InfraRed
Capital Partners

Sustainability Report 2025

Welcome to InfraRed's Sustainability Report 2025

About this report

This is the fifth consecutive sustainability report published by InfraRed Capital Partners Limited (InfraRed). It provides an update to our stakeholders on our sustainability approach, priorities and performance in both our investments and within our operations. The information presented in the report covers the 12-month period ending 31 December 2024 (reporting period), unless stated otherwise. Terms such as 'we' and 'our' refer to InfraRed.

In developing this report, we have considered the needs of a range of stakeholders, primarily focusing on investors in funds managed by InfraRed, and regulators.

The report contains certain climate-related financial disclosures, indicated with 'TCFD', in compliance with the requirements set out in chapter 2 of the Financial Conduct Authority (FCA)'s Environmental, Social and Governance sourcebook ('ESG Sourcebook') that requires InfraRed to publish an entity-level report consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD index on page 31 outlines where to find our disclosures against each of the TCFD recommendations.

A summary of the methodology used to calculate quantitative metrics is included in the Basis of Preparation section of this report. Any information provided by third parties is believed to be reliable but has not necessarily been verified by InfraRed.

In this report

A message from our CEO
Jack Paris

Dear stakeholder,

2024 was another active and progressive year for InfraRed, with transactions that exceeded USD 1.5bn and the closing of our latest value-add fund, with capital commitments above USD 1bn. At the heart of this activity was the same long-term investment mindset to deliver lasting value for investors and societies that we have employed for the past 25 years.

This investment philosophy is underpinned by a pragmatic, yet robust sustainability approach, adapted to each fund's specific investment objectives. This helps us capitalise on opportunities, build resilience and preserve the value of our investments, as well as strengthen relationships with key stakeholders. The progress that we have continued to make on our sustainability priorities during 2024, which we set out in this report, further reinforces the value of our approach.

Seizing opportunities

We have continued to seize attractive investment opportunities, including those presented by the transition towards a lower-carbon, energy-resilient economy. Since the start of 2022, we have allocated over USD 2.3bn in aggregate to climate solutions predominantly in strategic investments in operational utility-scale renewables and decentralised energy solutions.

Building resilience

Beyond our active investment approach, we implemented a range of initiatives to better understand and manage risks across our portfolios with a view to building long-term resilience. We focused on addressing risks related to intensifying climate hazards, growing regulatory uncertainty, nature degradation and biodiversity loss, and labour practices in the supply chain.

Impactful community initiatives

Our investments are critical for the functioning of societies and the economy. In 2024, we continued to look for opportunities to strengthen relationships with and address challenges faced by the many stakeholders benefiting or involved in the delivery of essential services by the 240+ infrastructure assets we manage globally. We have seen great success in scaling up initiatives such as 'Community Fridges', 'Re-circulate' and 'Purple Book' and have further shared these across our portfolio through our Creating Better Futures awards.

As we move into 2025 and beyond, I am confident that InfraRed will continue to innovate and adapt, including on our approach to sustainability, and empower our employees to deliver lasting value for investors and societies.

Thank you for your continued trust and support.

Warm regards,

Jack Paris
CEO
April 2025

In 2024, InfraRed expanded its team with the appointment of Ivo Dimov as Head of Sustainability. Read about his thoughts on the current landscape and the evolution of InfraRed's sustainability approach page 8

InfraRed at a glance

TCFD

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[1] 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, Munich[2], Sydney and Seoul, with deep sector expertise.

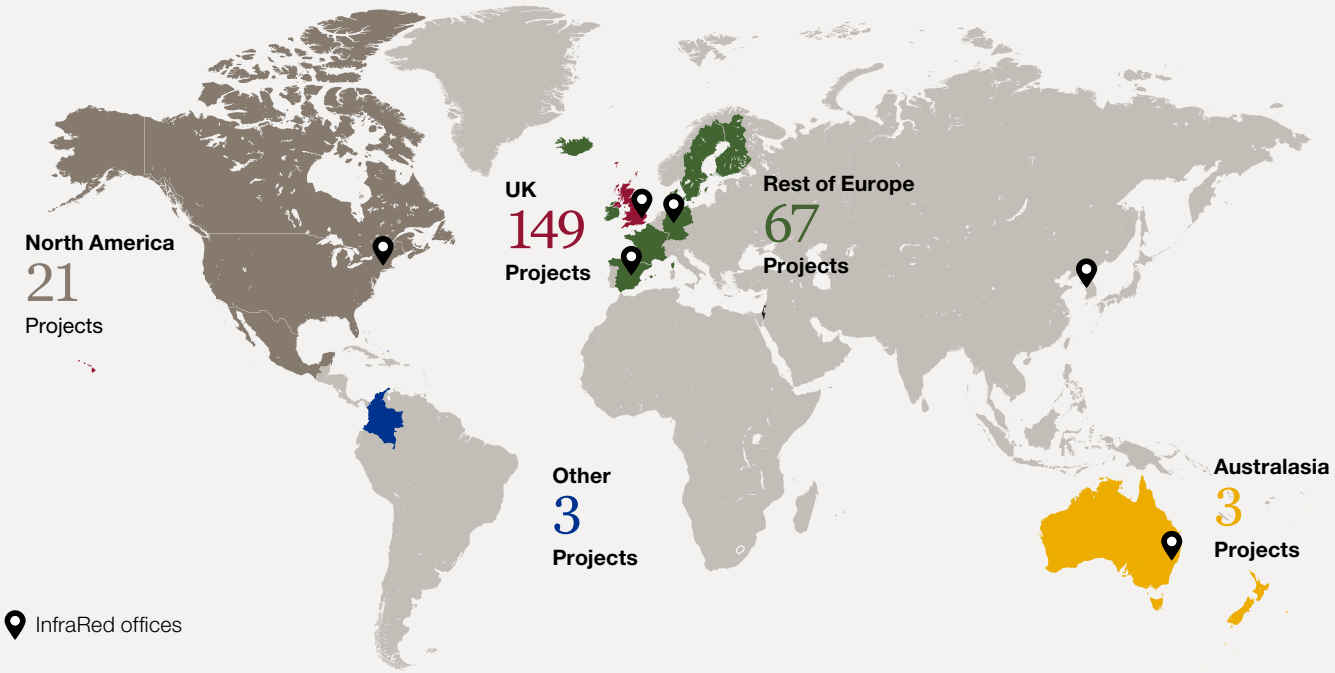
240+
Infrastructure projects[3]

$13bn+
Equity under management[1]

160+
Staff

Our geographical reach

Infrastructure projects and offices



1 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
2 Being launched in 2025
3 As at 31 December 2024

Our investment philosophy

We aim to achieve compelling, risk-adjusted investment returns[1] from essential infrastructure that is critical to the functioning of societies and economies. Investing for the long-term is central to our approach as we aim to deliver lasting value for investors through infrastructure that influences the lives of millions of people.

InfraRed has a range of value-add and core strategies – all targeting essential, high-quality, mid-market infrastructure. Our investments span a wide variety of assets and equity structures, including Public Private Partnerships and operating companies that create new infrastructure, generally targeting three investment themes: Energy Transition, Communications and Digital infrastructure, and Social and Transport infrastructure.

Investment themes

Social and Transport

43%

of portfolio by value[2]

Megatrends

Shifting demographics, Urbanisation, Electrification, Decarbonisation

Typical sectors

Hospitals, Schools, Roads, Rail networks

Energy Transition

45%

of portfolio by value[2]

Megatrends

Energy security, Electrification, Decarbonisation, Resource efficiency

Typical sectors

Renewables, Distributed energy, Energy supporting infrastructure

Communications and Digital

12%

of portfolio by value[2]

Megatrends

Social connectivity, Digitalisation, Generative artificial intelligence

Typical sectors

Fibre networks, Mobile towers, Data centres

Select recent transactions

Realisations

Statera

An early investor in the UK energy storage space, InfraRed helped Statera realise its early-mover advantage in the sector by securing optimally located development sites and forming key strategic partnerships.

Jaguar solar

An early-mover in the opening of the Mexican power sector to private investments, InfraRed supported the 216MW solar PV company to secure strategic development sites, establish strong local partnerships, and create a proprietary market route.

New investments

Mesteno Wind

A 202-megawatt operational onshore windfarm in south Texas, US, that sells power on a merchant basis in the wholesale market.

Voltan Energy

A decentralised energy company based in Finland that installs and operates ground-source heat pumps in multi-dwelling units and other large buildings, with growth ambition both locally and internationally.

1 Past performance is not a reliable indicator of future results

2 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December 2024. Valuations as at 31 December 2024 or the closest available date. Digital 9 Infrastructure Plc is excluded

Creating lasting value

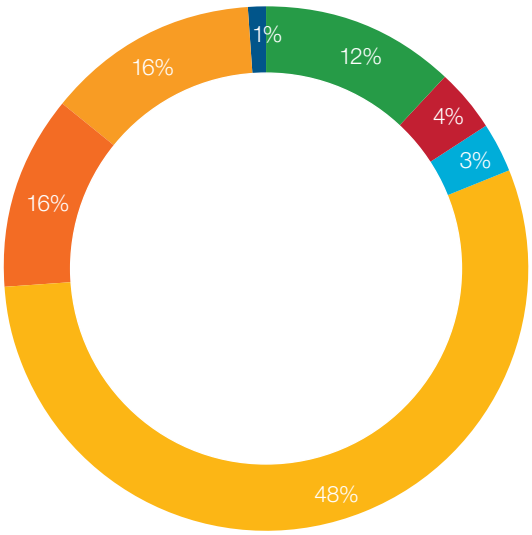
Our contributions

Through disciplined investment selection and active management of assets, InfraRed aims to perform through all market cycles and conditions to produce resilient, risk-adjusted returns[1] for our investors.

Our infrastructure investments connect people and businesses, support the delivery of essential services, generate sustainable energy, and create local jobs – enabling economies and societies to thrive. By leveraging our position and scale we create lasting value for investors and societies.

The scale and contributions of the portfolio are presented on this page. We have also shown below the alignment with seven of the 17 Sustainable Development Goals (SDG).

Alignment with the SDGs[4]



3: Good health and wellbeing	12%
4: Quality education	4%
6: Clean water and sanitation	3%
7: Affordable clean energy	48%
9: Industry, innovation and infrastructure	16%
11: Sustainable cities and communities	16%
16: Peace, justice and strong institutions	1%

Delivering compelling returns[1] to investors...

Social and Transport

USD 5.3bn

portfolio by value[2]

The scale of the portfolio[3]

41
projects including schools, universities, colleges, libraries, and training facilities that facilitate the provision of essential learning outcomes

22
public services projects including prisons, police and fire stations, judicial courts, housing accommodation, defence and government buildings

22
projects including road, rail and ferry assets which support sustainable and resilient transportation of people and goods

37
projects that support good health and wellbeing including hospitals and community health facilities

2024 contribution[5]

10.2mn
people with direct access to healthcare facilities facilitated by our investments

2.3mn
people served by courts, fire stations and police stations in our portfolio

5.4mn
individuals used our roads and railways

125,000+
student places across school, college and university facilities

1 Past performance is not a reliable indicator of future results
2 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December 2024. Valuations as at 31 December 2024 or the closest available date. Digital 9 Infrastructure Plc is excluded
3 As at 31 December 2024
4 Assumed that each investment is aligned with only one primary SDG
5 Calculated based on publicly available data collected by InfraRed with regards to the average annual number of people served by the Social and Transport projects. Where data is not available, zero is assumed
6 Based on data provided relevant projects in the portfolio. Where data is not available or the metric is not relevant to the project, zero is assumed

...by investing in essential infrastructure that supports economic growth and well-functioning societies

Energy Transition

USD 5.5bn

portfolio by value[2]

Communications and Digital

USD 1.4bn

portfolio by value[2]

The scale of the portfolio[3]

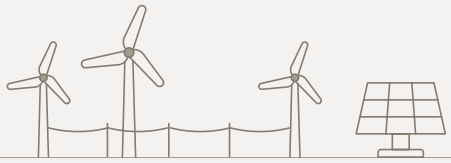
112

infrastructure projects supporting the generation and provision of clean, reliable energy, including onshore and offshore windfarms, solar PV parks, distributed energy, energy storage, electricity transmission and electric vehicle (EV) charging

The scale of the portfolio[3]

8

digital infrastructure projects which provide essential connectivity and data computing required to support the functioning of modern economies



2024 contribution[6]

11.3TWh

of clean energy generated, sufficient to power the equivalence of 2.0 mn homes

590GWh

of flexible energy storage capacity used

357MW

capacity in development or construction

2024 contribution[6]

9.8mn

consumers provided with connectivity through fibre and communication towers

4MW

of operational data centre capacity

Our integrated approach to sustainability

TCFD

InfraRed adopts a long-term investment mindset and an integrated, holistic approach to sustainability with a view to enhancing risk-adjusted returns[1] for investors. We believe our approach enhances our ability to capture additional opportunities and appropriately manage risks.

InfraRed signed up to the Principles for Responsible Investment (PRI) in 2011 and has since developed and implemented a comprehensive investment and management framework that ensures material sustainability risks and opportunities are integrated into every stage of the investment lifecycle.

Sustainability considerations are incorporated into the design and launch of new funds, acknowledging evolving investor preferences and regulatory requirements. Our approach is supported by robust governance, risk and oversight practices which are outlined on the next page.

Our approach is outlined in more detail in InfraRed's Sustainability Policy, which is reviewed and approved by InfraRed's Board annually. The policy is accessible on InfraRed's website: www.ircp.com.

Our approach focuses on the following four thematic priority areas that we believe are most pertinent to our business and the portfolios we manage.

Climate

Read more on page 10

Environment

Read more on page 20

Communities

Read more on page 24

People

Read more on page 28

Key aspects of how we identify and manage sustainability risks and opportunities include:

Pre-investment
Develop a holistic view on risks and opportunities

→

Post investment
Build resilience, capture new opportunities and strengthen relationships with key stakeholders

Due diligence and approval

- Screening against investment restrictions and exclusions
- Comprehensive assessment of material sustainability risks and opportunities specific to each investment
- Climate risk exposure assessment conducted as standard
- Assessment findings factored into the investment process/proposal and where relevant are incorporated into the post-investment action plans

Stewardship and engagement

- Active asset management through board representation and governance rights
- Regular dialogue with investee company management on sustainability matters
- Periodic portfolio-wide climate risks assessment with findings shared with management teams alongside risk mitigation guidance for consideration
- Sharing best practice through guidance documents, case studies and sustainability summits
- A dedicated portfolio impact strategy to scale the roll out of initiatives across the portfolios
- Collaboration with service providers, governmental agencies, and industry associations
- Sustainability considered in preparation for exit or project decommissioning

Monitoring and reporting

- Ongoing monitoring of sustainability risks and opportunities at project and portfolio levels, including those related to climate change
- Material risks and opportunities reviewed at portfolio quarterly review meetings
- Annual data collection surveys assessing progress and identifying areas for improvement
- GHG emissions calculated annually across portfolio, with specialist support
- Fund-specific sustainability reporting to investors aligned with industry frameworks and regulatory requirements

1 Past performance is not a reliable indicator of future results

Governance and oversight

InfraRed is committed to high standards of corporate governance, including matters related to sustainability and climate. We maintain a comprehensive set of policies and tailor our decision-making processes to the nature and scale of our business and investments.

Oversight

InfraRed's Board sets the strategic direction and considers all material factors, including those relating to sustainability. The Board reviews and approves InfraRed's Sustainability Policy and receives quarterly updates on sustainability matters from the InfraRed's sustainability team.

Each fund's **Investment Committee** (IC) considers sustainability risks and opportunities, ensuring that applicable requirements have been followed, such as examining due diligence findings, considering how sustainability factors may affect investment returns and conducting quarterly portfolio reviews.

Management

InfraRed's **Investment Management** teams (Investments, Asset Management, Portfolio Management and Fund Management) oversee the management of sustainability risks and opportunities from screening through investment approval to ongoing asset management and eventual disposal/decommissioning. Investment-specific risks and opportunities are timely reported to each fund's Investment Committee with appropriate mitigation approaches.

The dedicated **Sustainability Team** provides subject matter expertise, sets goals, and implements programmes, working closely with the wider business to integrate sustainability considerations.

Central risk and control functions (Legal, Governance, Operational Risk and Compliance) support the identification and management of sustainability risks across the business and investment portfolios. All staff receive periodic training on sustainability matters.

Risk Management

Sustainability-related risks and opportunities are managed using the firm's operational and investment risk management frameworks.

These frameworks ensure that both current and emerging risks are appropriately identified, assessed, monitored, mitigated, and governed following the 'three lines of defence' model principles.

The Sustainability Team reviews its key sustainability processes and controls, quarterly, reporting outcomes to the Operational Risk Team and the Board's Governance, Risk and Oversight (GRO) Committee, as necessary.

Within our corporate operations

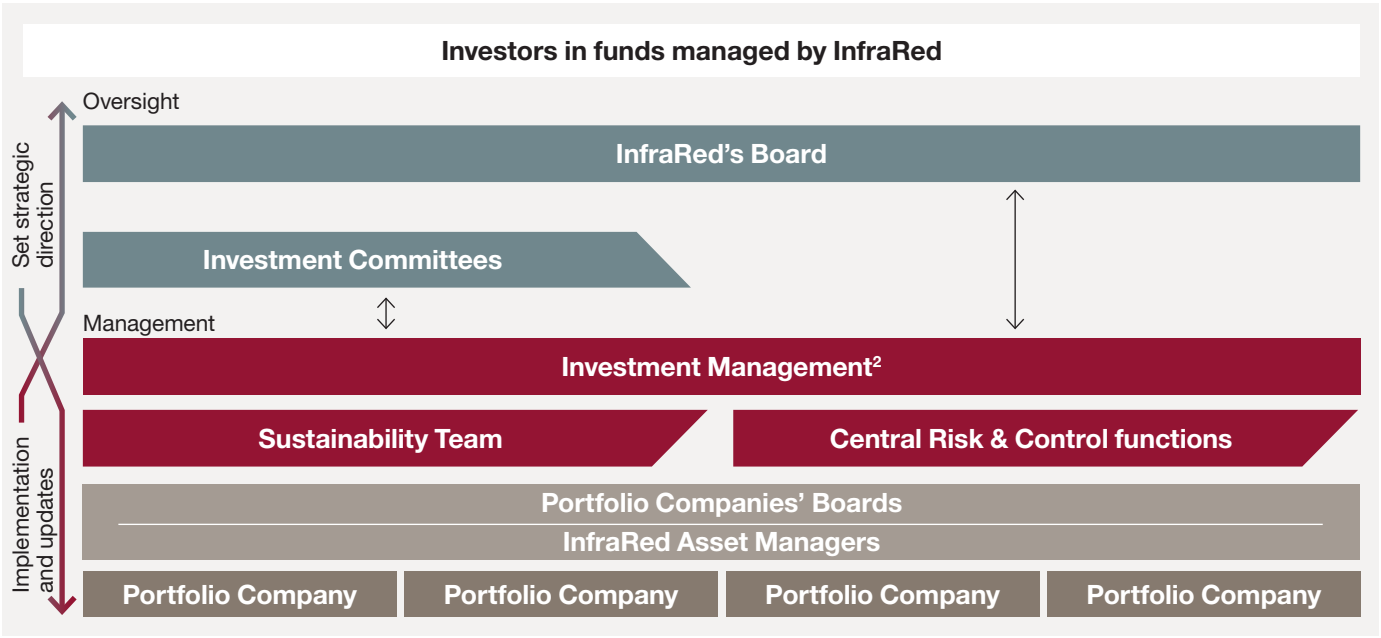
InfraRed is committed to achieving its strategic objectives by upholding high standards of business conduct in all of its activities. Annual reviews of Global Policies, Code of Conduct, Employee Handbooks and Third Party Risk Management Policy ensure they remain effective for assessing and addressing risks related to staff and supply chains.

Our supply chain primarily supports our core investment management activities, global offices, and technological infrastructure. Sustainability due diligence is carried out for new or renewed critical and material suppliers to identify and manage potential risk exposure, covering factors such as climate-related risk, modern slavery, and regulatory compliance. Our approach to modern slavery and human trafficking is outlined in our Modern Slavery Statement, available on our website: www.ircp.com.

Cyber security and data protection

InfraRed prioritises safeguarding information for our employees, projects, investors, and the wider company. Cyber risk management is embedded throughout the business and is based on a comprehensive set of policies, standards, and best practices. It is aligned with the Cyber Essentials Plus[1] and the NIST cyber security frameworks.

In 2024, InfraRed distributed a detailed questionnaire to all portfolio companies and managed service providers (MSPs) to assess their approaches to cyber risk management. With participation from 170 portfolio companies, results highlighted strengths in data encryption and limited dependence on externally facing applications. InfraRed remains dedicated to collaborating with these companies to drive further improvements. Our ongoing efforts ensure that we stay ahead of emerging cyber threats and maintain the highest standards of security.



1 UK Government-backed cyber security scheme that provides guidance to help organisations of all sizes measure their defences against common forms of cyber-attacks
2 Includes InfraRed's Fund Management, Portfolio Management, Investment and Asset Management teams

Q&A with InfraRed's Head of Sustainability

Ivo Dimov

What are your reflections on InfraRed's sustainability journey?

I have long admired InfraRed's commitment to sustainability, and I am thrilled to contribute to the firm's continued success. Over recent months, I have seen firsthand a genuine conviction across the firm that adopting sustainability principles helps create stronger and more resilient infrastructure ventures.

Looking back, InfraRed's approach to sustainability has evolved considerably over the last decade, guided by the same principles of commercial value, business integration and industry collaboration. Four years into our current sustainability strategy, I am pleased with the tangible progress across the firm and its investments. Two areas stand out to me: the adoption of ambitious goals and demonstrable progress on climate, and the implementation of innovative community initiatives across the portfolio.

How are recent shifts in the sustainability landscape shaping InfraRed's approach?

In the past two decades since I've been involved in sustainability, the topic has become mainstream in many spheres of economy and society. This has been largely due to shifting investor and consumer expectations and increasing regulatory pressure. Despite gaining traction, recent heightened scrutiny, political pushback and regulatory complexity will present new challenges for private market investors, alongside potential rewards.

In this context, I believe it is important for us to remain consistent in our approach, reaffirming that the real opportunity lies in integrating sustainability as a driver of value enhancement, innovation, differentiation, and resilience. That is why our focus will remain sharp on delivering compelling returns[4] to investors, with sustainability playing an important role.

What strategic priorities will guide InfraRed's sustainability efforts in 2025 and beyond?

As we enter 2025, it is important to consider how this evolving landscape feeds into the refinement of InfraRed's sustainability strategy in order to support our competitive edge. My main priority will be zeroing in on sustainability as a value driver - from how we evaluate investment opportunities to scaling up meaningful sustainability actions across our portfolios and capturing the outcomes at exit.

To achieve this at scale, we will continue to leverage technology for actionable insights and operational efficiency, and build capacity among stakeholders to address key challenges and implement innovative initiatives. We will also look at evolving our sustainability communications and disclosures to convey our progress and results more effectively.

2024 Highlights

Five-star PRI ratings[1]

★★★★★
Policy, Governance and Strategy module

★★★★★
Direct – Infrastructure module

★★★★★
Confidence Building Measures module

Building and expanding capacity

Held summits with portfolio companies to share best practice and discuss data quality

Contributed to industry initiatives, guidance development and webinars convened by the UK IPA, GIIA, PRI, iCI, and IIGCC[2]

Enhancing portfolio outcomes

13
portfolio company initiatives recognised as Gold Standard in the 2024 Creating Better Future (CBF) awards, adding to a total of 30 since 2022

92%
average score achieved in our 2024 sustainability survey[3]
(2023: 91%)

1 Principles for Responsible Investment (PRI) scores are expressed in stars, with 5 stars being the maximum. PRI assessment is the largest global assessment on responsible investment. Its methodology is available here: https://www.unpri.org/signatories/reporting-and-assessment
2 UK Infrastructure and Projects Authority (IPA), Global Infrastructure Investor Association (GIIA), Initiative Climat International (iCI) and the Institutional Investors Group on Climate Change (IIGCC)
3 The survey is based on calendar year. Response rates: 96% in 2024 and 95% in 2023
4 Past performance is not a reliable indicator of future results

Progress towards our sustainability priorities

Thematic priority	What we aim to achieve	2024 progress
Climate		
Capitalising on investment opportunities related to the energy transition	50% of portfolio (by value) to be invested in climate solutions by 2025	60% of in-scope[1] portfolio (by value)[3] allocated to climate solutions
Addressing transition climate risks with focus on portfolio decarbonisation	70% of in-scope AUM to be aligning, aligned or net zero by 2030 90% of attributable emissions to be subject to engagement and stewardship actions by 2030	63% of in-scope[1] portfolio (by value)[3] is aligning, aligned or net zero 82% of in-scope[1] portfolio attributable emissions have been subject to engagement on decarbonisation
Building resilience to physical climate risks	Preserve the value of our investments from physical climate risks	74% of portfolio (by value)[2,3] have updated their risk register to reflect the findings of the climate risk assessment
Environment		
Responsibly managing natural resource consumption	100% of portfolio (by value) with material water consumption to have reduction initiatives in place by 2025 100% of portfolio (by value) with material waste generation to have reduction initiatives in place by 2025	85% of portfolio (by value)[2,3] with material water consumption have implemented reduction initiatives 78% of portfolio (by value)[2,3] with material waste generation have implemented reduction initiatives
Understanding and minimising our impact on biodiversity	Build resilience of investments that are likely to be affected by risks related to biodiversity loss	84% of portfolio (by value)[2,3] have implemented initiatives with a positive impact on biodiversity
Communities		
Scaling up our community initiatives	50 submissions by portfolio companies to the InfraRed Creating Better Futures Awards by 2025	60 submissions to the Creating Better Futures Awards
Addressing community and client needs	Mitigate human rights risks in investments' supply chains, where relevant	Have implemented supplier due diligence for battery and solar PV investments with potential sourcing exposure to higher-risk regions
People		
Fostering an inclusive culture at InfraRed	Cultivate a team with different perspectives, experiences and approaches	Continued to develop and implement several initiatives around a three-pillar framework to attract, develop and retain talent (see page 29)
Promoting health and safety in the portfolio	Minimise accidents and promote a safety culture across portfolios	97% of portfolio (by value)[2,3] has been subject to independent health and safety inspections in the last year

1 90% of portfolio by value, as at 31 December 2024, is considered in scope of this metric. This excludes two funds that are currently being divested as InfraRed cannot impose obligations on future owners

2 Based solely on responses from portfolio companies to our 2024 sustainability survey; which received a response rate of 96% of portfolio by value as per footnote 1. Portfolio companies which did not respond to the survey are excluded from the calculation

3 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December 2024. Valuations as at 31 December 2024 or the closest available date. Digital 9 Infrastructure Plc is excluded

TCFD

Climate

Overarching goal

Investing in the energy transition, delivering climate resilient infrastructure and improving energy efficiency and decarbonising existing projects

Our focus areas for 2024

Capitalising on investment opportunities related to the energy transition

Addressing transition climate risks with focus on portfolio decarbonisation

Building resilience to physical climate risks

CBF awards: Gold Standard climate initiatives 2024

Perimetral de Oriente de Cundinamarca

Municipal water bank to address water shortages

Investment strategy: Value-add

Blankenburg Tunnel

White-reflecting asphalt improving energy efficiency

Investment strategy: HICL

Altitude Infra

Decentralised Solar PV energy generation

Investment strategy: HICL, European Income Fund

The shifting paradigm of the energy transition

A decade since the Paris Agreement, the ultimate global goal has evolved from achieving net zero emissions to securing a net zero, energy-resilient future, recognising the profound link between energy security and affordability and economic resilience.

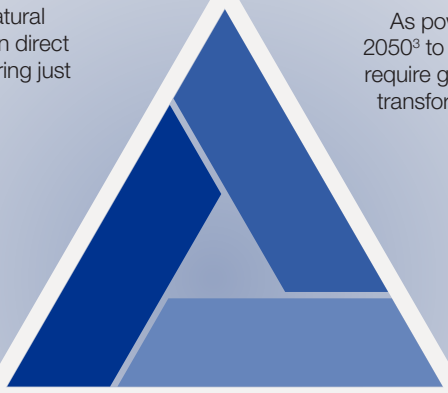
The global journey towards lower greenhouse gas (GHG) emissions is complex and at the current pace of decarbonisation is likely to take longer than expected. The transition needs to carefully balance the trade-offs between geopolitical stability, economic prosperity and limiting the most adverse impacts caused by the changing climate.

Growing urgency for decarbonisation and building climate resilience

The last decade (2015-2024) represented the ten warmest years on record since the industrial revolution[1]. In 2024 alone, global natural catastrophes resulted in USD 417bn in direct economic costs, with insurance covering just over a third (USD 154bn)[2].

Energy addition, not just energy transition

As power generation is expected to triple by 2050[3] to meet growing demand, the transition will require going beyond renewables; scaling up and transforming our existing infrastructure and the entire global energy system.



Energy security and affordability must not be compromised

Recent geopolitical events have escalated energy security as top priority for policymakers in the developed economies, recognising its paramount role in economic prosperity and the functioning of societies.

1 World Meteorological Organization, January 2025 report based on six international datasets
2 Gallagher Re, Natural Catastrophe and Climate Report 2024, January 2025
3 IRENA, World Energy Transitions Outlook 2023 Preview, March 2023

Enhancing the climate resilience of our business and the portfolio

We believe that thoughtful consideration of climate-related risks and opportunities into the design of new products as well as our investment decisions and management of portfolios plays an important role in the long-term resilience of our business.

By capitalising on the growing opportunities presented by the energy transition and limiting the adverse financial impacts of climate-related risks we can help enhance our capability to deliver sustainable risk-adjusted returns[1] for investors.

As outlined in **Our integrated approach to sustainability**, we undertake several complementary approaches to identifying and assessing climate-related risks and opportunities. In addition to evaluating specific investment opportunities, InfraRed engages climate risk specialist advisors on a periodic basis to conduct a detailed, scenario-based climate risk exposure assessment of our portfolios utilising the latest available climate science.

We combine this analysis with sector and geography specific insights from our experienced Investment Management teams on a range of factors (energy prices, policy changes, market dynamics) to determine the climate-related risks and opportunities that are most pertinent to our business and investment portfolios. These risks and opportunities are summarised in the table below.

The impact may vary depending on an array of factors, including the type of investments, geographical or sectorial focus, and the external policy and market environment. In general, we consider three time horizons: short term (0 to 5 years), medium term (5 to 15 years) and long term (15+ years).

Risk / opportunity description		Potential impact in the short to mid term	Potential impact in the long term	
			'>4°C' scenario	'1.5°C' scenario
Climate-related opportunities				
Transition	Capitalising on investment opportunities related to energy transition infrastructure with attractive risk-return profile for InfraRed funds.	Moderate to Heightened	Moderate to Heightened	Heightened
		– Enhanced fund performance and track record – Enhanced valuation of relevant investments		
	Developing our proposition to meet the growing investor preference for investment products targeting the energy transition.	Moderate to Heightened	Moderate to Heightened	Heightened
		– Growth in EUM and revenue through funds targeting the energy transition – Enhanced brand and market position		
Climate-related risks				
Physical: acute and chronic	Adverse impacts on infrastructure assets or their supply chains from extreme weather events (floods) and chronic shift in climate patterns such as temperature or precipitation.	Limited	Limited to Moderate	Limited
		– Reduced asset valuations and/or fund performance affecting historical track record – Increased operating cost (including insurance) for affected investee companies and / or their clients – Increased CAPEX for affected investee companies and / or their clients – Decreased revenue of affected investee companies due to downtime or operational or supply chain disruptions		
Transition: supply chain	Fluctuations in input costs and resource availability or disruptions in the supply chain due to climate change.	Limited	Limited	Moderate
		– Increased cost of input materials for affected investee companies – Decreased valuation of affected investments		
Transition: products	Change in demand for our products due to insufficient ambition on climate change.	Limited	Limited	Limited to Moderate
		– Decrease in investor interest or diminished demand for our funds – Adverse stakeholder perceptions affecting InfraRed's brand and market position		
Transition: policy, regulatory and legal	Volatility of energy and climate-related policy and regulations. A rise in legal actions connected to the responses to climate change, or the absence thereof.	Limited to Moderate	Limited to Moderate	Moderate
		– Regulatory uncertainty around market incentives and policy drivers such as levies, subsidies, carbon tax or pricing, etc; and future cash flows – Increased cost of compliance for funds and/or investee companies – Adverse stakeholder perceptions		

1 Past performance is not a reliable indicator of future results

Capitalising on investment opportunities related to the energy transition

2024 saw a record USD 2.1tn[1] investment in the energy transition worldwide, up 11% from the previous year. The majority of investments were in technologies that are proven, commercially scalable and have established business models. Investments in the energy transition support system-wide decarbonisation and sustainable practices across industries. We continue to see and selectively capitalise on attractive investment opportunities that help expand and integrate lower-carbon energy sources (e.g. renewables), increase electrification (e.g. in heating and transportation), deploy energy storage and flexible generation solutions (e.g. batteries), upgrade transmission and distribution networks, and improve energy efficiency (e.g. in buildings, industry). In 2022, InfraRed set a goal to have at least 50% of its in-scope[2] portfolio (by value[3]) allocated to climate solutions[4] by 2025. We already surpassed that goal by reaching 62% (at the end of 2023) and 60% (at the end of 2024).

USD 2.3bn

in aggregate allocated to climate solutions since the start of 2022

Case study

Geothermal heating and cooling

Project: Voltan Energy
Strategy: Value-add

Context: In 2024, InfraRed invested in Voltan Energy, a decentralised energy company based in Finland. Founded in 2020, Voltan Energy installs and operates ground-source geothermal heat pumps in multi-dwelling units and other large buildings, with a growing presence across Finland and ambitions for international expansion. The Finish government is actively pursuing its ambitious goal to reach net zero by 2035 – presenting attractive opportunities for solutions such as ground heat pumps.

Outcome: Voltan Energy provides a sustainable, competitive alternative to other heating and cooling sources such as district heating, which still rely on combustion technologies to a large extent. Ground source heat pumps offer advantages to both developers and residents due to their high efficiency and low ongoing costs, especially in combination with Voltan's Energy-as-a-Service (EaaS) financing approach with no upfront cost. They can also be considered operationally net zero emitters if powered by renewable energy, which is the approach adopted by Voltan Energy since their inception. In 2024 alone, Voltan Energy estimates that their installed solutions helped avoid 1,790 tonnes of CO_2e compared to the average emissions of district heating in Finland.

Case study

Distributed energy storage

Project: FIG Power
Strategy: The Renewables Infrastructure Group (TRIG)

Context: In 2024, TRIG acquired a 100% equity interest in Fig Power (FIG), a UK energy projects developer with a focus on battery storage, comprising an advanced pipeline of 400MW across seven projects, with grid offers ranging from 2025 to 2033. Fig specialises in taking battery storage projects from origination, through development, construction, and through to operation.

Outcome: Flexible capacity, of which battery storage is a key component, plays a vital role in the energy transition by stabilising the frequency and capacity of power, delivering a secure and affordable clean electricity system to consumers. The variability of renewable energy sources requires sufficient flexible capacity that can be quickly increased when renewable generation is low. Battery storage can benefit consumers by helping to avoid volatile grid prices that result from high demand during peak times. It also supports the UK in achieving its clean power goals by maximising the use of renewable energy beyond the time of generation.

1 Energy Transition Investment Trends 2025, Bloomberg NEF https://about.bnef.com/energy-transition-investment/
2 90% of portfolio by value, as at 31 December 2024, is considered in scope of this metric. This excludes two funds that are currently being divested as InfraRed cannot impose obligations on future owners
3 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December 2024. Valuations as at 31 December 2024 or the closest available date. Digital 9 Infrastructure Plc is excluded
4 Climate solutions are defined as renewable energy, battery storage and other supporting infrastructure for the energy transition. This definition was informed by the EU Taxonomy. We note that changes in the EU Taxonomy may lead to certain projects being reclassified, and our baseline may need to be revised to reflect such changes

Enhancing the climate resilience of our business and the portfolio (continued)

Addressing transition climate risks

Our main aim in addressing transition climate risks is to prepare and position our investments to succeed in a lower carbon, energy-resilient future. Many of our investments, particularly those involved in the energy transition, play a role in shaping such a future. In addition, for our portfolios at large, this involves anticipating and building capacity to address changes in the policy and regulatory landscape, customer pressure and evolving preferences, advancements in technology, supply chain risks, and other related matters.

The main industry frameworks that help us assess the extent to which our portfolios are prepared for and aligned with a lower carbon, energy-resilient future are the Net Zero Investment Framework (NZIF)[1] and the Private Markets Decarbonisation Roadmap (PMDR)[2].

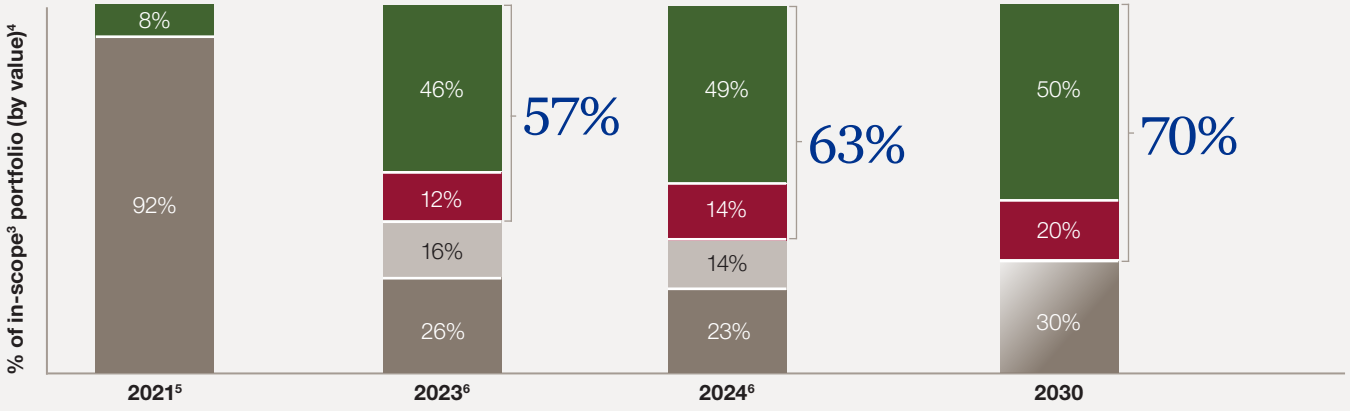
These frameworks were developed by the investment industry for the investment industry and categorise the level of alignment across the following stages: Not possible to align, Gathering Data, Preparing to Decarbonise, Aligning, Aligned or Net zero.

In 2022, we set a goal for 70% of in-scope portfolio (by value)to be aligning, aligned or net zero by 2030 (from a 8% baseline). As at 31 December 2024, a total of 63% of InfraRed's in-scope[3] portfolio (by value)[4] is either aligning with, aligned to or achieving a net zero status, up from 57% a year earlier.

InfraRed recognises that guidance on the application of NZIF and PMDR to infrastructure assets continues to evolve, particularly around decarbonisation requirements for assets categorised as climate solutions. We continue to engage with relevant industry stakeholders to support the development of best practice guidance for the application of these frameworks to the infrastructure sector.

Alignment of InfraRed's in-scope portfolio

Goal



Stages and cumulative criteria of alignment to net zero:

Gathering data
GHG measurement – Scope 1, 2 and material Scope 3

Preparing to decarbonise
High-level short to medium-term decarbonisation plan[7]

Aligning
Short- and medium-term science-based decarbonisation targets in place[8]

Aligned
A quantified plan setting out a decarbonisation strategy for Scope 1, 2, and material Scope 3 emissions, and emissions performance aligned with or out-performing applicable net zero pathway

Net Zero
Emissions performance is aligned with or out-performing the applicable net zero pathway requirement for the year 2050, and operating model likely to sustain such performance

1 Developed by the Institutional Investors Group on Climate Change (IIGCC) with support from other industry stakeholders and recommended for use by both asset owners and asset managers
2 Supplementary guidance to NZIF developed by Initiative Climat International (iCI) and Sustainable Markets Initiative: www.bain.com/content assets/6df8cbe0d2a34117bf9751b150a6372e/private-markets-decarbonisation-roadmap.pdf
3 90% of portfolio by value, as at 31 December 2024, is considered in scope of this metric. This excludes two funds that are currently being divested as InfraRed cannot impose obligations on future owners
4 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December in each respective year. Valuations as at 31 December or the closest available date. Digital 9 Infrastructure Plc is excluded
5 Based on composition of in-scope portfolio and valuations as at 31 December 2021
6 Based on composition of in-scope portfolio as at 31 December 2023, and 2024 respectively; and for both years valuations as at 31 December 2024, or closest available. Numbers may not sum exactly due to rounding
7 Decarbonisation plans in place but level of ambition not explicitly aligned to a net zero pathway
8 Short term: 3-5 years; medium term: 10-15 years

InfraRed manages infrastructure investments that encompass a diverse array of sectors and stages of business maturity. The majority of our renewable energy and public-private partnerships (PPP) / private finance initiative (PFI) companies have no direct employees and operational control is often in the hands of the public sector client and/or third-party suppliers.

This complex dynamic underpins the need for a tailored approach to engagement and implementation of decarbonisation plans, as outlined below.

PPP/PFI public services infrastructure

Typical sectors

- Education
- Healthcare
- Transport
- Emergency services

36%

of in-scope[1] portfolio (by value)[2]

Operational control

Factors to consider

Services are performed for clients (e.g. the NHS) in accordance with rigid contracts that pre-date net zero, offering limited flexibility for financing, optimising and changing energy systems.

Our response

We are adopting the Infrastructure and Project's Authority's (IPA) guidance, **Decarbonisation of Operational PFI Projects** - a PFI-specific, stepped approach to support decarbonisation interventions, with recommended activities and checklists at each stage. We are monitoring the implementation of the five-step plans across PFI / PPP investments. The progress is monitored through our annual sustainability survey.

Renewable energy and supporting infrastructure

Typical sectors

- Solar
- Wind
- Batteries
- Transmission lines

47%

of in-scope[1] portfolio (by value)[2]

Operational control

Factors to consider

These projects are operationally net zero as emissions intensity (tCO_2e/MWh) from electricity generation/distribution outperforms net zero aligned trajectories.[2] Virtually all emissions are generated in the supply chain.

Our response

We track decarbonisation plans and performance of suppliers across categories such as replacement parts and maintenance. Suppliers are encouraged, based on materiality, to set science-based targets for their companies. Net zero commitments of new suppliers will also be considered in procurement. The progress is monitored through our annual sustainability survey.

Operational businesses

Typical sectors

- Rail
- Fibre & Data infrastructure
- Water utilities
- Distributed energy

17%

of in-scope[1] portfolio (by value)[2]

Operational control

Factors to consider

There is a greater ability to use governance rights and collaborate directly with staff and decision-makers in these companies to support action on decarbonisation.

Our response

As these companies are at different stages of business maturity and have varying complexity of emissions we adopt a tailored, phased-in approach that focuses on commercially viable actions that will demonstrate progress along the decarbonisation scale (on page 14). Building capacity to measure GHG emissions remains a key area of focus. The progress is monitored through our annual sustainability survey.

1 90% of portfolio by value, as at 31 December 2024, is considered in scope of this metric. This excludes two funds that are currently being divested as InfraRed cannot impose obligations on future owners

2 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December 2024. Valuations as at 31 December 2024 or the closest available date. Digital 9 Infrastructure Plc is excluded

Enhancing the climate resilience of our business and the portfolio (continued)

Engagement as a key enabler of decarbonisation

At the core of our approach is engagement with our public sector clients, portfolio company management teams and other key stakeholders. It is only through active engagement that we can effectively address a broad range of transition-related challenges, including improved data collection and GHG measurement, regulatory preparedness and implementation of decarbonisation initiatives.

That is why in 2022, we set a goal for 90% of in-scope portfolio attributable emissions to be subject to direct or collective engagement and stewardship actions by 2030.

We engage 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 plan and progress
- Board-level discussion of decarbonisation with portfolio companies
- Encouraging portfolio company engagement with subcontractors/ suppliers on decarbonisation and emissions reporting

82%

of portfolio attributable emissions covered by InfraRed's engagement requirements[1]
(2023: 58%)

Contributing to industry standards

We actively collaborate with industry groups to develop comprehensive guidance tailored to address unique dynamics associated with a breadth of infrastructure businesses and sectors.

Over the course of 2024, InfraRed representatives continued to work with stakeholders convened by the Infrastructure and Projects Authority (IPA) to support the implementation of its guidance on Decarbonisation of Operational PFI Projects and share best practice.

InfraRed also contributed with its own pragmatic insights to the development of the '**Supplementary NZIF implementation guidance: Private Markets Infrastructure**' which was published in November 2024 by the IIGCC – an asset owners focused initiative.

Case study

Decarbonisation pilot for PPP projects

Project: M17 & M18, Peterborough Hospital
Strategy: HICL Infrastructure PLC (HICL), Yield

Context: InfraRed is working with select PPP projects where we have operational control to implement decarbonisation plans that can reduce GHG emissions in a cost-effective way. These pilots can provide practical insights for other PPP projects in our portfolio and scale the impact of our decarbonisation programme.

Outcome: In 2024, we initiated two pilots at the M17 & M18 road and Peterborough Hospital. At M17/M18, the plan, developed with a specialist advisor, has been approved by the Board and includes actions focused on energy consumption for the depot, the road, and the fleet; and lifecycle improvements. All actions aim to reduce both emissions and operational costs; for example, installing LED lighting enhances energy efficiency at the depot and on roads, thereby lowering emissions and decreasing energy consumption expenses. On average, LED lighting can save approximately 50% compared with other lighting options[2]. At Peterborough, the plan is in development and due to be finalised over the course of 2025. Working in partnership with the NHS Trust and the Infrastructure & Projects Authority (subsequently merged with the National Infrastructure Commission to become the National Infrastructure & Service Transformation Authority) the project has piloted implementation of IPA guidance on decarbonisation of operational PFI projects. Carbon reduction initiatives are expected to yield c£1.4m in savings for the NHS Trust per annum[3]. InfraRed will continue to work with the project stakeholders to implement the actions.

Case study

Biofuels usage for ferries

Project: Vancouver Island Ferry Company (VIFC)
Strategy: Value-add

Context: InfraRed invested in VIFC, a ferry company based in Canada, to establish and develop the business. VIFC operates two high-speed passenger catamarans to provide a year-round direct service between downtown Vancouver and downtown Nanaimo on Vancouver Island. This is a key route for tourism, business, and the local community. As part of ongoing engagement with assets on material sustainability topics, InfraRed has worked with VIFC to understand the benefits of biodiesel to power the ferries.

Outcome: In 2024, VIFC switched to a diesel blend of conventional, biodiesel, and renewable diesel for its passenger ferries following a cost optimization exercise. The change provides flexibility to operate in different seasonal environments while remaining safety compliant, cost effective and reducing carbon emissions. The blend of biodiesel and renewable diesel meets both Provincial and Federal Government requirements for renewable fuels used in British Columbia. Biodiesel is among the liquid fuels with the lowest carbon intensity available, capable of reducing lifecycle emissions by approximately 95% (B100)[4] compared to conventional petroleum diesel. Additionally, renewable diesel is produced through two methods: direct production from approved renewable feedstocks and co-processing which combines renewable feedstocks, such as excess vegetable oil, fats, and other industrial byproducts without clear alternative uses, with crude oil. VIFC's transition to the new blend demonstrates the potential financial impact achievable through strategic investment in sustainable solutions.

1 As at 31 December 2024, based on recorded engagement on decarbonisation with portfolio companies that falls in at least one of the categories listed above.
2 Potential savings based on the The European portal for energy efficiency and renewable energy in buildings **https://build-up.ec.europa.eu/en/news-and-events/news/switching-led-lighting-one-most-cost-effective-way-reduce-energy-consumption**
3 Peterborough Hospital
4 Based on estimated savings by Parkland Corporation Low Carbon FAQ sheet: **https://www.parkland.ca/supply/renewable-fuels**

Portfolio-related emissions

InfraRed monitors a range of climate metrics related to its portfolios. These include total (absolute) emissions calculated in line with the GHG Protocol, as well as financed emissions[1], i.e. those emissions attributable to funds managed by InfraRed, which are calculated in line with the Partnership for Carbon Accounting Financials (PCAF) methodology. Further detail on the methodology for calculating emissions can be found in the Basis of Preparation section of this report. The following table outlines key climate metrics related to InfraRed's portfolios. InfraRed's financed Scope 1 and 2 emissions decreased over the period. Fluctuations in emissions year on year are also reflective of improved accuracy of energy data provided by portfolio companies.

Data quality

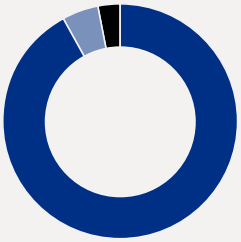
The quality of the underlying data used to calculate GHG emissions for our portfolios remains a priority to enable better insight into performance and emission reduction initiatives. Our focus is on deploying scalable approaches to improving the accuracy of Scope 3 emissions of our investments as these represent the majority of attributable emissions across our portfolios. Collaboration plays a key role in addressing scope 3 data challenges and we will continue to work with and exchange good practice with peers, suppliers and other key stakeholders.

	2022		2023		2024	
InfraRed's Scope 3, Category 15 (Financed Emissions)	Absolute emissions (tCO_2e)	Attributable emissions (tCO_2e)	Absolute emissions (tCO_2e)	Attributable emissions (tCO_2e)	**Absolute emissions (tCO_2e)**	**Attributable emissions (tCO_2e)**
Scope 1 GHG emissions (tCO_2e)	2,773,730	292,853	2,787,583	212,896	2,364,934	195,181
Scope 2 GHG emissions (tCO_2e)	292,722	45,468	243,784	41,977	262,400	43,900
Scope 3 GHG emissions (tCO_2e)	2,040,511	281,765	1,241,101	182,352	1,154,981	146,351
Total portfolio emissions (tCO_2e)	5,106,963	620,086	4,272,469	437,225	3,782,316	385,432
Portfolio carbon footprint (tCO_2e / £m invested)	N/a	Not assessed	N/a	Not assessed	N/a	42
Portfolio Weighted Average Carbon Intensity (tCO_2e / £M revenue)	N/a	Not assessed	N/a	Not assessed	N/a	610
PCAF Score[2]	N/a	Not assessed	N/a	Not assessed	N/a	2.3
Portfolio coverage by value (%)	Not assessed	Not assessed	99%	99%	98%	98%

2024 portfolio-wide emissions analysis

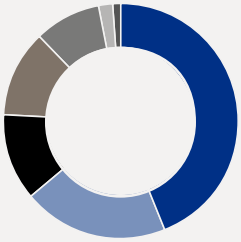
The following analysis is based on the emissions that are attributable to InfraRed in line with the PCAF methodology[3].

Emissions by project status



	%
Operations	92
Operational and Construction	5
Construction	3

Sectoral breakdown



	%
Power generation	44
Social infrastructure	20
Digital infrastructure	12
Renewable energy and transmission lines	12
Transport	9
Water Utility	2
Flexible capacity	1

Operational energy use breakdown

	%
Non-renewable energy	99
Renewable energy	1

Operational emissions

In line with the GHG Protocol, during 2024, our market-based Scope 1 and 2 emissions amounted to 41 tCO_2e, which was 45% lower than in 2023 (75 tCO_2e). During the same period, our location-based Scope 1 and 2 emissions were 75 tCO_2e, a 22% reduction compared to 2023 (96 tCO_2e).

1 This takes into account other equity shareholdings and debt at each portfolio company
2 Calculated as weighted average (by emissions) of individual PCAF data quality scores for each asset. The scores are on a scale from 1: highest quality, to 5: lowest quality
3 As at 31 December 2024

Enhancing the climate resilience of our business and the portfolio (continued)

Addressing physical climate risks

Our investments in the energy transition inherently contribute to decarbonising the energy system and the economy at large, which in turn will help prevent the most adverse physical climate risks in the long term.

However, we also have a duty to preserve the value of our investments from physical climate risks that may materialise. To enhance the climate resilience of our portfolio, we undertake physical climate risk assessments for new investments as standard as well as of our existing portfolios periodically. The latest portfolio-wide assessment was completed in 2024 with support from a specialist climate advisor. This included location-specific quantitative and qualitative physical risk exposure assessment based on three scenarios.

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

The following table shows the physical-risk hazard exposure for the majority of InfraRed's portfolio.

		Hazard Exposure			
		Current climate (RCP 2.6 Scenario)		2040-50 (RCP 8.5 scenario)	
Sector Name	Total Value Contribution[1]	Acute	Chronic	Acute	Chronic
Assessed portfolio	**100%**	**3**	**2**	**3**	**2**
Communications	13%	3	2	3	1
Electricity and water	8%	3	2	3	2
Energy supporting	3%	3	3	3	2
Renewables	35%	3	2	2	3
Social infrastructure	27%	2	1	3	1
Transport	14%	2	2	2	1

Key: 5 Very high 4 high 3 Moderate 2 Low 1 Very low

Overall, we see a low-to-moderate current exposure of the assessed portfolio to acute and chronic hazards, with limited intensification over time (beyond 2040) under a 'hothouse world' scenario (>40C). Specific exposure levels vary by sector and geography, and we have taken actions to address heightened exposure to certain hazards at portfolio company level. The most prevailing hazards across the assessed portfolio included:

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.

Hazard	Current relevance (% of portfolio by value)[1]	Potential impact	Impact materiality
Floods (coastal or inland)	15 - 20%	Potential to create business and infrastructure disruptions (loss of revenue), damage to buildings, machinery, and equipment as well as risks to employee safety, depending on the mitigation plans in place.	Limited (currently and in '>4°C' scenario)
Heat stress	10 - 15%	Potential consequences include reduced work capacity of employees, and additional costs associated with maintenance of infrastructure, cooling of machinery, working areas or buildings.	Limited (currently and in '>4°C' scenario)
Solid mass / ground movement	10 - 15%	Impacts could include cracks and displacement in foundations and fabric of facilities which could incur engineering and remediation costs.	Limited-to-moderate (currently and in '>4°C' scenario)

1 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December 2024. Valuations as at 31 December 2024 or the closest available date. Excludes Digital 9 Infrastructure Plc and investments completed after the climate assessment was conducted

Active management

New investments are required to implement a post investment plan which includes material sustainability considerations. This would include any climate risks and/or opportunities that were identified during the investment due diligence.

In addition, InfraRed communicated the results of the portfolio wide assessment to all portfolio companies and engaged with the management teams to review and discuss the findings, focusing on assets with potentially heightened exposure. We expect that portfolio companies update their company's risk register and risk mitigation measures. InfraRed has also produced a guidance document with recommended risk management approaches to build resilience against potential adverse climate impacts relevant to our portfolio.

Ongoing monitoring

Our annual sustainability survey captures information on how portfolio integrate climate-related risks and opportunities into their business operations.

74%

of portfolio (by value)[1,2] discussed climate-related risks and opportunities at board level
(2023: 74%)

74%

of portfolio (by value)[1,2] have updated their risk register to reflect the findings of the impact assessment
(2023: 74%)

Case study

Preventative strategy to protect connectivity

Project: LiveOak Fibre
Strategy: Value-add

Context: In 2022, InfraRed invested in LiveOak, a fibre-to-the-premise developer focused on delivering high-speed broadband to underserved markets in the southeast region of the United States. As part of pre-investment due diligence, given proximity of the LiveOak network to the coast, it was identified that the business was at risk of coastal flooding and tropical storms which could impact operations.

Outcome: The business operates underground fibre network which reduces the potential impact of floods and storms. To minimise the risk further, InfraRed supported LiveOak in developing their risk mitigation processes. As part of this, the business has implemented a disaster recovery plan that is tested annually. Mitigation measures include keeping materials off warehouse floors, tarping top racks, sandbagging entrances, and installing manual locks on all external doors. This approach has supported in protecting the business from weather-related damage and reduced potential infrastructure repair costs and revenue loss. This has been seen in practice over the past couple of years where Hurricanes have impacted the surrounding area but the network has continued running, mitigating operational interruptions.

Case study

Bolstering resilience of vital water resources

Project: Affinity Water
Strategy: HICL

Context: HICL holds an investment in Affinity Water, a water-only supply company located in the South East of England. The UK Environment Agency (EA) has designated this region under serious water stress and high susceptibility to climate change. The area is also 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 emphasise the importance of a considered water management strategy, accounting for current and future climate-related risks.

Outcome: The assessment conducted by Affinity Water identified key risks such as increased water demand, reduced water availability, equipment failure, and changes in raw water quality. To address these, the company is enhancing the resilience of its water supply network and developing strategies to manage reduced water resources and increased demand. Flooding is a major risk due to operations' proximity to watercourses; thus, flood mitigation projects are planned over the next five years. The company collaborates with farmers to improve raw water quality and also assesses transition risks associated with lower-carbon, energy-resilient future. These efforts aim to strengthen business resilience against climate impacts and ensure sustainable water resource management.

1 Based on gross equity value of investments in portfolios managed by InfraRed as at 31 December 2024. Valuations as at 31 December 2024 or the closest available date. Digital 9 Infrastructure Plc is excluded
2 Based solely on responses from portfolio companies to our 2024 sustainability survey; which received a response rate of 96% of portfolio by value as per footnote 1. Portfolio companies which did not respond to the survey are excluded from the calculation

Environment

Overarching goal

Improving resource use efficiency and minimising the environmental impact of resource consumption and biodiversity loss

Our focus areas for 2024

Natural capital resources – a source of value and risk

Responsibly managing natural resources

Understanding and minimising our impact on biodiversity

CBF awards: Gold Standard environment initiatives 2024

Metropolitan Police Specialist Training Centre

On-site food production and waste recycling

Investment strategy: HICL

Birmingham & Solihull Lift

Fruit and Veg Garden - sustainable food production

Investment strategy: HICL

Four Borrows

Biodiversity enhancement in action

Investment strategy: TRIG

Natural capital – a source of value and risk

As more than half of the global economic output (USD 58tn)[1] significantly relies on nature, the degradation of ecosystems and biodiversity loss present substantial risks – and opportunities – for economies, businesses, and investors.

Real assets such as infrastructure underpin economic growth and the functioning of societies around the world. However, real assets are also most prone to encounter physical, transition, or systemic risks due to a decline in effectiveness of ecosystem services they depend on, along with changes in regulations, technology, and consumer preferences. This can affect their operations, profitability, or valuations, presenting concerns for investors and stakeholders that depend on the infrastructure.

Nature is closely intertwined with climate change. Achieving a lower-carbon, energy-resilient future is not feasible without considering the role of nature. The two are mutually reinforcing; the combined effect of climate change on nature and biodiversity exacerbates both, reducing nature's ability to act as a sink for carbon emissions or to help regulate the climate effectively.

As an infrastructure asset manager, we understand that our investments may have an impact or rely on nature to some extent. We also recognise we have a role to play in preserving nature and biodiversity as a source of vital benefits to our investments. To date we have focused on two areas: responsibly managing the consumption of resources and understanding and minimising the impact on biodiversity, with details of our approach to each presented on the following pages.

Initial analysis of our portfolios' exposure

As we seek to further develop our capabilities in this area we undertook an initial analysis of our portfolio's potential material exposure.

Drawing on recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), the analysis was carried out utilising the ENCORE tool[2] to identify an initial set of 'hotspots'. We chose this tool as it provides a readily accessible comprehensive overview of natural capital dependencies and impact pressures for sectors and economic activities, helping us evaluate risks and opportunities related to natural systems. We note that nature dependencies and impact pressures can present both risks and opportunities for investments. They should also be considered together with the specifics of the location of each asset.

The preliminary findings, which we summarise below, are related to the direct operations of assets across the portfolio and are broadly in line with our expectations based on the composition of the portfolio and our work to date.

Dependencies

Across the portfolio, the four most prevailing[3] dependencies with potentially heightened materiality include global climate regulation (39%), flood mitigation (36%), visual amenity (21%) and soil and sediment retention (16%). Global climate regulation is of particular relevance to our renewable energy portfolios as it can affect the speed and direction of winds or the intensity of solar radiation. Flood mitigation and soil and sediment retention, on the other hand, can help reinforce the structural integrity of immobile infrastructure assets.

Impact pressures

The four most prevailing[3] impact pressures with potentially heightened materiality across the portfolio include land use (37%), disturbances, like noise and light (19%), soil and water pollution (18%), and freshwater use (18%). Land use is a key consideration for greenfield projects. For assets in construction or in operation, we seek to minimise the disturbances caused to local communities and prevent pollution where possible.

Nature-related terms explained

The 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 my prevent the benefits they provide to the local economy and communities and operation of infrastructure assets.

1 Source, PWC, "Managing nature risks: From understanding to action", 2020
2 The ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool is maintained and continuously improved by Global Canopy, UNEP FI and UNEP-WCMC, who together form the ENCORE Partnership, previously known as The Natural Capital Finance Alliance (NCFA). For more detail please see the **ENCORE website**
3 Based on valuations as at 31 December 2024 or closest available date, as determined by the ENCORE sector mapping

Responsibly managing natural resources

InfraRed engages with portfolio companies to integrate resource management measures within their operations with a view to optimising cost, ensuring security of supply and reducing waste.

Whilst we encourage water and waste reduction measures across the portfolio, we recognise that there are factors that may restrict this in practice, such as sector materiality, challenges of operational control, and the project phase.

For instance, our healthcare assets consume significant amounts of water that is essential for treating patients, however, in many of these healthcare projects water consumption is driven by the client and InfraRed has limited influence on this. Conversely, water use for solar or road projects is limited to operating a small on-site office, making this less material for these sectors.

When it comes to the phase of the project, an operational project will generate a small amount of waste in a typical year but greater amounts during periods of construction, refurbishment, or decommissioning works.

For this reason, InfraRed is tailoring its resource management approach to ensure it appropriately addresses materiality and operational control considerations. We will continue to refine our resource management metrics to reflect this targeted approach.

InfraRed also actively promotes initiatives deployed in partnership with a range of stakeholders that can be replicated across many projects, such as 'Recirculate'.

85%

of portfolio (by value)[1,2] with material water consumption have reduction initiatives in place
(2023: 62%)

78%

of portfolio (by value)[1,2] with material waste generation have reduction initiatives in place
(2023: 74%)

Case study

Resource Efficiency

Project: Metropolitan Police Specialist Training Centre
Strategy: HICL

Context: HICL, a listed fund managed by InfraRed, has an investment in the Metropolitan Police Specialist Training Centre based in the UK. 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.

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2 Based solely on responses from portfolio companies to our 2024 sustainability survey; which received a response rate of 96% of portfolio by value, as defined in footnote 1. Portfolio companies which did not respond to the survey are excluded from the calculation

Understanding and minimising our impact on biodiversity

Biodiversity continues to be a crucial global concern, with increasing evidence highlighting the effects of environmental degradation on human wellbeing and economic activity.

Biodiversity supports critical natural systems like water filtration, flood protection, and soil stability. Infrastructure assets – such as roads, renewable energy projects, communication networks – have direct exposure to and rely on such natural systems and services for operational efficiency and long-term resilience. Given the long-term holding period of such infrastructure assets, biodiversity loss if not addressed can lead to increased maintenance costs, service disruptions, and asset degradation over time.

Biodiversity has also gained prominence among a range of stakeholders, including investors, insurers, regulators, and the local communities where our projects operate.

In fact, for many greenfield projects the planning permission is subject to conducting an environmental impact assessment and managing any identified impacts appropriately during the lifetime of the project. For example, this is a key area of focus for many of the renewable energy projects in our portfolios. Protecting or restoring wildlife habitats and undertaking rewilding at or around our projects not only ensure compliance with applicable requirements but also enhances relationships with local stakeholders and is critical for maintaining their social licence to operate in the longterm. This is also instrumental for securing the support of the public for the deployment of further renewable energy assets across jurisdictions.

For projects operating in urban and suburban settings, such as hospitals and schools, there is more limited interaction with or dependency on biodiversity. However, we have seen many benefits to our projects of partnering with local stakeholders to create projects driven by local specific needs. For example, public-private partnerships (PPP) and private finance initiative (PFI) projects in our portfolios have established wellbeing gardens, which benefit staff, visitors, and patients while also enhance and safeguard local biodiversity.

84%

of portfolio (by value)[1,2] is implementing initiatives with a positive impact on biodiversity
(2023: 74%)

Case study

Biodiversity enhancement in action

Projects: Four Burrows, Marvel Farm, Parsonage, Stour Fields, Tamar Heights, Egmere, and Parley
Strategy: TRIG

Context: Since 2022, InfraRed's listed renewable energy fund, TRIG, has actively implemented biodiversity enhancements at seven of its solar farms in the UK to augment existing habitat management plans and environmental maintenance. These enhancement programs have focused on various initiatives such as sowing wildflower meadows, replanting native hedgerows, introducing bird and bat boxes and utilizing environmentally friendly weed control treatments across all solar sites. Environmental monitoring was conducted using the Solar Energy UK's "Natural Capital Best Practice Guidance" to capture results.

Outcome: The monitoring reports from locations such as Four Burrows, Marvel Farm, Parsonage, Stour Fields, and Tamar Heights provided valuable insights into the diverse flora and fauna now inhabiting these areas. For instance, at Stour Fields, thirty species of breeding birds were recorded, with half being birds of conservation concern including eight 'red' list species like the turtle dove which has historically faced a 96% population decline. Numerous butterfly species, bees, and wildflowers also contribute to this enhanced biodiversity landscape. The positive results highlight how strategic initiatives can substantially improve environmental conditions and encourage further biodiversity efforts.

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Communities

Overarching goal

Addressing the needs of the communities where our projects operate and promoting decent labour practices in project supply chains to amplify the benefit of our essential infrastructure

Our focus areas for 2024

Scaling up our community initiatives

Understanding human rights concerns

CBF awards: Gold Standard community initiatives 2024

Royal School of Military Engineering

Technology enabled food donation

Investment strategy: HICL

Lewisham Schools

"Jab not stab" crime-prevention initiative

Investment strategy: HICL

Salford & Wigan 2

Support of Salford City Football Club

Investment strategy: HICL

Scaling up our community initiatives

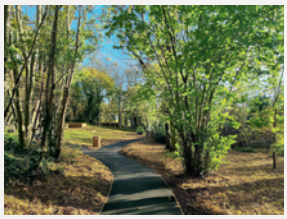
Many of InfraRed's investments provide essential services to local communities, delivering both economic and social benefits – from hospitals and schools to mobile towers and rail networks.

We seek to drive positive social outcomes for clients and users of infrastructure, as we believe this not only strengthens our relationships but also reinforces the value of the investments. We do this by leveraging our own resources, as well as our business relationships and charitable partnerships. For example, through regular dialogue with clients of the infrastructure assets we manage, we identify and prioritise impactful initiatives that can be scaled across multiple projects in the portfolio. In 2024, we focused on six key initiatives to scale across the portfolio which are presented below.

We also regularly monitor ongoing initiatives being delivered and take onboard feedback and insights from portfolio companies, clients and other stakeholders to help further develop our approach. For example, InfraRed monitors initiatives implemented at portfolio company level via our annual sustainability survey and CBF Awards. These forums enable us to consolidate ideas from over 240 portfolio companies annually, providing a comprehensive database of implemented initiatives.

Community Fridge

Wellbeing Woodlands



Purple Book

Charity Hub

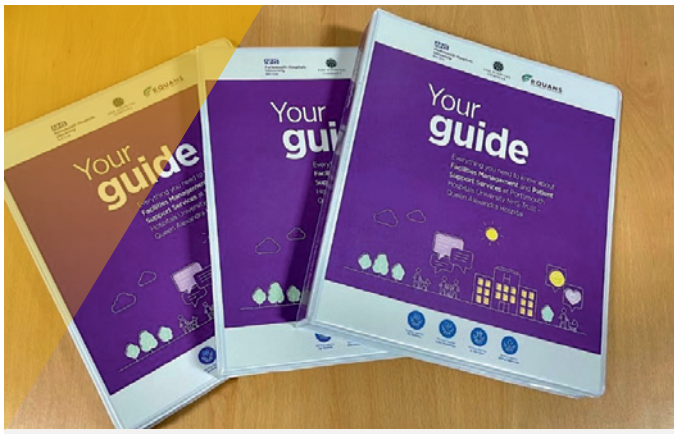
Charity Ball

Re-circulate

These surveys also give us a more thorough understanding of the challenges faced by our clients and the local communities and help us develop tailored initiatives that can address their specific needs. The survey responses for this year 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.

60

submissions by portfolio companies for the 2024 CBF awards



Case study

Purple Book Initiative

Project: Birmingham Hospital
Investment strategies: HICL, Yield

Context: The Purple Book initiative was identified as part of the previous year's Creating Better Futures submission by Queen Alexandra Hospital (Investment strategy: European Income Fund). The initiative is an electronic guide for facilities management and patient services that assists the NHS Trust's staff to understand the on-site support services that are available to both them and their patients. During 2024, the initiative was replicated across several hospitals in our portfolios including Birmingham Hospital which has developed a single guide for Trust staff to publicise the services offered by the hospital's various FM providers. The book aims to encourage collaborative working and relationships between clinical staff and facility management staff to respond to the needs of patients without unnecessary delay.

Outcome: The Purple Book gives ward staff the ability to provide the public and patients with clear and precise information regarding the services provided by the facility management teams. This ensures services are accessible to everyone, removing assumptions around what is and what is not provided. This results in a much-improved end-user experience and efficient operation of the hospital.

Understanding human rights concerns

We know that human rights issues are hidden and difficult to uncover and address. We also know that if not managed, human rights risk may cause operational and reputational damage to infrastructure assets and may affect their performance.

In 2024, InfraRed continued to undertake dedicated due diligence for potential investments as well as when sourcing new equipment for existing investments in solar PV and battery storage. In particular, we place additional vigilance over these supply chains due to their potentially elevated exposure to human rights and labour-related risk.

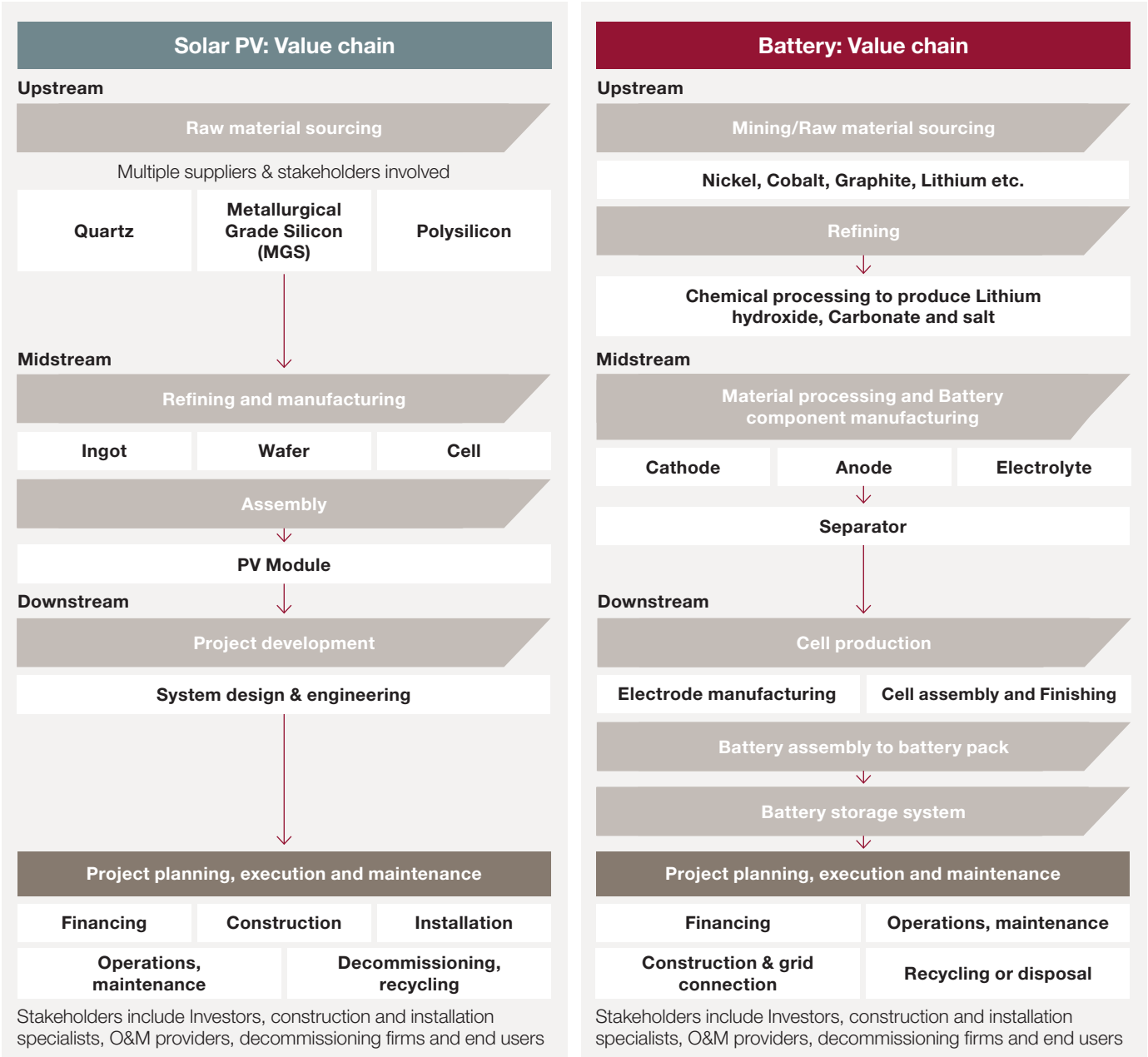
Our due diligence approach draws on the PRI tool for assessing human rights in due diligence, and the specific guidance for real assets, as well as other industry resources.

Our aim is to understand the potential risk exposure and engage with counterparties on approaches to minimise such exposure or migrate the risk related to portfolio companies.

Mitigation strategies differ depending on the asset and its sourcing requirements, but where possible we seek to ensure periodic traceability audits and reporting of issues to the supplier management team to resolve. When necessary, we request warrants or representations by suppliers to ensure alignment on the overall goal of preventing modern slavery and human right abuses.

InfraRed will continue to work with investment counterparties to assess potential risks and monitor exposure to human rights risks across the portfolio.

Value chains characterised by multiple layers and complex relationships



InfraRed Charitable Foundation

In 2020, partners of InfraRed provided the initial capital to establish the InfraRed Charitable Foundation, a charity registered England and Wales (Charity Number 1191507) ("ICF" or "the Foundation") that operates independently from InfraRed's business. The Foundation's objectives are to promote social inclusion for the public benefit by preventing people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society; and relieving sickness and the preservation of health by making grants to fund medical equipment, facilities or services for public benefit.

The ICF current grant-making activities have sought to seek to address a gap in current educational structures in the UK by focusing on secondary schools around London in areas of high deprivation The Foundation believes that the employment of dedicated Community Engagement Lead can create much-needed capacity to help tackle inequality in and out of the classroom. A Community Engagement Lead can play a pivotal role in supporting teaching staff, gaining parents' trust, and connecting students to local community resources.

To date, the ICF has provided several grants, including to fund the employment of Community Engagement Leads at schools in the Greater London area.

One of these grants was provided to Frederick Bremer School in Walthamstow in 2023. Several initiatives implemented by the Community Engagement Leads have significantly impacted the community by fostering engagement, personal development, and academic attainment for students.

Highlights include a Community Fridge initiative at the school with the aim to minimise food poverty in the local community, a Community Garden project to teach children responsibility and horticulture, and accredited courses for disruptive students to improve life skills and financial literacy badged as the 'Boys 2 Men Club'.

Another grant by the Foundation was provided to Oasis Academy Shirley Park in Croydon in 2024. The Community Engagement Lead has been instrumental in reducing school exclusions and boosting attendance through their initiatives which build a bridge between the school and other charities operating in the local community. Highlights include pastoral support from the safeguarding team to help manage emotional responses to problems at home, life skills workshops like beautician training to increase student employability, and weekly parent phone calls and referrals for family support where needed.

The Foundation will continue to identify schools that would benefit from a Community Engagement Lead and other initiatives that can enhance inclusion and the overall wellbeing and cohesion of local communities.

InfraRed employees may support the Foundation by volunteering their time to help progress such grants and helping organise an annual dodgeball fundraising event in support of the Foundation's continue funding of its Community Engagement strategy.

InfraRed Charitable Foundation

People

Overarching goal

Promoting fair, safe and inclusive places of work and provision of essential services

Our focus areas for 2024

Fostering an inclusive culture at InfraRed

Promoting health and safety in the portfolio

CBF awards: Gold Standard people initiatives 2024

Fife Schools 2

Spinning Joy: Transforming play for all abilities

Investment strategy: HICL

Tyne Tunnel

Neurodiversity employment initiative

Investment strategy: IRIYF

Queen Alexandra Hospital

Virtual reality headsets for paediatric patients

Investment strategy: European Income Fund

Salford & Wigan 2

Book vending machine in primary school

Investment strategy: HICL

Fostering an inclusive culture at InfraRed

At InfraRed, we believe that cultivating a team with different perspectives, experiences and approaches leads to richer generation of ideas and more effective decision-making.

Our commitment to inclusivity not only enhances investment and business outcomes but also makes InfraRed a rewarding place to work. Employees are empowered to share their unique viewpoints, contributing to a dynamic and collaborative environment where everyone can thrive. This focus on inclusivity ensures that all voices are heard, creating an engaging workplace environment that attracts and retains top talent dedicated to achieving shared success.

Our culture is also rooted in meritocracy and collaborating. We strive for excellence while at the same time ensuring we create a working environment that people stay to be part of. This balance between inclusivity and merit-based advancement enables us to achieve our objective of attracting top talent and nurturing personal development and fulfilment within our business.

Progress

Over the past couple of years, we have implemented several initiatives to foster a strong culture in our business built around a three-pillar framework to attract, develop and retain talent, including:

Attract

- Internship programme
- Mandatory training for hiring managers
- Standardised recruitment criteria and interview frameworks

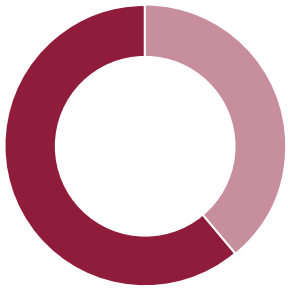
Retain

- Support for mental, physical, and financial wellbeing leveraging dedicated partnerships
- Inclusivity training
- Paid shared parental leave
- Speaker series, networking events and events celebrating occasions important to our staff

Develop

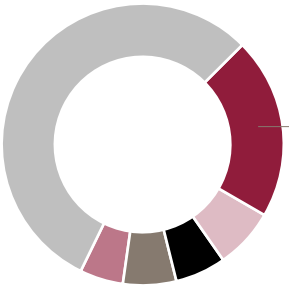
- Blend of in-person workshop and e-learning accessed via a dedicated Learning Management System
- Enhanced roles and opportunities for mobility within the business
- 360 degree feedback, professional development plans, career conversations, mentoring, and coaching programmes

Staff by gender[1]



	%
Female	39
Male	61

Staff by nationality[1]



	%
British	56
Other	21
US	7
French	6
Spanish	6
Australian	5

Belgian, Brazilian, Bulgarian, Canadian, Chinese, Croatian, Greek, German, Indian, Irish, Italian, Latvian, Lithuanian, Mexican, Moroccan, New Zealander, Nigerian, Polish, Portuguese, South Korean, Swedish, Turkish, Venezuela

1 As at 31 December 2024, based on information disclosed by all staff and stored in InfraRed's HR system

Promoting health and safety in the portfolio

InfraRed is committed to promoting the health, safety, and wellbeing of our employees, clients, delivery partners, and other stakeholders.

Our Asset Management Team is responsible for engaging with assets to uphold the highest standards of health and safety in the portfolio. The team works closely with Managed Service Providers and Management Teams of the projects to maintain high safety standards through the implementation of policies and procedures. The team is responsible for conducting Health & Safety (H&S) tours of sites to ensure adherence to best practices and actively encourage all involved parties to keep their policies up to date.

Across the portfolio, the team has continued to proactively manage health and safety considerations to maintain strong performance across a range of metrics. All these efforts are monitored through the annual sustainability survey, which identifies areas for improvement that feed into the engagement plan for the following year.

The team's continued focus has been on maintaining full compliance and increasing the percentage of the portfolio that undergoes health and safety inspections by InfraRed Asset Managers and other independent parties.

95%

of portfolio (by value)[1,2] with a health and safety policy
(2023: 96%)

97%

of portfolio (by value)[1,2] has been subject to independent health and safety inspections in the last year[3]
(2023: 91%)[1]

98%

of portfolio (by value)[1,2] with a fire risk assessment in place
(2023: 97%)[1]

Case study

Road Safety Improvements

Project: Road Management Group (RMG)
Strategy: HICL

Context: HICL holds an investment in Road Management Group (RMG), 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 which has a known history of serious 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 and reinforce Highway Code regulations.

Outcome: With 66,000 people traveling on this road daily, the updates are vital for protecting lives on the road and boosting community safety. Feedback from road users and safety advocates has been overwhelmingly positive, reinforcing that the initiative has significantly improved safety. Consequently, National Highways is contemplating deploying these road studs across other parts of its network. This project not only enhances community safety but also represents an innovative investment in sustainable infrastructure technology.

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2 Based solely on responses from portfolio companies to our 2024 sustainability survey; which received a response rate of 96% of portfolio by value, as defined in footnote 1
3 Excludes TRIG's portfolio; due to the nature and / or location (e.g. offshore) of some assets, site visits are not feasible every year

Additional disclosures

TCFD index

The table below sets out the 11 TCFD recommendations, and where the related information can be found in this report.

TCFD recommendations	Page
Governance	
a. Describe the board's oversight of climate-related risks and opportunities	7
b. Describe management's role in assessing and managing climate-related risks and opportunities	7
Strategy	
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	10-19
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	2-5, 10-19
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	2-5, 10-19
Risk management	
a. Describe the organisation's processes for identifying and assessing climate-related risks	6-7, 18
b. Describe the organisation's processes for managing climate-related risks	6-7, 10-19
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	6-7, 10-19
Metrics and targets	
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	9-19
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	18
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	9-19

Other sustainability disclosures

In addition to meeting our regulatory obligations, we believe that transparency around our performance and management of material sustainability-related risks and opportunities is important and supports our investors' needs. This report sits within our wider set of sustainability-related disclosures, which also includes:

Firm-wide disclosures:

- **The latest approved Sustainability Policy**
- **The latest PRI Transparency and Assessment Reports**
- **Previous versions of our Sustainability Report**
- **Modern Slavery and Human Trafficking Statement**

Fund-specific disclosures:

- SFDR[1] and SDR[2] pre-contractual disclosures (issued to prospective investors in funds in scope of SFDR and / or SDR respectively)
- SFDR and SDR periodic disclosures (issued to fund-specific investors in funds in scope of SFDR and / or SDR respectively)
- Annual sustainability reports, including TCFD product-level reports (issued to fund-specific investors)
- Investor-specific sustainability information requests

1 SFDR stands for the EU Sustainable Finance Disclosure Regulation
2 SDR stands for the UK Sustainable Disclosure Regulation. HICL is the only fund managed by InfraRed in scope of SDR

Basis of preparation

TCFD

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 our 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.) for portfolios or underlying portfolio companies is on as-is basis from our internal reporting systems, following sign off by the Portfolio Management team.

3. Portfolio company characteristics

This includes information that helps us categorise portfolio companies, such as sector, type, geography, investment status, etc. Such information is used on as-is basis from our internal reporting systems, following sign off relevant teams. In certain cases, the Sustainability Team may need to make further deductions about the portfolio companies which are documented as part of the report development process and available evidence annotated.

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 the annual sustainability survey (and are generally based on binary responses), and metrics that require a categorisation of each portfolio company, which is performed by the Sustainability Team with support from the 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:

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

Portfolio 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 InfraRed's emissions inventory on as-is basis.

Companies that have not completed an inventory in-house provide primary data and other information to InfraRed via its 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., tCO_2e 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:

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

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