

# Sustainability Policy

---

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

## About HICL

HICL Infrastructure PLC ("HICL" or the "Company") is a long-term investor in infrastructure assets which are predominantly operational and yielding steady returns. It was the first infrastructure investment company to be listed on the London Stock Exchange.

Today, the Company is a trusted steward of over 100 essential assets and has a responsibility towards the communities that the assets serve and, in many cases, to which the assets will be returned at the end of the defined contractual term. Operating in a sustainable manner lies at the heart of the Company's business model; it is fundamental for the successful delivery of its investment proposition and means ensuring that each portfolio company takes responsibility for its environmental, social and governance impacts, risk and opportunities.

The infrastructure in HICL's portfolio supports individuals, communities, societies, and their environment. With this comes a responsibility for HICL and its service providers to act with care, consideration and integrity. HICL is committed to meeting all local and national laws and regulations in the jurisdictions in which it operates.

HICL has an independent Board of non-executive directors who oversee HICL's Investment Manager, InfraRed Capital Partners ("InfraRed" or the "Investment Manager") which provides the day-to-day management of the Company and its investment portfolio.

## About InfraRed

InfraRed is a leading international mid-market infrastructure asset manager. Over the past 25 years, InfraRed has established itself as a highly successful developer, particularly in early-stage projects, and steward of essential infrastructure.

InfraRed manages US\$13bn<sup>1</sup> of equity capital for investors around the globe, in listed and private funds across both core and value-add strategies.

InfraRed combines a global reach, operating worldwide from offices in London, New York, Madrid, Frankfurt<sup>2</sup>, Sydney and Seoul, with deep sector expertise.

InfraRed has been a signatory to the Principles for Responsible Investment since 2011 and a member of the Net Zero Asset Managers initiative since 2021.

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

## Strategic Priorities

This Sustainability Policy seeks to articulate how HICL's responsibilities are discharged in order to mitigate risks and to create a positive impact beyond HICL's commercial objectives. It does this through the lens of HICL's four strategic priorities: **Environment, Communities, People** and **Governance**. These are the areas where we believe HICL's investments can generate the greatest sustainability outcomes. By focusing on these priorities, the Company aims to realise long-term positive value.

---

<sup>1</sup> Uses five-year average FX as at 31 December 2024 of GBP/USD of 1.2818; EUR/USD 1.1092. EUM is USD 13.186bn

<sup>2</sup> Being launched in H1 2025

## Environment

*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 carbon emissions from HICL's portfolio.*

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

- **Climate change** – delivering climate-resilient infrastructure, contributing to the energy transition and taking steps to reduce carbon emissions in the portfolio;
- **Nature** – Minimising environmental impacts, pollution and loss of flora and fauna; and reducing waste and the consumption of natural resources.

HICL is committed to supporting the objectives of the Paris Agreement<sup>3</sup>, in line with the global effort to achieve net zero GHG emissions by 2050 or sooner. In 2023, HICL set a target to have 50% of its portfolio by value aligning to, aligned with or at net zero by 2030, in line with the Net Zero Investment Framework<sup>4</sup>. A decade on from the Paris Agreement, the Company acknowledges that efforts 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 the net zero transition is expected to take a less linear path.

At the **pre-investment** stage, HICL commits to:

- Performing a climate change risk assessment to identify material physical and transition risks. The findings are incorporated into valuation models and post-investment action plans;
- Completing appropriate due diligence of the project's Environmental Impact Assessment (EIA) or equivalent;
- Ascertaining whether the project is located in or close to a biodiversity sensitive area; and
- Investigating how findings of the environmental studies can be accounted for in the design and construction of the project, where applicable.

At the **post-investment** stage, HICL commits to:

- Collaborating with portfolio companies to collect GHG emissions data, with an enhanced focus on Scope 3 given relative materiality and challenges of data availability;
- Collaborating with portfolio companies to monitor and reduce resource consumption;
- Engaging with the supply chain to align towards HICL's climate goals;
- Supporting the implementation of GHG reduction initiatives such as the sourcing/procurement of green energy for operational energy use; and
- Monitoring climate risks on an on-going basis and reporting in line with the Task Force on Climate-Related Financial Disclosures ("TCFD").

## Communities

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

By investing in projects that provide essential services to communities, such as educational and healthcare facilities, HICL's portfolio delivers inherent social benefits. The Board and Investment Manager recognise the opportunity to go beyond the inherent benefits delivered by these projects to the 35 million people who have access to them. HICL encourages its portfolio companies to create impact initiatives which address the needs of their communities.

For this reason, HICL is committed to:

- Promoting community engagement through active initiatives and campaigns;
- Addressing feedback from client insights surveys on critical issues;
- Focusing on social mobility by addressing unequal access to food and technology amongst children;
- Ensuring full-time use of the spaces we own to extend the reach of education and healthcare;
- Measuring the social impact of projects and outreach initiatives to better understand the needs of the communities we serve; and
- Working in partnership with public and private sectors to enhance the positive impact we have.

---

<sup>3</sup> The Paris Agreement is a legally binding international treaty on climate change

<sup>4</sup> 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

## People

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

The success of HICL's portfolio companies is driven by the talents, passion and wellbeing of their staff, as well as the staff of HICL's business partners along our supply chains and the staff of HICL's Investment Manager. We are committed to promoting the fair and safe treatment of people involved either directly or indirectly in the development and operation of our projects.

HICL therefore undertakes to:

- Promote a responsible supply chain through pre-investment requirements and alignment with best practice frameworks, including the United Nations Global Compact Principles, United Nations Guiding Principles on Business and Human Rights and the Organization for Economic Cooperation and Development ('OECD') Due Diligence Guidance for Responsible Business Conduct;
- Engage with its service providers to ensure adherence to the Company's code of conduct, including adherence to relevant laws and regulations;
- Engage with portfolio companies and their supply chain to confirm critical policies remain in place, such as Diversity & Inclusion and Modern Slavery
- Ensuring the highest levels of health and safety are maintained at our portfolio companies through monitoring of actual performance (including near misses) at both the portfolio company level and HICL Risk Committee level

InfraRed actively encourages its staff to volunteer on-the-ground to improve understanding of challenges faced by local communities. Adherence to InfraRed's sustainability policy and contributions to sustainability are embedded into InfraRed's partners' and employees' performance objectives.

## Governance

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

Responsible investment practices and strong ethics and integrity in governance are key to long-term success – this includes health & safety, managing conflicts of interest, and maintaining policies. Equally important is strong alignment between the Company, the Investment Manager and the wider stakeholders of the company, including its shareholders. This is ensured through the oversight and challenge provided by the Board and its committees and evidenced through InfraRed's track record.

HICL maintains ethics and integrity in governance via three key areas (discussed in greater detail below):

1. Integration of material sustainability factors into the investment process
2. Active asset management
3. Reporting key metrics and targets and maintaining transparency with our stakeholders in line with international reporting frameworks

### **Integration of material sustainability factors into the investment process**

InfraRed employs a comprehensive sustainability investment framework, based on a foundation of robust guiding principles, ensuring that sustainability is integrated into each stage of the investment process; from negative screening against the firm's exclusion list, deal screening, due diligence, the investment approval, ongoing management and reporting throughout the ownership period until the concession period expires or HICL exits the investment.

As part of the investment process, the Investment Manager will conduct extensive due diligence on portfolio companies to ensure that they are following good governance practices. This includes public data searches on investee companies to identify the existence of any material sustainability breaches or incidents. The Investment Manager also undertakes detailed due diligence on material sustainability factors based on the specific characteristics of the project.

### **Active asset management**

Active management, stewardship and engagement initiatives are essential in fulfilling our duties as a responsible long-term investor. InfraRed typically represents HICL on the board of portfolio companies with governance rights to ensure sufficient controls and protections are in place within portfolio companies. This ensures that portfolio companies are aligned with standard policies and local regulations in relation to good governance and health and safety standards.

### **Metrics, targets, reporting and transparency**

All HICL portfolio companies are required to complete an annual sustainability survey. This enables the HICL team to measure each portfolio company's performance against a set of bespoke sustainability metrics. The survey serves as an annual review of sustainability performance, enabling HICL to create an action plan for areas that require further attention in the following year.

The survey is updated annually to reflect best practice and regulatory requirements, for example the survey now incorporates the Principle Adverse Impact Indicators ("PAII") mandated by the SFDR.

The Company provides its investors and other key stakeholders with details on its progress against sustainability commitments and sustainability metrics and targets through HICL's annual sustainability reports, annual and interim reporting and other ad hoc communications.

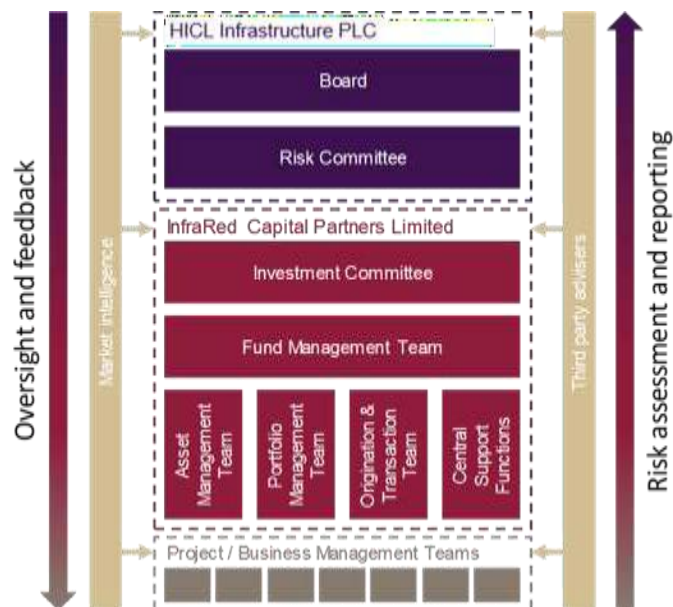
### Roles and responsibilities

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

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

### HICL's Reporting Structure

The graphic below shows HICL's reporting structure and the way in which the Board, Managers and our Portfolio Companies interact. By collecting and aggregating data across the portfolio, areas of improvement can be identified and used to make more informed investment decisions.



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

Signature:

Mike Bane

Chair

Date: 20 May 2025

