report was aligned with International Auditing and Assurance Standards Board criteria (see [page 33](#))
- Significant expansion of share buyback programme which will be funded by asset disposals, further evidencing the alignment of the Board, Investment Manager and shareholders

2025 key stats

100%

Portfolio companies with policies concerning tax
2024: 93%

100%

Portfolio companies policies concerning sustainability matters
2024: 93%



¹ Subject to HICL's proposed Senior Independent Director candidate being approved at the Company's 2025 Annual General Meeting and Directors being re-elected at the 2025 Annual General Meeting

Our business

HICL is a FTSE 250, London-listed UK investment company that seeks to offer investors sustainable income and capital growth from investments in core infrastructure that are critical to the functioning of society and the economy. The Company follows an active strategy to manage and selectively grow a portfolio of investments in essential real assets with a protected market position, that deliver investors resilient, high-quality, long-term cash flows.

The Investment Manager to HICL is InfraRed Capital Partners (“InfraRed”). InfraRed is a specialist infrastructure asset manager with over 25 years of investment experience and is currently actively managing over 240 infrastructure assets across 15 unique geographies with US\$13bn+ of equity under management. InfraRed has day-to-day responsibility for the operations of the Company and actively manages HICL’s relationships with its key stakeholders.

Our purpose is for HICL to be the pre-eminent investor in essential core infrastructure in our chosen markets

Our vision is to develop strong social foundations, connect communities and support sustainable modern economies.

Strong social foundations

44%

of portfolio



Connecting communities

36%

of portfolio



Sustainable modern economies

20%

of portfolio



You can download the HICL Annual Report 2025 here:

[Download](#)



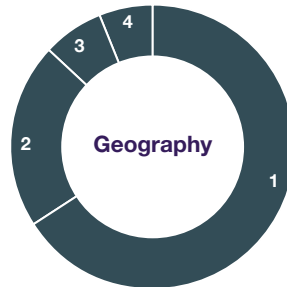
You can download the InfraRed Sustainability Report 2025 here:

[Download](#)

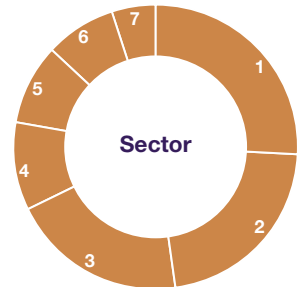


Our portfolio

HICL is the trusted steward of over 100 high-quality infrastructure investments, spanning eight countries and a range of different sectors covering the breadth of core infrastructure.



1 UK	66%
2 EU	21%
3 North America	7%
4 Australia/New Zealand	6%



1 Transport	26%
2 Health	22%
3 Water	20%
4 Education	10%
5 Communications	9%
6 Accommodation	8%
7 Fire, Law & Order	5%

Our stakeholders

As a responsible owner of essential public assets, HICL's ability to deliver its investment proposition over the long term is closely linked to the delivery of positive stakeholder outcomes for the broader community.



Our communities and end users

We invest in infrastructure projects that provide essential services to local communities. In some instances, we deliver those services directly, such as the provision of clean energy or water, and in other instances these services are performed by our public sector clients such as healthcare providers.



Our clients

We work together with corporate partners and public sector clients, including the UK's National Health Service (NHS), local councils, National Highways, and various international government departments to deliver many of our essential infrastructure services.



Our people

HICL indirectly employs over 2,300 people through its portfolio companies and thousands more through each asset's supply chain. InfraRed, HICL's Investment Manager, has a talented, diverse team of over 160 people worldwide which comprises over 20 nationalities speaking 20 different languages.



Our delivery and other partners

To enable high-quality infrastructure assets, we enlist the services of several businesses which include management service providers, construction companies, facilities management companies, financiers, co-shareholders and advisors.



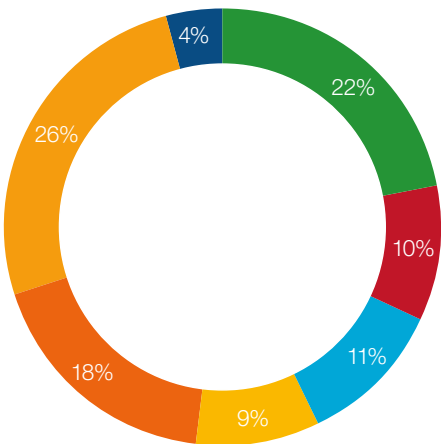
Our shareholders

We invest in infrastructure assets using the capital provided by our investors. Our shareholders range from individuals to substantial international institutions, such as pension funds, who generate stable and long-term returns responsibly for their clients.

Our societal contribution

By facilitating access to essential services in a socially responsible manner, our projects contribute to many of the UN Sustainable Development Goals (“SDGs”) and deliver an inherent social good. However, both the Board and the Investment Manager acknowledge that making a genuine social contribution involves going above and beyond the reliable provision of infrastructure.

Alignment of HICL’s portfolio with the SDGs
 % by valuation as at March 2025



3: Good health and wellbeing	22%
4: Quality education	10%
6: Clean water and sanitation	11%
7: Affordable and clean energy	9%
9: Industry, innovation and infrastructure	18%
11: Sustainable cities and communities	26%
16: Peace, justice and strong institutions	4%

SDG

3

GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote wellbeing for all at all ages

4

QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

6

CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all

7

AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

11

SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

How we support

HICL invests in 31 assets that directly promote good health and wellbeing, including hospitals, primary care centres and fire stations.

**People with access to
HICL's healthcare facilities**

8.4m



HICL invests in 42 educational assets including schools, colleges, libraries, training facilities and universities that facilitate the provision of essential learning outcomes.

**Student places across school,
college and university facilities**

120k



Affinity Water is one of the UK's largest water-only companies, owning and managing water projects and networks in an area approximately 4,500km² across three supply regions in the southeast of England.



**People served with clean
water by Affinity Water**

3.9m

HICL invests in six electricity transmission assets with a total capacity of 4,500 MW which support the provision of clean energy.



**Homes connected to renewable
electricity by HICL's OFTOs**

3.1m

HICL invests in six assets supporting industry innovation and infrastructure across fibre, telecommunications towers and accommodation. These assets provide essential services required to support the functioning of modern economies.

**>5m
Homes connected to high-speed
internet by Altitude Infra**

>5m

Accommodation places

35,000

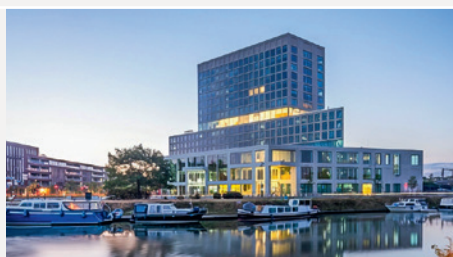
HICL invests in 17 assets supporting sustainable cities and communities, including roads, railways and rolling stock. These assets contribute to affordable and sustainable transport systems.

**Users of HICL's
roads and railways**

>5m



HICL invests in eight assets promoting peace, justice and strong institutions, including prisons, police stations, judicial courts, and custodial centres.



**People served by HICL's courts,
fire stations and police stations**

2.3m

Generating social value through our PPP assets

The importance of our PPPs

HICL's critical social infrastructure assets, such as hospitals and schools, are examples of Public-private partnerships ("PPPs"), which benefit from availability-based revenues underpinned by long-term inflation-linked contracts with public sector clients. PPPs constitute 57% of the portfolio by value and play an important role in supporting HICL's dividend. For the communities they serve, these assets also deliver a range of broader benefits:

Facility quality – Facilities procured within the PPP model typically benefit from modern construction techniques and the high standard of maintenance stipulated by the PPP contractual framework. Various public reports in the year detailed widespread and serious issues with UK public sector facility condition. It remains that reinforced autoclaved aerated concrete ("RAAC") has not been identified in any PPP-procured facilities managed by HICL.

Flexibility – Collaborative partnership under the PPP model enables facilities and services to evolve with public sector needs, including responding to complex requests from clients in a timely and cooperative manner. Over the years, HICL's portfolio companies have delivered several variations at NHS hospitals to improve clinical access and overall end-user experiences.

Meeting community demand – Harnessing private capital has proved a valuable enabler of the delivery of much-needed critical social infrastructure. Between 1999-2014, c.100 new hospital facilities were delivered in the UK under the PPP model. Since the UK reduced its adoption of the PPP model, it is understood that fewer than ten new hospitals were built between 2015-2025.

InfraRed's active management approach for HICL's PPPs

20

Hospitals

5

Emergency
service stations

38

Schools / universities
and libraries

5

Accommodation
buildings

HICL's portfolio companies manage and contract key services that keep critical infrastructure available for public use. These services generally comprise maintenance and major asset renewal, but may also include portering, catering and cleaning.



Key pillars

Effective stakeholder collaboration

- Leveraging board seats and governance rights to oversee operations, steward assets and ensure HICL's interests are appropriately represented
- Actively contributing to industry guidance in areas such as the eventual return of PPP projects to the public sector and decarbonisation planning (see [page 15](#))
- InfraRed's dedicated Portfolio Impact strategy facilitates the roll out of community initiatives across assets, such as the Purple Book initiative at Birmingham Hospitals (see [page 23](#))

Lifecycle risk management

- Lifecycle spending comprises the heavy maintenance and equipment renewals that are necessary to keep assets operating safely and efficiently
- Robust cost forecasting produced with technical advisor input ensures sufficient funds are available to deliver works when needed
- Strategies are updated as assets age to reflect their increased maturity and actual condition

Counterparty risk management

- Contractors are chosen with client endorsement, and on the basis of financial stability, relevant experience and performance track record
- Long-term contracts ensure appropriate levels of risk are transferred to the supply chain
- InfraRed's dedicated credit function proactively manages counterparty credit profiles with thorough financial, market and industry analysis

Sustainability integration

- HICL's periodic, portfolio-wide climate risk assessment findings are shared with portfolio company management teams to assist with mitigation planning
- Working with management teams to implement procedures that ensure high health and safety standards are maintained (See Road Safety Improvements case study on [page 27](#))
- Regular dialogue with portfolio company management on sustainability action plans and progress monitoring via InfraRed's annual sustainability survey

Assessing infrastructure delivery at HICL's hospitals

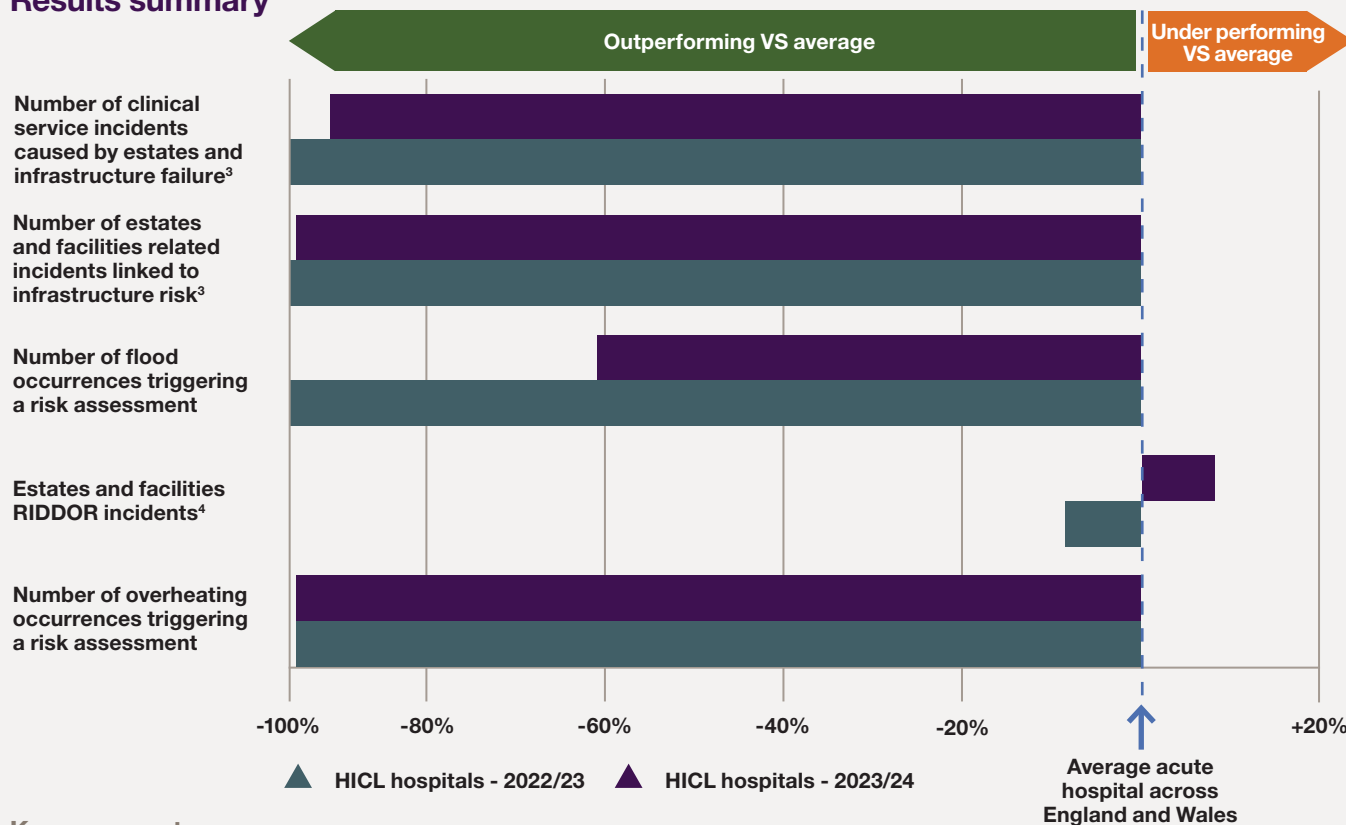
Analysis background and context

Over the year, prominent figures in the NHS called on the UK government to consider the expansion of private sector involvement in the delivery of healthcare infrastructure¹. This comes as the NHS faces a growing bill to fix high-risk repairs that could cause major disruption and injury across its estates, and after a government-commissioned review found that England had spent £37bn less than peer countries on health assets and infrastructure since the 2010s². Against this backdrop, HICL's Investment Manager assessed the quality of the Company's infrastructure delivery at a subset of its acute hospital assets using NHS Estates Returns Information Collection ('ERIC') data. ERIC is a mandatory collection for all NHS trusts and comprises information relating to the costs of maintaining the NHS Estate, equipping hospitals, providing services e.g. laundry and food, and consuming utilities.

Scope of analysis and data preparation points

- This analysis compares the performance of acute hospitals owned by HICL to the average performance of acute hospitals in England and Wales across key infrastructure delivery-related metrics
- The acute, HICL-owned hospital projects considered in this analysis are those for which the Company is deemed to be responsible for the maintenance of the majority of the site under the scope of its PPP concession. By excluding sites at which most facilities are 'retained' by the public sector, a more objective comparison can be made
- All metrics have been adjusted such that the analysis controls for variation in hospital size (which is proxied by square metres of occupied floor area)

Results summary



Key comments

Across the infrastructure delivery-related metrics shown above, HICL's hospitals have generally outperformed the England & Wales average, which includes other PFI hospitals as well as 'retained' NHS estates. This reflects the Investment Manager's active approach to asset management and its aim to ensure HICL's portfolio companies operate with the full endorsement of, and for the benefit of, their key stakeholders. The Company's view is that all else equal, better performance across the metrics above should equate to reduced disruption of healthcare services and safer facilities for patients and staff. With regard to RIDDOR incidents, HICL seeks to minimise the likelihood of these through the monitoring of actual performance and promotion of site inspections (see [pages 26 and 27](#) for more information about HICL's approach to health, safety and wellbeing across its portfolio.)

¹ Source: UK should use private capital to rebuild NHS, say health leaders, Financial Times

² Source: NHS may need private funding to fix buildings, says head of England's health service, Financial Times

³ The NHS ERIC data overleaf makes the following disclaimer about this metric: "These items are experimental as they were only recently introduced, and should be treated with caution."

⁴ RIDDORs: Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

Sustainability metrics and targets

InfraRed's annual sustainability survey, which monitors the progress achieved and initiatives implemented across HICL's portfolio, continues to allow the Company to report on its performance in these areas. Notably, HICL reports against all fourteen mandatory Principal Adverse Impact 'PAI' indicators and seven 'voluntary indicators' as set out under the EU's SFDR regime.

For explanations of year-on-year movements in the metrics, please see the relevant section pages for Environment, Communities, People and Governance. All metrics below relate to the calendar year

ending 31 December 2024 apart from the number of RIDDORs per project which relates to the financial year.

Further information on SFDR is set out on [pages 34 to 37](#) of this report, and the PAI template is also included in HICL's 2025 Annual Report.



PAI indicators – Mandatory






PAI indicators – Voluntary

Environment

▶ Read more



Metric	Current Year	Previous Year	% Portfolio reporting	PAI?	Goals
Portfolio companies with Carbon Reduction Initiatives	91%⁸	76%	100%		50% of portfolio aligning, aligned to or achieving net zero by 2030 90% of portfolio engaged on decarbonisation by 2030
Portfolio companies with Water Reduction Initiatives	88%	88%	100%		For portfolio companies where we have operational control:² 100% of portfolio companies with material water consumption to have reduction initiatives in place by 2025
Portfolio companies with Waste Reduction Initiatives	90%	87%	100%		
Portfolio companies with Positive Biodiversity Initiatives	81%	76%	100%		
Portfolio companies that included and discussed climate risks and opportunities at board level	86%	83%	100%		
Total Attributable GHG Emissions (Scopes 1, 2 & 3) for the portfolio	94,576 tCO₂e	89,559 tCO ₂ e	98% ⁴		90% of emissions to be subject to direct or collective engagement and stewardship actions by 2030
Portfolio emissions subject to direct or collective engagement and stewardship actions	85%	76%	98% ⁴		

Communities

▶ Read more



Metric	Current Year	Previous Year	% Portfolio reporting	PAI?	Goals
Portfolio companies that gave charitable contributions to environmental or social initiatives	92%	94%	100%		100% of portfolio companies to make a voluntary charitable contribution by 2025
Portfolio clients that responded to the Client Insights Survey	N/A³	N/A	N/A ³		80 responses to the Client Insights Survey by 2025

¹ A more detailed explanation of HICL's net zero goals and methodology can be found on [pages 14 and 33](#)

² Note this target relates to portfolio companies where we have operational control in relation to setting and implementing water and waste reduction initiatives. Where we do not have operational control (such as PPP/PFI projects), we will still engage on these initiatives

³ The Client Insights Survey was not undertaken in FY25

⁴ 98% of HICL's portfolio by valuation has emissions data reflected in the Total GHG Emissions calculations. For more information on HICL's methodology for estimating and reporting GHG emissions, please see [page 33](#)

People

▶ Read more





Metric	Current Year	Previous Year	% Portfolio reporting	PAI?	Goals ⁹
Number of RIDDORs per project ¹⁰	0.30	0.28	100%		Cultivate a team with different perspectives, experiences and approaches
Portfolio companies that completed an independent health and safety audit	96%	85%	100%		Minimise accidents and promote a safety culture across portfolio companies
Gender diversity ⁵ at portfolio company boards	24%	23%	100%		
Gender pay gap ⁶ at portfolio companies	17%	20%	35%		

Governance

▶ Read more



Metric	Current Year	Previous Year	% Portfolio reporting	PAI?	Goals
Strong Corporate Governance: Portfolio companies with policies concerning:	96%	80%	100%	 PAIs included: whistleblowing, health and safety, anti-bribery and corruption	100% target for all aspects of Governance across the portfolio by 2025
Conflicts of interest	100%	100%	100%		
Whistleblowing	100%	99%	100%		
Cyber security	99%	100%	100%		
Health and safety	100%	97%	100%		
Anti-bribery and corruption	100%	100%	100%		
Diversity and inclusion	100%	100%	100%		
Tax	100%	93%	100%		
Sustainability matters	100%	93%	100%		
Business continuity	97%	94%	100%		
Modern slavery	99%	94%	100%		
Modern slavery:⁷ Portfolio companies that train their staff to ensure they have an understanding of what the Act is and undertake audit procedures to ensure policies are effective:	69%	71%	100%		
Training	92%	97%	100%		
Audit	69%	71%	100%		
Portfolio companies with active stewardship ¹²	98%	93%	100%		

⁵ For HICL, the gender diversity metric relates to the board of directors at our portfolio companies

⁶ This metric refers to Affinity Water and Altitude Infra only, as these are the two assets in HICL's portfolio with the required number of employees to meet the criteria of this PAI. Portfolio coverage for this metric is shown as a proportion of the valuation of portfolio companies which have direct employees

⁷ HICL considers the modern slavery metric to line up with the PAI indicator of lack of processes and measures for preventing trafficking in human beings

⁸ All metrics, unless otherwise stated, are based on the percentage of portfolio value

⁹ The below targets refer directly to HICL's manager, InfraRed

¹⁰ RIDDOR: Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

¹¹ Senior is defined as Managing Director and Partner levels

¹² Percentage of portfolio companies where InfraRed has attended all board meetings, visited one of the project company's assets and actively monitored the project/company's performance

Environment



It is important that we ensure that the positive social contribution of our assets does not come at the expense of the natural environment.

The HICL Board, Investment Manager, portfolio company management teams and project sub-contractors are focused on reducing negative environmental impacts and, wherever possible, implementing measures that catalyse positive changes, both directly at the asset level and for the wider community in which that asset is located. Despite HICL not having operational control over any of its subsidiaries, the Company still has a responsibility to use its influence, and that of the Investment Manager, to promote environmental improvements. This approach serves to promote the resilience of HICL's asset base and protect shareholder returns over the long term.

In this section

The Company takes a holistic approach to assessing the risks and opportunities related to and improving its impact on the environment, which can be divided into two core themes:

Climate change

Delivering climate-resilient infrastructure, contributing to the energy transition and taking steps to achieve net zero

Nature

Minimising environmental impacts, pollution and loss of flora and fauna, along with reducing waste and the consumption of natural resources

Environment highlights

91%

Portfolio companies with Carbon Reduction Initiatives

2024: 76%

94,576 tCO₂

Total Attributable GHG Emissions across HICL's portfolio

2024: 89,559 tCO₂

81%

Portfolio companies with Positive Biodiversity Initiatives

2024: 76%

88%

Portfolio companies with Water Reduction Initiatives

2024: 88%

- A small number of modern economy and PPP assets were among those judged to have not implemented or continued decarbonisation initiatives in the prior year that have now met the criteria
- A set of PPP assets predominantly in the UK and Europe drove the year-on-year increase in the share of HICL's portfolio companies implementing initiatives positively impacting biodiversity
- The increase in total attributable GHG emissions across HICL's portfolio was driven by assets in the communications and electricity & water sectors. These offset reductions observed in other segments of the portfolio

Climate change

The shifting paradigm of the energy transition

A decade on from the Paris Agreement, goals have generally evolved from focusing solely on reducing emissions to securing a net-zero, energy-resilient future, recognising the profound link between energy security and economic resilience. As a result, climate action will likely become more nuanced, and net zero transitioning is expected to follow a less linear path.

Building climate resilience is becoming more urgent

The last decade (2015-2024) saw the ten warmest years on record since the industrial revolution. In 2024 alone, global natural catastrophes resulted in direct economic costs of USD 417 billion, with insurance covering just over a third of these (USD 154 billion). InfraRed engages an external advisor to assess the exposure of HICL's portfolio to risks associate with climate change (see [page 17](#)).

Energy security and affordability should not be compromised in the transition

Recent geopolitical events have highlighted the importance of energy security for ensuring economic welfare, resulting in this becoming a top priority for policy makers.

Energy addition, as well as energy transition

As power generation is expected to triple by 2050¹ to meet growing demand, energy and energy adjacent infrastructure (notably for transmission) will need to be upscaled and enhanced.

Moving towards net zero

In 2021, InfraRed committed to support the global goal of net zero emissions by 2050, as set by the Paris Agreement and legalised by the UK Government. The Investment Manager commitment extends to the HICL portfolio and is endorsed by the Company's Board, through HICL specific goals, outlined on the following page. The interim targets set by the Company in FY23 are detailed on [pages 14-15](#).

As of 31 March 2025, 27% of the portfolio is currently invested in climate solutions². While the Company anticipates that this will grow over time and commits to maintaining transparency on the percentage of the portfolio invested in climate solutions, the Net Zero Investment Framework for Infrastructure recognises the difficulty in setting a climate solutions goals for funds of HICL's nature. The Company has therefore not set a formal target at this time.

Insight

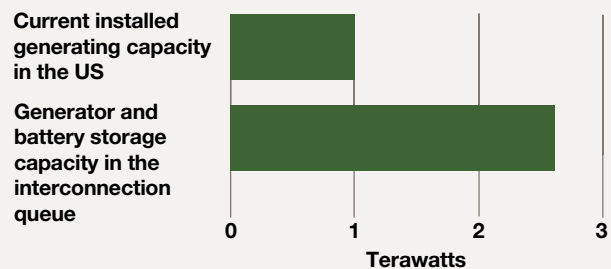
Supporting energy security and resilience in the US

Asset: Texas Nevada Transmission

Energy resilience is increasingly vital in the US due to more frequent extreme weather events, the growing reliance on electricity for technology-driven sectors and changing geopolitical dynamics. The US electric grid requires expansion to meet rising demand, ensure reliability, and support renewable energy generation. A study by the U.S. Department of Energy identified a median need for 57% growth in transmission infrastructure between 2023-2035³.

According to Federally funded research from the Lawrence Berkeley Lab, there is currently an extensive queue of over 11,000 projects in the US awaiting grid interconnections. HICL's portfolio company Texas Nevada Transmission ("TNT") is working to connect new renewable power generation sources to its systems and is investing to enhance its overall transmission capacity. This asset has an important role to play in bringing power from Texas's rural, energy-generating regions to its main population centres.

Current installed capacity in the US vs the interconnection queue⁴



1 IRENA, World Energy Transitions Outlook 2023 Preview, March 2023
 2 Assets such as electrified railway lines, electric rolling stock and electricity transmission assets which inherently support the transition to a lower carbon society
 3 Report: Fewer New Miles: The U.S. Transmission Grid in the 2020s: <https://www.cleanenergygrid.org/portfolio/report-fewer-new-miles-the-u-s-transmission-grid-in-the-2020s>
 4 Source: Infrastructure on the ballot, North America, Infrastructure Investor, October 2024



1. Portfolio coverage

What is a portfolio coverage goal?

A portfolio coverage goal, as defined by the Net Zero Investment Framework (‘NZIF’)¹ for Infrastructure, is the percentage of assets under management that will be net zero, aligned or aligning by a given year.

HICL has increased its percentage of assets under management that is aligning, aligned to or at net zero from a baseline of 16% as at 31 March 2023 to 34% as at 31 March 2025. The following chart illustrates the evolution over time.

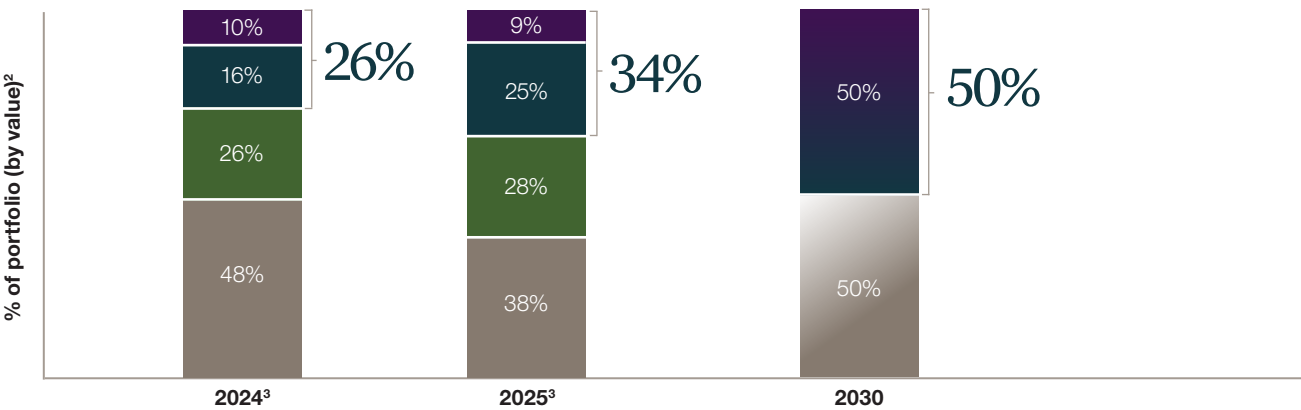
Goal

50%
of HICL’s portfolio
to be net zero,
aligned to net zero
or aligning to
net zero by 2030

16%
of HICL’s portfolio at
net zero, aligned to
net zero or aligning
to net zero

Baseline as of 31 March 2023

Aligning our portfolio to net zero



Stages and cumulative criteria of alignment to net zero:



Over the financial year, InfraRed refined its approach to determining HICL’s portfolio coverage in order to better align it with guidance set out in the Net Zero Investment Framework (NZIF) and the Private Markets Decarbonisation Roadmap (PMDR). These frameworks were developed by the investment industry and categorise the level of alignment across the following stages: Not possible to align, Gathering Data, Preparing to Decarbonise, Aligning, Aligned or Net zero. As at 31 March 2025, a 34% of HICL’s scope 3 portfolio (by value) is either aligning with, aligned to or achieving a net zero status, up from 26% a year earlier⁶. The progress over the year was driven largely by PPP assets in the healthcare, education and

transport sectors that moved from the “Preparing to Decarbonise” category to “Aligning”, along with the growth in value of HICL’s portfolio companies that were already judged to be either aligning with, aligned to or achieving a net zero status.

The Manager will continue to engage with portfolio companies on developing and implementing decarbonisation plans to build resilience and position projects to perform well in a lower-carbon, energy-resilience economy.

¹ The Net Zero Investment Framework is the most widely used guide by investors to set targets and produce related net zero strategies and transition plans
² Based on gross equity value of investments at 31 March in each respective year
³ Based on composition and valuation of HICL’s portfolio as at 31 March 2024, and 2025 respectively. Numbers may not sum exactly due to rounding
⁴ Decarbonisation plans in place but level of ambition not explicitly aligned to a net zero pathway
⁵ Short term: 3-5 years; medium term: 10-15 years
⁶ Restating the figure of 25% presented in HICL’s 2024 Sustainability Report to reflect the refined approach to determining portfolio coverage



2. Engagement threshold

What is an engagement threshold goal?

Effective stakeholder engagement is a key element of our approach to delivering on our net zero commitment.

We recognise the importance of engagement with our public sector clients, management teams and other key stakeholders. After setting our first engagement threshold target in FY23, the Company has now formally recorded its second year of engagement data.

The primary engagement channels include:

- **Direct engagement** through board meetings and one-to-one meetings with clients, engaging on net zero initiatives and decarbonisation feasibility/strategy studies
- **Indirect engagement** through industry working groups, workshops, and presentations with our portfolio company management teams. We also issue guidance documents on, for example, interpreting climate risk assessments and sourcing data for emissions calculations

Goal

As at 31 March 2025

90%

of emissions to be subject to direct or collective engagement and stewardship actions by 2030

85%

of portfolio emissions subject to engagement

Direct engagement

InfraRed engages with portfolio companies and other stakeholders via various forums, including:

- Sustainability Summit: An annual webinar hosted by InfraRed for portfolio company management teams, discussing case studies, implementation guidance and improvements in data collection/quality
- Management Services Provider (MSP) Forum: a regular touchpoint between subcontractors and InfraRed's Asset Management team
- One-to-one meetings between InfraRed's Asset Management and Sustainability teams and portfolio company management teams on decarbonisation action plans and progress
- Board-level discussion of decarbonisation with portfolio companies
- Encouraging portfolio company engagement with subcontractors/suppliers on decarbonisation and emissions reporting

As set out above, 85% of HICL's portfolio emissions are currently subject to engagement. This relates to 85 portfolio companies and is based on recorded engagement on decarbonisation that falls into at least one of the categories listed above.

Indirect engagement

Industry engagement

With 66% of its assets based in the UK, HICL is particularly well positioned to benefit from the Investment Manager's collaborative relationship with the National Infrastructure and Service Transformation Authority ("NISTA"), which is the UK government's centre of expertise for infrastructure and inherently one of the Company's key stakeholders. Over the course of 2024, InfraRed representatives continued to work with NISTA to support the implementation of its guidance on Decarbonisation of Operational PFI Projects and share best practice. The five principles of good practice detailed in the guidance (as well as below) currently informing decarbonisation plans in development across many HICL portfolio companies.

InfraRed also contributed its own pragmatic insights to the development of the 'Supplementary NZIF implementation guidance: Private Markets Infrastructure' which was published in November 2024 by the Institutional Investors Group on Climate Change, which is an initiative driven by asset owners.

The NISTA decarbonisation guidance proposes five principles of good practice for developing a project decarbonisation plan.

1

Data first

Begin by gathering information about existing energy consumption and efficiency.

2

Know your contract

In some cases, contract changes may be required to enable decarbonisation measures to be implemented.

3

Engage with stakeholders

The development and delivery of decarbonisation plans will require collaboration between the project, NISTA, facilities management providers and building users.

4

Prioritise

It is for all interested parties and stakeholders to actively consider and bring forward opportunities for decarbonisation.

5

Make a plan

A programme of shortlisted decarbonisation interventions should be selected as part of a planned and deliverable pathway to decarbonisation.



This guidance is publicly available [here](#)

HICL's attributable emissions

Emissions data

In accordance with the PCAF methodology, financed emissions are those emissions attributable to an investment fund or its manager based on the proportional share of equity held in the portfolio companies. The calculation is based on an attribution factor as set out below:

$$\text{Attribution Factor} = \frac{\text{Current value of equity investment in the portfolio company}}{\text{Total Equity Value} + \text{Total Debt}}$$

The below sets out HICL's attributable emissions for the calendar year ending 31 December 2024:

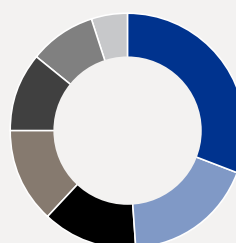
Emissions (Attributable basis)	Year ended 31 December 2024	Year ended 31 December 2023
Scope 1	Nil	Nil
Direct GHG emissions – occur from sources that are owned or controlled by the organisation		
Scope 2	Nil	Nil
Indirect GHG emissions – occur from the generation of purchased electricity, heating, cooling and steam		
Total Scope 1 and 2 (market based) emissions (tCO₂e)	Nil	Nil
Scope 3		
Category 1, emissions from indirect purchased goods and services (tCO ₂ e)	285	174
Category 15, emissions from all operational investments (tCO ₂ e)	90,007	82,537
Category 15, emissions from all investments under construction (tCO ₂ e)	4,569	7,022
Total Scope 1, 2 and 3 emissions (tCO₂e)	94,861	89,733
Weighted average carbon intensity (tCO ₂ e/£m)	309	280
Total Scope 1, 2 and 3 emissions (tCO₂e) – including sold assets¹	94,861	94,453

Data quality

The quality of the underlying data used to calculate GHG emissions for HICL's portfolio remains a priority to enable better insight into performance and emission reduction initiatives. Our focus is on deploying scalable approaches to improving the accuracy of data relating to the scope 3 emissions of our investments. Collaboration plays a key role in addressing scope 3 data challenges. InfraRed will continue to work with and exchange good practice with peers, suppliers and other key stakeholders.

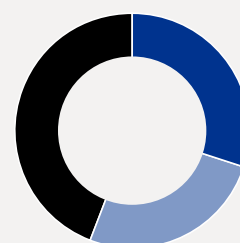
Total emissions across HICL's portfolio

Total emissions across the HICL portfolio, split by sector



	%
Health	31
Transport	18
Accommodation	13
Education	13
Electricity & Water	11
Communications	9
Fire, Law & Order	5

Total emissions across the HICL portfolio, split by scope



	%
Scope 1 GHG Emissions	30
Scope 2 GHG Emissions	26
Scope 3 GHG Emissions	44

¹ Considers emissions from assets sold during FY25

Climate resilience

Embedded in HICL's investment philosophy is the process to identify risks and opportunities relating to climate change. As part of the investment process, InfraRed engages an external advisor to undertake a climate change risk assessment. The Investment Manager also requires that all new investments undergo a climate risk assessment prior to acquisition and work with the business to incorporate findings in technical and insurance due diligence as well as in financial valuation models. The assessment of the HICL portfolio completed in April 2024 remains valid as the Company did not make any new investments during its financial year ended 31 March 2025 and there is no material change to the underlying climate science.

Climate change impact assessment

The table to the right of this text sets out the various scenarios explored in the climate risk assessment. The table below shows the physical risk hazard exposures across the various asset sectors in HICL's portfolio that were determined in the analysis.

Results summary

Sector	Hazard Exposure			
	Current Climate (RCP 2.6 scenario)		2040-50 (RCP 8.5 scenario)	
	Acute	Chronic	Acute	Chronic
Communications	4	3	4	3
Electricity and Water	3	2	3	2
Social infrastructure	3	1	3	2
Transport	4	1	4	2
Key	Very high	High	Moderate	Low
			Low	Very low

The findings of the exposure analysis are then refined to assess the acute and chronic hazards which would cause downtime and reduction in operating capacity using several proprietary vulnerability models, specifically developed for infrastructure sectors. The financial impact was modelled for the current and future physical climate-related risks relating to both damages and potential losses. This considers the impact in the short-term (present until 2030) and a long-term (beyond 2040) time horizon. HICL's portfolio is currently exposed to chronic hazards at 'very low' to 'moderate' levels, with limited intensification over time (beyond 2040) under a

93%

of portfolio companies discussed climate-related risks and opportunities at the board level
(2024: 84%)

93%

of portfolio companies have updated their risk register to reflect the findings of the climate risk assessments
(2024: 98%)

Scenario	Assumed global temperature increase*	RCP**
Hothouse world	>4°C	8.5
Middle of the road	2-3°C	4.5
Net zero by 2050 scenario	1.5°C	1.9/2.6
* Assumed global temperature increase at the end of the century compared to pre-industrial levels		
** Representative Concentration Pathway developed by the Intergovernmental Panel on Climate Change		

'hothouse world' scenario (>4°C). As would be expected, exposure to acute hazards is greater, reaching 'moderate' to 'high' levels. However, these classifications are unchanged in the >4°C scenario, demonstrating the resilience of the portfolio even in the event of extreme climate change. Specific exposure levels vary by sector and geography, and InfraRed takes actions to address heightened exposure to certain hazards at the portfolio company level. Two of the most prominent hazards across HICL's portfolio currently and in the '>4°C' scenario (based on the number of assets exposed) are:

Hazard	Potential impact	Impact materiality
Floods (coastal or inland)	Potential to cause business and infrastructure disruptions (loss of revenue) along with damage to buildings, machinery, and equipment	Moderate (currently and in '>4°C' scenario)
Storms	Several assets (notably those in coastal Europe) are exposed to winterstorm risks. The effects of storms typically include aggregations of losses caused by physical damage and business interruption	Moderate (currently and in '>4°C' scenario)

1 There are no future projections with regards to biodiversity intactness however it is reasonable to assume that the increase in climate risks would put more strain into ecosystems and an increased focus on businesses and how they are affecting the environment

Better understanding nature related risks and opportunities

Drawing on the Taskforce on Nature-related Financial Disclosures ('TNFD') recommendations, the Investment Manager undertook an initial analysis to better understand the exposure of HICL's portfolio companies to nature-related risks and dependencies. This analysis was conducted at sector level utilising the ENCORE tool to identify 'hotspots' that could then be explored in greater detail. ENCORE provides an overview of natural capital dependencies for various sectors and the impacts of certain economic activities, allowing users to evaluate risks and opportunities related to natural systems. See below for more information about the TNFD's definition and interpretation of natural capital.



Nature-related terms explained

The Taskforce on Nature-related Financial Disclosures (TNFD) defines natural capital as the collection of natural resources (air, water, soil, minerals, plants and animals) which generate benefits for economic and other human activities (ecosystem services).

Negative changes to nature's realms (land, ocean, freshwater, and atmosphere) can disrupt business and economic activities by affecting the provision of ecosystem services. These services are supported and underpinned by biodiversity – the variety of living organisms within ecosystems.

Dependencies refer to nature-related resources and ecosystem services that an organisation relies on, a reduction in amount or quality of which can result in operational disruption and/or financial impacts. For example, a data centre that uses water for cooling relies on the availability of a high volume of water which, if limited or restricted, may impact its operations and profitability.

Impact pressures refer to measurable inputs or non-product outputs (externalities) that impact the quality or quantity of natural capital or biodiversity – for example, pollutants may harm local species or ecosystems, which in turn may restrict the benefits they provide to the local economy and communities and operation of infrastructure assets.

Resources

For HICL's PPP projects, resource consumption is driven by the needs of the end users.

InfraRed engages with HICL's portfolio companies to integrate resource management measures into their operations with a view to optimise costs, ensure security of supply and reduce waste.

In most cases, our public sector clients are responsible for carrying out operational services and the portfolio company's responsibilities are generally limited to maintaining the equipment which provides the building's heating, cooling and lighting. InfraRed monitors resource consumption and resource saving initiatives across each of HICL's investments through its annual sustainability survey. Some of HICL's non-PPP projects, including LSPH (formerly HS1) and Affinity Water, have greater scope to manage their resource consumption and set out their strategies, targets and initiatives on their respective websites.

The phase of a project also heavily influences its levels of resource consumption, with assets generating more waste during periods of construction or refurbishment. InfraRed tailors its resource management approach to ensure it appropriately addresses these considerations and will look to refine its resource management metrics over time to reflect this.

The most recent sustainability survey results show a modest improvement in portfolio company performance across the water and waste metrics below despite InfraRed applying a higher standard in the assessment.

88%

of assets with material water consumption have implemented reduction initiatives
(2024 88%)

90%

of assets with material waste generation have implemented reduction initiatives
(2024 87%)

Biodiversity

Minimise environmental impacts, pollution and loss of flora and fauna.

The implementation of biodiversity initiatives remains a priority when considering long-term environmental preservation. While addressing biodiversity loss is complex, HICL monitors the management of biodiversity risks within its portfolio companies through the Investment Manager's sustainability survey, which offers important data on potential initiatives and supports the disclosure of PAI indicators related to biodiversity.

InfraRed is tracking the developments of ISSB and TNFD, global frameworks that are expected to consolidate sustainability-related disclosures in the coming years. The Manager is working to understand timeframes and how it will affect HICL's reporting.

Case study

Bolstering resilience of vital water resources

Affinity Water

Context: Affinity Water is the UK's largest water-only supply company serving 3.9m people in the Southeast of England. The UK Environment Agency (EA) has classified this region as experiencing serious water stress and being highly susceptible to climate change. Additionally, this area is among the UK's most densely populated and economically vibrant regions and contains 10% of the world's rare, environmentally sensitive chalk streams. These factors necessitated the implementation of a water management strategy aimed at restoring sustainable river flows, including a risk-based review of present and future climate-related risks and local businesses. The project also generated savings of approximately £240,000 on customer water bills.

Outcome: The assessment identified key risks including increased water demand due to higher temperatures, reduced availability of ground and surface water from droughts, equipment failure from extreme weather events, and changes in raw water quality. To address these risks, the company has focused on enhancing the resilience of its water supply network by using water more efficiently during droughts and maintaining infrastructure to withstand more extreme weather. Additionally, efforts have been made to protect environmental resources by collaborating with farmers and land managers to improve raw water quality. These actions aim to bolster the resilience of the business against climate impacts while ensuring sustainable management of vital water resources.



Case study

Resource Efficiency

Asset: Metropolitan Police Specialist Training Centre

Context: The Metropolitan Police Specialist Training Centre project is a 27-year concession to finance, remodel / refurbish, operate, and maintain an existing training facility for the Mayor's Office for Policing and Crime. The brief required remodelling the existing site into two separate disciplines: public order training and specialist firearms training. During 2024, the project successfully delivered an initiative in collaboration with other stakeholders to design and fund a solution to reduce food waste on site. The solution was delivered in the form of the 'Rocket Composter' – a compost machine capable of transforming food waste generated into nutrient-rich compost.

Outcome: The implementation of the rocket composter results in the recycling of 100% food waste on site, significantly reducing the overall cost associated with refuse disposal. The process produces on site compost, which is then used to enrich a local herb and vegetable garden developed through volunteering efforts which are supplied back to the local kitchen. This not only reduces waste but also provides a financial benefit to the project by lowering costs associated with purchasing ingredients for catering services and handling of food waste.



Communities



As a trusted steward of essential infrastructure assets, HICL sits at the heart of communities and plays a key role in modern society.

By investing in assets that provide essential services to communities, HICL inherently delivers positive social outcomes. HICL strives to ensure the needs of end-users and wider stakeholders are met by its infrastructure delivery, such that its portfolio companies are as valuable as possible to the societies in which they are located.

The Company's diverse range of projects have a tangible impact on the daily lives of their end users, by:

Providing essential services, such as water or access to healthcare

Facilitating inter-regional connectivity through transport and communication assets

Having important social purposes, through the provision of care and social housing

Enabling education and generational change

In this section

Scaling up our community initiatives

Community initiatives in action

Communities highlights

92%

portfolio companies that gave charitable contributions to environmental or social initiatives

FY24: 94%

9

initiatives run by portfolio companies recognised as Gold Standard at InfraRed's 2024 Creating Better Futures Awards

FY24: 7

-
- Gold Standard initiatives include the "Technology enabled food donation" at Royal School of Military Engineering and the "Support of Salford City Football Club" initiative at Salford & Wigan BSF Phase 2
 - Whilst the charitable contribution metric declined marginally relative to the prior year, HICL continues to observe a highly significant share of its portfolio companies making charitable contributions to environmental or social initiatives

Scaling up our community initiatives

Many of HICL's investments deliver economic and social benefits by providing essential services to local communities – from hospitals and schools to mobile towers and railway lines.

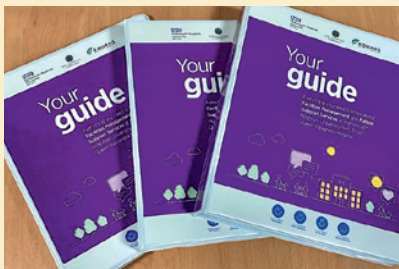
We seek to drive positive social outcomes for our clients and the end-users of our infrastructure assets, as we believe this not only strengthens our stakeholder relationships but also reinforces the value of our investments. We predominantly seek to drive these outcomes by leveraging our own resources and business relationships. For example, through regular dialogue with our clients, we identify and prioritise impactful initiatives that can be scaled across multiple projects in the portfolio.

Portfolio impact initiatives

The six initiatives below were previously identified as being the most scalable across HICL's portfolio. In 2024, progress was made to deliver this via InfraRed's dedicated Portfolio Impact strategy.

Purple Book

A user guide for trust staff, patients and visitors to highlight facilities available



Community Fridge

Provision of food for families in need



Charity Hub

An area which provides space for charity volunteers to use as required



Recirculate

A programme to renovate, donate and locate items like bicycles for reuse



Wellbeing Garden

A programme to enhance the surrounding area and positively impact biodiversity



Charity ball

A joyful event to raise funds that support end-user experiences



InfraRed regularly monitors ongoing initiatives being delivered across its broader asset base and draws insights from its various portfolio companies, clients and other stakeholders to help further develop its approach. For instance, InfraRed monitors initiatives implemented at its projects via its annual sustainability survey and Creating Better Futures Awards. These forums enable the Investment Manager consolidate ideas from over 240 portfolio companies annually, providing a comprehensive database of implemented initiatives from which HICL can benefit.

InfraRed's annual ESG survey also provides it with a more thorough understanding of the challenges faced by HICL's clients and their communities. The survey responses and Creating Better Futures Awards saw key themes emerge, particularly around how the cost-of-living crisis was intensifying issues such as food insecurity, digital poverty, and a lack of equipment. With this knowledge, the Investment Manager aims to tailor its community initiatives to help address these specific needs.

Community initiatives in action

Case study

Rotterdam benefits from successful Tour de France Femmes

Asset: Blankenburg Tunnel

Context: The Blankenburgverbinding (“Blankenburg”) tunnel project is a concession to finance, construct and operate a four-kilometre tunnel that enhances Rotterdam’s capacity to handle traffic congestion. Following a six-year construction period, the tunnel achieved full availability in 2024, in line with the originally envisaged timeframe, and was opened to the public in December 2024. In August 2024, riders of the women’s Tour de France symbolically inaugurated the Blankenburg connection by riding through it twice. This was the first time the start of the French women’s cycling race began abroad.

Outcome: The Tour de France attracts a large influx of spectators, cyclists, media personnel, and team staff, allowing local communities in host cities to benefit from an increase in spending, particularly in areas such as accommodation and dining. The event also has a history of inspiring people to take up cycling for sport, leisure, or as a means of transportation, promoting healthier lifestyles and more active communities. The Royal Dutch Cycling Union (‘KNWU’) registered a 111% increase in new members at Rotterdam cycling clubs in the four weeks following the Grand Départ. 26% of visitors also said they would use their bikes more often after the Tour. Following its launch in 2022, the Tour de France Femmes has represented a significant step forward for gender equality in cycling, addressing historical inequalities in funding and media coverage. HICL is pleased to have been able to aid these efforts with its infrastructure. Overall, these outcomes reflect the potential for HICL’s assets to support various UN Sustainable Development goals simultaneously. In this case, the Company’s infrastructure delivery is promoting healthy lives, local economic growth and gender equality.



Case study

Supporting the needs of the local area

Asset: Royal School of Military Engineering (RSME)

Context: The Royal School of Military Engineering project is a 30-year concession to finance, construct / refurbish, operate, and maintain 32 new and 21 existing buildings, along with five training areas, on behalf of the UK Ministry of Defence ('MoD'). Given its proximity to one of RSME's sites, HICL's portfolio company reached out to a local day school catering for children and young people with Severe Learning Difficulties (SLD) to discuss how it could potentially provide support. Chief among the school's priorities were securing straps to keep wheelchairs within a proprietary bicycle trailer system and improving access to the local woodland walks bordering the school's boundary.

Outcome: The wheelchair straps were purchased by the portfolio company; this was greatly appreciated by the school as it provided its wheelchair users with more freedom to safely explore the local area. HICL's portfolio company also commissioned one of its contractors to repair the school's fence line and relocate a gate, which has improved access to woodland walks that reduce the need to travel along busy (and potentially hazardous) roads to reach the school. In addition to delivering upon these requests, the portfolio company proactively paid for three new benches to be built for and delivered to the school after noticing upon inspection that these would be of benefit.



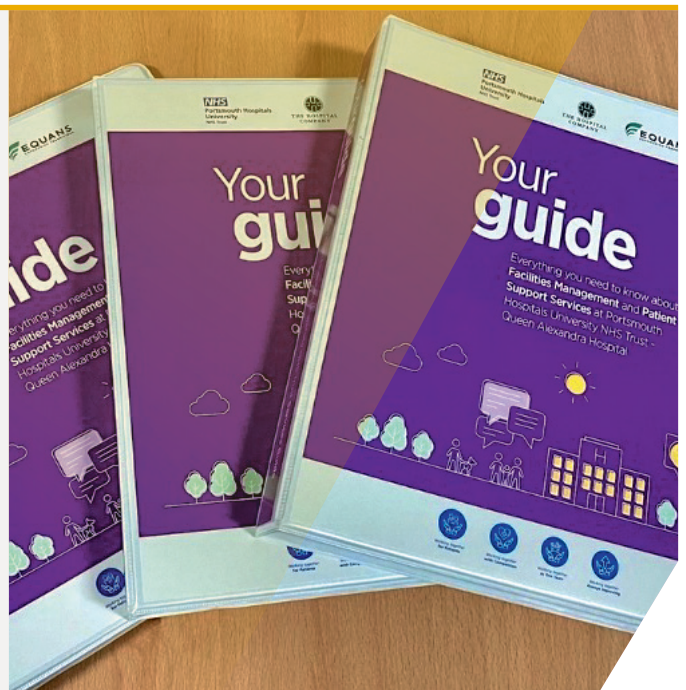
Case study

Purple Book Initiative

Asset: Birmingham Hospital

Context: The Purple Book is a guide to facilities management and patient services that assists the Trust's staff with understanding the on-site support services that are available to both them and their patients. The book aims to encourage collaborative relationships between clinical and facilities management staff to promptly respond to patient needs. The initiative was identified at InfraRed's Creating Better Futures awards and efforts have since been made to replicate it at other assets. In 2024, Birmingham Hospital developed a guide for Trust staff to publicise the services offered by the hospital's various facilities management providers.

Outcome: The Purple Book allows ward staff to provide the public and patients with concise information regarding the services offered by the facilities management team. In turn, these services become more accessible, resulting in more efficient hospital operations and better end-user experiences.



People



Although HICL has no direct employees, it indirectly employs over 2,300 people through its portfolio companies and thousands more through each asset's supply chain.

Both the Board and Investment Manager recognise the Company's responsibilities in relation to the wellbeing of the people connected with HICL. Both HICL and InfraRed promote a diverse, inclusive and supportive workplace culture that makes work a positive experience for people, both directly and along the supply chain. InfraRed also works collaboratively with the management teams of HICL's portfolio companies and seeks to ensure that suppliers share the Company's values and comply with relevant legislation.

In this section

HICL Board diversity

Health, safety and wellbeing across our portfolio

People highlights

96%

Portfolio companies who completed an Independent Health and Safety Audit

2024: 85%

17%

Gender Pay Gap at Portfolio Companies

2024: 20%

0.30

RIDDORs per project

2024: 0.28

24%

Gender diversity at portfolio company boards

2024: 23%

- A small number of large assets in the communications and accommodation sectors were predominantly responsible for the material increase in the share of portfolio companies judged to have completed an independent health and safety audit
- The gender pay gap metric for HICL's portfolio is produced in line with the SFDR Principal Adverse Impacts ('PAI') Indicators methodology. Affinity Water and Altitude Infra are the two assets in HICL's portfolio with the required number of employees to meet the criteria of this PAI. The year-on-year reduction in the average gender pay gap was driven by Affinity Water.
- HICL seeks to minimise the likelihood of RIDDOR incidents through the monitoring of actual performance and promotion of site inspections (see [pages 26-27](#) for more information about HICL's approach to health, safety and wellbeing across its portfolio.)

HICL Board diversity

The Company maintained its focus on diversity and expertise at Board level and continues to meet the expectations of both the Hampton Alexander Review and the Parker Review.

On 20 April 2022, the FCA published its final rules requiring the annual disclosure of data in relation to diversity on listed company boards and executive committees. The policy lays out targets for applicable boards to be made up of at least 40% women, with at least one senior board position to be held by a woman and at least one board member to be from a minority ethnic background. As at 31 March 2025, 42% (three) of the Board of Directors were women and 14% (one) was from an ethnic minority background. As announced in the Company's 2025 Annual Report, the composition of HICL's Board of Directors is proposed to change following the Company's next Annual General Meeting in July 2025. If approved, the planned changes would result in 50% (three) of the Board Directors being women and 16% (one) being from an ethnic minority background.

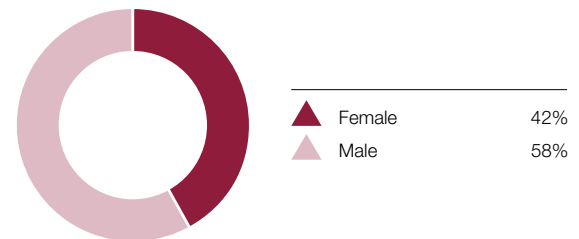
The FCA's Listing Rules require a listed company to disclose in its annual report whether it has met its diversity target of at least one senior position on its board of directors (i.e. Chair, Chief Executive, Senior Independent Director or Chief Financial Officer) being held by a woman. Furthermore, the Listing Rules recognise that such a disclosure requirement might not be appropriate in the context of Chapter 15 closed-ended investment companies, the boards of which typically comprise non-executive directors.

Whilst the Board acknowledges this target was not met in the year, it would highlight that the Chair of the Audit Committee is female and if its proposed candidate is approved at HICL's 2025 Annual General Meeting, the Senior Independent Director will also be female, at which point this target will have been met.

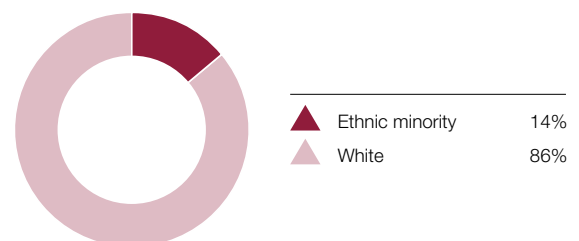
HICL's portfolio companies that employ staff directly have current and appropriate diversity and inclusion policies in place, along with dedicated asset managers that ensure the subject is regularly discussed at board meetings. This ensures that the portfolio companies are promoting a culture of equal opportunities for their staff and for board appointments.

For the majority of portfolio companies where there are no direct employees, InfraRed monitors the implementation of diversity and inclusion policies amongst its direct service delivery partners (including HICL's facilities management counterparties).

Directors who are female
(before planned changes in 2025)



Directors from an ethnic minority
(before planned changes in 2025)



Health, safety and wellbeing across our portfolio

HICL is committed to promoting the health, safety, and wellbeing of its various stakeholders, including clients, delivery partners, and any direct employees of its portfolio companies.

InfraRed's Asset Management Team is responsible for engaging with assets to uphold the highest standards of health and safety across HICL's portfolio. One of the primary ways in which the team seeks to achieve this is through working closely with Managed Service Providers and Management Teams to implement relevant policies and procedures. The team is also responsible for conducting health and safety tours of sites to ensure adherence to best practices and actively encourage all involved parties to keep their policies up to date. The efforts made by InfraRed's Asset Management Team to address health and safety considerations across HICL's portfolio are monitored via the Investment Manager's annual sustainability survey, which identifies areas for improvement that help inform engagement plans for the following year.



Case study

Road Safety Improvements

Asset: Road Management Group (RMG)

Context: RMG is a holding company that oversees two UK shadow toll roads: the A417/A419 Swindon-Gloucester and the A1(M) Alconbury-Peterborough. In 2024, the project launched an initiative to improve road safety in partnership with several stakeholders including National Highways and supply chain partners. This initiative aimed to enhance safety along a heavily trafficked section of the A417 reduce the risk of accidents. The safety improvements included installing over 1,000 new intelligent road studs featuring cutting-edge technology and replacing the dashed centre line with a double solid white line to deter overtaking, helping to reinforce Highway Code regulations.

Outcome: With 25,000 people traveling on this road daily, this initiative is playing an important role in protecting road users and boosting community safety. Feedback from road users and safety advocates has been overwhelmingly positive, hence National Highways is contemplating deploying these road studs across other parts of their network.



Case study

New 'column parking' system

Asset: A63 Motorway

Context: The A63 Motorway project in Southwest France includes the upgrade of an existing 105 km road linking the towns of Salles (Gironde) and Saint-Geours-de-Maremne. To meet the ever-increasing parking needs of HGVs travelling on the A63, HICL's portfolio company is conducting development work on the truck parking section of the Lugos Est rest area to materially expand parking capacity and install a new parking system that should improve the safety of HGV drivers.

Outcome: Upon completion of these works, the current 72 parking spaces in the truck area will have been replaced by 128 spaces divided into 32 columns of four. Under the new, parking system, drivers will have a specific space assigned to them upon arrival based on their break time or desired departure time. This will be supported by a screen along with variable message signs above the parking columns to guide drivers to their spaces. It is expected that this will result in a significant increase in the number of spaces available without increasing the required surface area. At the portfolio company's annual (S)He Works / I Care event, at which drivers declare their commitment to the safety of motorway staff, attendees were allowed to test the future parking system with a driving simulator and model.



Governance

For HICL to act in a sustainable manner, it is important that its Board, Investment Manager and portfolio companies are accountable for their actions.

HICL's robust corporate governance framework helps to ensure this is delivered and provides investors with transparency on the Company's sustainability strategy and the wider environmental and societal impacts of their investments.

The Board is responsible to shareholders for the overall direction and oversight of the Company, including sustainability matters. Further details on the Company's general approach to corporate governance can be found in the Corporate Governance section of HICL's 2025 Annual Report.

You can download the HICL Annual Report 2025, which goes into our governance in more detail here.

[Download](#)



Governance highlights

100%

Portfolio companies with policies concerning Tax

FY24: 93%

92%

Portfolio companies that train their staff to ensure they have an understanding of what Modern Slavery Act is

FY24: 97%

100%

Portfolio companies with policies concerning sustainability matters

FY24: 93%

69%

Portfolio companies that undertake audit procedures to ensure Modern Slavery policies are effective

FY24: 71%

In this section

Role of the Board and InfraRed

Investment policy, screening and management

Supply chains and cyber security

Regulatory frameworks and disclosures

- Year on year improvements in the share of portfolio companies with appropriate policies concerning tax along with appropriate policies concerning sustainability matters were predominantly driven by the communications sector
- Reductions in the share of portfolio companies that train their staff to ensure they understand the Modern Slavery Act and the share that undertake audit procedures to ensure modern slavery policies are effective were largely driven by a small number of assets in the electricity & water sector. However, HICL has a zero-tolerance approach to slavery, human trafficking and forced labour of any type, and the Board is confident that modern slavery is not taking place within its direct business (See Modern Slavery Act Transparency Statement)

Role of the Board and InfraRed

Role of the Board and Committees

The Board has overall responsibility for sustainability and ensuring it is fully integrated into the Company's operations.

It also has responsibility for HICL's Sustainability Policy and other related policies (including modern slavery, health and safety and anti-bribery), which are subject to continuous development. Sustainability is a prominent theme which runs across HICL's entire business, and as such, it forms an integral part of the Board's role. This stems from its Terms of Reference where "sustainability, including the potential impact of climate change" is set out as a key strategic and financial consideration. At its quarterly meetings, the Board reviews the Company's progress against its sustainability objectives and considers the appropriateness of its broader sustainability strategy.

The Board is supported in its role by HICL's various committees, who provide discussion, support and challenge. Some of these have specific responsibilities in relation to sustainability, for example:

- The Risk Committee oversees and challenges InfraRed's risk management processes and analysis, and has a specific remit to examine 'horizon' risks such as the long-term consequences of climate change and 'black swan' risks such as the impact of unforeseen extreme weather events
- The Management Engagement Committee considers how HICL service providers adhere to HICL's Sustainability Policy
- The Audit Committee reviews the Company's approach to disclosures, including those relating to climate change

Role of InfraRed

The application of HICL's Sustainability Policy and wider sustainability strategy is undertaken by InfraRed. InfraRed publishes its own sustainability report, and sets out its strategy, roles and responsibilities in its Sustainability Policy.

HICL's Investment Manager, InfraRed, has a dedicated sustainability team which is responsible for developing and implementing its sustainability strategy and programme and acting as a central knowledge point for sustainability matters. The Head of Sustainability works closely with Senior Management and Investment Committee members to ensure that they in turn integrate sustainability initiatives within their business areas and funds under management. Moreover, InfraRed believes that it is the responsibility of all its staff to integrate sustainability throughout their day-to-day roles, be that sourcing and executing new investments, managing sustainability considerations within the portfolio, communicating performance to investors or delivering InfraRed's central functions.

Monitoring portfolio company governance via the ESG survey

In addition to active asset management through setting clear expectations, using governance rights through Board directorships and conducting regular site visits, the Company also uses the Investment Manager's annual sustainability survey as a tool to assess performance against a set of sustainability metrics.

InfraRed's annual sustainability survey is completed by all portfolio companies and provides a snapshot of performance which informs engagement activities for the year ahead.

Percentage of portfolio companies with the following policies in place

Health & Safety	100%
Anti-Bribery	100%
Conflicts of Interest	100%
Tax	100%
Sustainability matters	100%
Cyber-Security	99%
Diversity & Inclusion	100%
Whistleblowing	100%

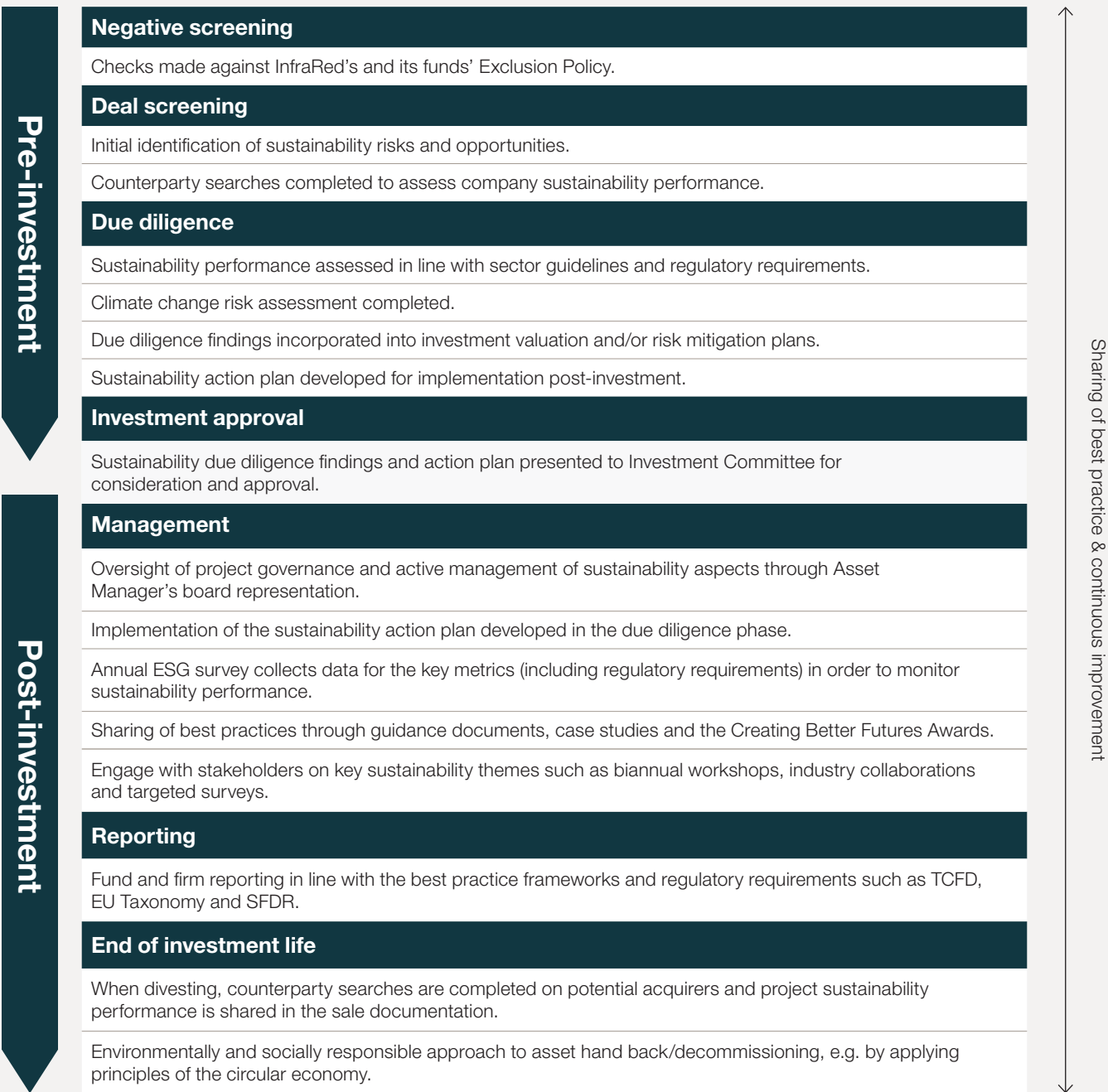
Investment policy, screening and management

For HICL’s investments, InfraRed employs a comprehensive investment and management framework that ensures material sustainability risks and opportunities are integrated into every stage of the investment lifecycle.

The framework spans the pre-investment activities, through to the management of the portfolio and corresponding reporting activities undertaken until the end of the investment life as depicted below.

InfraRed’s investment process requires that all new investments undergo a climate risk assessment prior to acquisition and are continuously working to ensure the findings are appropriately translated into technical and insurance due diligence as well as in financial valuation models.

Click here for [HICL’s Investment Policy](#)



Supply chains and cyber security

Promoting responsible supply chains

HICL recognises the importance of reinforcing its sustainability ethos and commitments throughout the operation and maintenance of its assets. This includes ensuring that the chosen suppliers mirror align with those same values and, in turn, provide a safe and healthy environment for their people.

Responsible supply chains are therefore prioritised by actively seeking out suppliers who have strong standards when considering potential supply chain risks in their operations and supply chains. Prior to investment, InfraRed takes primary responsibility for conducting due diligence to review prospective acquisitions against HICL's Sustainability Policy, which includes an assessment of HICL's potential exposure to modern slavery, human trafficking, and substandard working conditions. HICL will not knowingly support activities which amount to breaches of fundamental human rights, business ethics and compliance.

HICL engages with its portfolio companies and its direct service providers to confirm that critical policies on matters such as diversity and inclusion and modern slavery remain in place. In the year, for the second time, HICL's key service providers were asked to complete a code of conduct form as well as their usual self-assessment, allowing the Company to formally monitor compliance with key policies and standards. HICL's Management Engagement Committee, which considers how HICL's service providers adhere to its Sustainability Policy, reviewed the results and identified no material failings.

Promoting cyber security

HICL does not directly operate IT systems and relies solely on those of its service providers, particularly InfraRed. InfraRed works to safeguard information pertaining to HICL's assets, investors, and the wider company, its Cyber Risk Management practice is aligned with the Cyber Essentials Plus process.

To effectively undertake its duties as HICL's Investment Manager, InfraRed depends on precise and comprehensive data that is readily available to authorised personnel only. It is committed to safeguarding the information it holds on HICL's assets, employees, investors, and wider operations. The ultimate responsibility for cyber security sits with InfraRed's CEO, and there is a dedicated Technology team within InfraRed which manages its strategy, processes, and policies. Prudent cyber risk management practices are at the forefront of InfraRed's risk management framework and fully embedded within its operations.

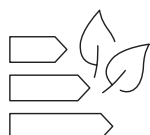
InfraRed's framework for cyber security is aligned with the Cyber Essentials Plus process, a UK government-backed cyber security scheme providing guidance to help organisations measure their defences against common forms of cyber attacks.

99%

**of assets reported
having a cyber security
policy in place**

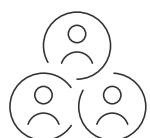
Looking forward

Key focus areas



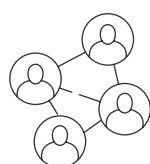
Aligning HICL's portfolio with net zero

HICL will continue to identify opportunities across the portfolio to enhance resilience and prepare and position assets to operate successfully in a lower-carbon, energy-resilient future.



Community initiatives

The Board and Investment Manager recognise the opportunity to go beyond the inherent benefits delivered by the Company's assets and encourage (both the company and the manager) initiatives which address the needs of their communities, clients, end users and other key stakeholders. InfraRed is prioritising the rollout of six community engagement initiatives it identified as being scalable across various assets within HICL's portfolio.



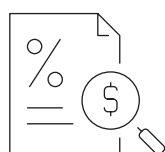
Demonstrating social value

The Company's sustainability strategy is set out on [pages 2 and 3](#) and remains underpinned by four key priorities: Environment, Communities, People and Governance. The Board and Investment Manager aim to maximise positive outcomes in the delivery of compelling shareholder returns and where possible, measure these.



Ensuring full regulatory compliance

HICL remains compliant with all applicable sustainability regulations. The Board and Investment Manager will work to ensure this remains the case as the regulatory landscape continues to evolve. This includes monitoring the development of upcoming regulations and assessing the potential eligibility of HICL's portfolio companies.



Progression of actions guided by HICL's robust governance framework

The significant expansion of the Company's share buyback programme, which will be funded by further asset disposals, demonstrates that the interests of the Company's Board, Investment Manager and shareholders are firmly aligned.

Basis of preparation

The information included below seeks to provide further background to the basis of preparing certain key metrics in this report. It is not exhaustive and should be read together with other methodological notes or information, particularly the About this report section and footnotes provided throughout the report.

Types of data and collection approach

Data included in the report generally falls into three categories and is collected through the following means:

1. Sustainability data

An annual survey, containing a set of quantitative and qualitative questions, is released to portfolio company management teams. This includes a request for data needed to calculate Scope 1, 2 and 3 GHG emissions in line with InfraRed's established GHG Inventory methodology, information about decarbonisation plans, and other supporting evidence to demonstrate the implementation of policies and initiatives. The survey is done via a dedicated web-based data management system, which ensures the data is systematically collected, reviewed and signed off.

2. Financial data

All financial data (valuations, revenues, etc.) relating to portfolio companies underlying portfolio companies is on an as-is basis from InfraRed's internal reporting systems, following sign off by the Investment Manager's Portfolio Management team.

3. Portfolio company characteristics

This includes information that helps HICL categorise its portfolio companies, such as sector, type, geography, investment status, etc. Such information is taken on as-is basis from InfraRed's internal reporting systems, following sign off relevant teams. In certain cases, InfraRed's Sustainability Team may need to make further deductions about HICL's portfolio companies which are documented as part of the report development process with supporting evidence attached.

Methodology

Metrics weighted by valuation to show the proportion of portfolio with a certain attribute or outcome

- There are generally two types of metrics that fall within this category: metrics that rely on responses to InfraRed's annual sustainability survey (and are generally based on binary responses), and metrics that require the categorisation of each portfolio company, which is performed by InfraRed's Sustainability Team with support from its Asset Management team. Portfolio companies for which waste generation, or water consumption, is predetermined as not material, are excluded from the calculation of such metrics. The scope of coverage for these metrics is annotated through the report with a footnote, for ease of reading.
- The metric is expressed as a percentage (%) and the calculation generally follows the following formula:

$$\frac{(\text{Total gross value of assets that meet the pre-defined criteria})}{(\text{Total gross value of assets in scope of this metric})} \times 100$$

GHG emissions

GHG emissions are calculated in line with InfraRed's GHG Inventory and internal methodology, which are aligned with the GHG Protocol and the PCAF standards.

Inventory

Some portfolio companies complete their own GHG inventories. While InfraRed does not perform data validation on these inventories, they are often subject to review and independent verification. These inventories are included in HICL's emissions inventory on an as-is basis.

Companies that have not completed an inventory in-house provide primary data and other information to InfraRed via the Investment Manager's annual GHG survey to calculate their GHG emissions. Portfolio companies complete the annual GHG survey to the extent they can, noting in some instances data is not available. Once the GHG survey has been completed and submitted, the input data is analysed by a GHG third-party consultant, including benchmarking to peers and comparison to previous reporting periods. Clarifications are then issued to management teams of the portfolio companies.

Remaining gaps are addressed by the third-party consultant with appropriate estimates and proxies, drawing on external databases or data for similar portfolio companies or extrapolations from previous period to the extent reliable. Scope 3 data is a combination of actual consumption (waste, water) and financial spend-based (goods and services, capital goods). The spend-based approach has accuracy limitations when estimating GHG emissions and is therefore used as an approach of last resort.

For assets under construction, where emissions data is not available from contracting parties, construction capex is used as a proxy to estimate emissions.

Emission factors

Where actual primary data is used to calculate Scope 1, 2 & 3 GHG emissions, emissions factors are sourced from the UK Government GHG Conversion Factors for Company Reporting for the respective period.

Where spend-based data is used for Scope 3 GHG emissions, EXIOBASE, a financial spend based database recommended by the GHG Protocol, is used to estimate emissions. It provides typical emissions factors per a level of spending (i.e., tCO₂e per EUR spend) for spend categories including, for example, IT services or equipment. Spending categories provided by portfolio companies are mapped against those listed in EXIOBASE, and assumptions are made where no direct match exists. Emission factors are then applied to relevant categories to estimate emissions. The latest EXIOBASE data is based on the year 2020 and Euro currency, so the default emission factors are adjusted for inflation and currency in the calculations.

Financed emissions

In accordance with the PCAF methodology, financed emissions are those emissions attributable to an investment fund or its manager based on the proportional share of equity held in the portfolio companies. The calculation is based on an attribution factor as set out below:

$$\text{Attribution factor} = \frac{(\text{Current value of equity investment in the portfolio company})}{(\text{Total Equity Value} + \text{Total Debt})}$$

Regulatory frameworks

EU Sustainable Finance Disclosure Regulation (SFDR)	<ul style="list-style-type: none"> – Compliant with Level 1 requirements which came into effect 10 March 2021. – Compliant with Level 2 requirements which came into effect on 1 January 2023 by incorporating the relevant PAI indicators into its ESG survey. – HICL has been classified as Article 8. – At this stage none of HICL's portfolio has been classified as 'Sustainable Investments' in accordance with the definition provided in Article 2(17) of SFDR. InfraRed plans to further analyse the PAI indicators, and align with broader industry interpretation of these requirements, in order to determine the extent to which HICL's portfolio may constitute a sustainable investment.
EU Taxonomy	<ul style="list-style-type: none"> – None of HICL's investments are currently assessed to be aligned with the EU Taxonomy, as this predominantly applies to assets with environmental characteristics rather than social characteristics. – InfraRed has assessed that approximately 17% of HICL's assets are likely to be eligible for the EU Taxonomy, but has not undertaken a formal assessment at this stage.
Taskforce on Climate-related Financial Disclosures (TCFD)	<ul style="list-style-type: none"> – HICL has been a TCFD supporter since 2020. – Physical and transition risks have been assessed for all assets and reported as part of the TCFD disclosures in this report. – HICL has been voluntarily reporting under TCFD since early 2020. – The Company's full TCFD report, prepared by InfraRed in accordance with section ESG 2.3.5 of the FCA Handbook, can be found in its 2025 Annual Report.
UK Sustainability Disclosures Requirements (SDR)	<ul style="list-style-type: none"> – At this time, HICL has chosen not to apply a sustainable investment label to itself, but the Company will continue to monitor the FCA's approach to labels. – InfraRed's Compliance team is working to ensure that HICL is complying with the anti-greenwashing rule as part of its SDR requirements. – The Investment Manager's consumer-facing and pre-contractual disclosures in respect of the Company can be found here. – This report constitutes the Company's public product-level sustainability report in line with the requirements set out in section ESG 5.5 of the FCA Handbook.
Sustainable Development Goals	<ul style="list-style-type: none"> – HICL contributes to several of the UN Sustainable Development Goals (SDGs). – HICL's contribution to the SDGs can be found earlier in this Sustainability Report and outlines our direct and indirect alignment.
The Corporate Sustainability Reporting Directive	<ul style="list-style-type: none"> – InfraRed has undertaken an assessment of HICL's portfolio to understand which assets will be impacted by the Corporate Sustainability Reporting Directive. This will not be applicable to any HICL assets before 2026.
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.
Net zero Asset Managers Initiative	<ul style="list-style-type: none"> – InfraRed has committed to reaching net zero across HICL's entire portfolio by or before 2050. – InfraRed's initial target disclosure was submitted in November 2022.
Principles for Responsible Investment	<ul style="list-style-type: none"> – InfraRed has been a signatory to PRI since 2011 and has reported under this framework since 2014. – InfraRed has maintained an A+ rating for Strategy and Governance since the 2015 assessment period. – InfraRed received a 4-star rating for the newly introduced Confidence Building Measures (CBM) module introduced in the 2023 assessment period.
Task Force on Nature-related Financial Disclosures (TNFD)	<ul style="list-style-type: none"> – InfraRed is monitoring the TNFD framework releases and is currently working to develop an approach to better understand HICL's impact on biodiversity.
Partnership for Carbon Accounting Financials (PCAF)	<ul style="list-style-type: none"> – HICL discloses its Scope 1 and 2 emissions, and material Scope 3 emissions in line with the PCAF standard.
GHG Protocol	<ul style="list-style-type: none"> – HICL discloses its Scope 1 and 2 emissions, and material Scope 3 emissions in line with the relevant standards and guidelines of the GHG protocol.

SFDR Principle Adverse Impact (“PAI”) Disclosures

In line with Article 7 of SFDR, the Company has reported in line with all 14 mandatory PAIs and 7 voluntary PAIs to provide a high level of transparency and to enable HICL’s shareholders to meet their own regulatory and voluntary reporting requirements.

The Sustainability Report outlines the actions already taken as well as actions planned in order for HICL to improve performance against these PAI indicators. To read about those specific metrics and goals, please see [pages 12-13](#).

All PAI indicators have been calculated in accordance with the requirements of Annex 1 of the SFDR Regulatory Technical Standards (RTS) and as indicated in the notes below.

Mandatory indicators¹

Adverse sustainability indicator			Metric	Unit	Metric as at 31 December 2024	Portfolio Coverage
Greenhouse gas emissions	1. GHG emissions (attributable)	Scope 1 GHG emissions	tCO ₂ e	27,926	98%	
		Scope 2 GHG emissions	tCO ₂ e	25,088	98%	
		Scope 3 GHG emissions	tCO ₂ e	41,562	98%	
		Total GHG emissions	tCO ₂ e	94,576	98%	
	2. Carbon footprint	Carbon footprint	tCO ₂ e/€m invested	25	98%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	tCO ₂ e/€m revenue	256	98%	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	%	0	100%		
5. Share of non-renewable energy consumption and production ²	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	%	86	97%		
6. Energy consumption intensity per high impact climate sector ³	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	GWh/€m	0.05	100%		
Biodiversity	7. Activities negatively affecting biodiversity- sensitive areas ⁴	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	%	0	100%	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes/€m	0	100%	

SFDR Principle Adverse Impact (“PAI”) Disclosures continued

Adverse sustainability indicator		Metric	Unit	Metric as at 31 December 2024	Portfolio Coverage
Waste	9. Hazardous waste and radioactive waste ratio ³	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes/€m	0.15	100%
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises ⁴	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	0	100%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	12	100%
	12. Unadjusted gender pay gap ⁵	Average unadjusted gender pay gap of investee companies	%	17	35%
	13. Board gender diversity ⁶	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	%	24	100%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	%	0	100%

Voluntary climate and other environment-related indicators

Adverse sustainability indicator			Metric	Unit	Metric as at 31 December 2024	Portfolio Coverage
Greenhouse gas emissions	4.	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	%	10	100%
	7.	Investments in companies without water management policies	Share of investments in investee companies without water management policies	%	6	100%

Voluntary indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Unit	Metric as at 31 December 2024	Portfolio Coverage
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	%	2	100%
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	RIDDORs per project	0.79	100%
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	%	3	100%
Human rights	11. Lack of processes and measures for preventing trafficking in human beings ⁷	Share of investments in investee companies without policies against trafficking in human beings	%	11	100%
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	%	0	100%

1 Calculated using valuation information as at 31 March 2025

2 Calculated as the average of each investee companies' share of non-renewable energy as a proportion of its total energy consumption

3 As per our interpretation of the material sectors based on NACE code categories A-H and J-L, the following sectors would be considered as high impact climate sectors: road, rail, power transmission and water treatment

4 This reflects the SFDR requirements where negative impacts are only reported if they are not being mitigated in accordance with environmental planning approvals

5 This metric refers to Affinity Water and Altitude Infra only, as these are the two assets in HICL's portfolio with the required number of employees to meet the criteria of this PAI. Portfolio coverage for this metric is shown as a proportion of the valuation of portfolio companies which have direct employees

6 Calculated as the average of each investee companies' board gender diversity

7 For the purposes of this metric we have assessed whether a project undertakes training and audit procedures in respect to the UK Modern Slavery Act 2015 or equivalent

Disclaimer

For Investment Professionals (as defined under FSMA 2000). Individuals without professional experience in matters relating to investments should not rely on this information

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**Past performance is not a reliable indicator of future returns.
Capital and income at risk.**



Find out more

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