SUSTAINABILITY-RELATED DISCLOSURES

HICL INFRASTRUCTURE PLC

1. SUMMARY

*The information set out in this section below relates to the Regulation (EU) 2019/2088, as amended (referred to as the "**Sustainable Finance Disclosure Regulation**" or "**SFDR**"), which is a European regulation that applies to alternative investment fund managers and the alternative investment funds ("**AIF**") that they manage and/or market into the EU in accordance with the Alternative Investment Fund Managers Directive (2011/61/EU), as implemented in each member state ("**AIFMD**"). In accordance with the SFDR, the alternative investment fund manager (the "**AIFM**") of a fund such as HICL Infrastructure PLC ("**HICL**" or the "**Company**") is required to make certain website disclosures regarding its promotion of certain the E/S Characteristics (defined in section 3 below), in compliance with Article 10 of the SFDR. The following disclosures relate to HICL's portfolio, which is managed by InfraRed Capital Partners Limited (the "**Investment Manager**" or "**InfraRed**").*

In particular, InfraRed has prepared disclosures for HICL in alignment with Article 8 of the SFDR as a fund that promotes environmental and social characteristics. These disclosures, including information about the environmental and social characteristics of the Company and how the Investment Manager assesses good governance practices for HICL's investee companies, are set out below. In addition, HICL has prepared further disclosures in the SFDR Disclosure Annex that will be made available to potential investors as part of their due diligence process.

*In addition, in alignment with the disclosures prescribed under Article 8 of the SFDR, the Investment Manager has also included information related to Regulation (EU) 2020/852 (the "**EU Taxonomy**") within the SFDR Disclosure Annex. The EU Taxonomy is a European regulation that sets out a classification system for determining whether certain economic activities may be classified as 'environmentally sustainable' and requires AIFs that are subject to the SFDR to disclose the extent to which their investments are in 'environmentally sustainable' economic activities. In accordance with the approach taken to the SFDR, the Investment Manager has sought to include certain EU Taxonomy-related disclosures which are included in section 5 below, as well as within the SFDR Disclosure Annex (referred to above).*

Environmental and Social Characteristics

HICL's investment proposition is to deliver sustainable income and capital growth from a diversified portfolio of investments in core infrastructure. The Company aims to be a pre-eminent infrastructure investor in its chosen markets, fulfilling a broader vision of enriching lives through infrastructure.

To achieve HICL's aims, the Company invests in and actively manages assets which support:

(a) ***Strong Social Foundations***, through investments in health, education, law & order, and accommodation;

(b) ***Connecting Communities***, through investments in rail and rolling stock, fibre networks and telecom towers; and

(c) ***Sustainable Modern Economies***, supporting the transition to a lower-carbon, energy-resilient and more resource-efficient economy through responsible stewardship of portfolio companies, including where core asset operations facilitate decarbonisation and positive outcomes for the natural environment.

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

No sustainable investment objective

The Company does not have as its objective sustainable investment (in accordance with Article 9 of the SFDR).

Investment strategy, due diligence and good governance

The Company will incorporate environmental and social considerations into its investment process in order to attain the E/S Characteristics. InfraRed will do this by adopting a rigorous investment process which comprises of pre-investment screening and due diligence and asset management. As part of the investment process, InfraRed will conduct due diligence on portfolio companies to ensure that they are following good governance practices. In addition, InfraRed's sustainability investment and management framework (set out in section 4 below) is applied to each potential portfolio company in order to ensure that the Company's investments are used to attain the E/S Characteristics. This framework includes the adoption and application of InfraRed's Exclusion Policy and Sustainability Policy (described in section 4 below, and available here).

Proportion of investments

The Investment Manager will invest a minimum proportion of 80% of the Company's assets in order to attain the E/S Characteristics. As a result, the Investment Manager plans that a maximum of 20% of the Company's investments will be in "#2 Other" investments, which may include currency and interest rate hedging transactions. Such transactions will only be undertaken for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

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

Monitoring, methodology and data sources

InfraRed will seek to attain the E/S Characteristics through its commitment to evaluate and assess certain sustainability-related attributes of investments prior to and following their acquisition. InfraRed uses certain Sustainability Indicators (defined in section 6 below) to measure the attainment of the E/S Characteristics, which are monitored by way of the annual Sustainability Survey (defined in section 4 below). InfraRed will develop and introduce additional sustainability indicators to measure the attainment of the E/S Characteristics for the Company in the future, as appropriate.

Limitation to methodology and data

While some data can be directly collected and based on real values, other data points, such as GHG emissions, may need to be estimated. The share of estimated data depends on the data availability for an individual investment. While estimation can lead to a risk of inaccuracy, InfraRed will ensure that none of these limitations negatively affect the attainment of the E/S Characteristics.

No designated reference benchmark

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

2. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

HICL's investment proposition is to deliver sustainable income and capital growth from a diversified portfolio of investments in core infrastructure. The Company offers investors stable, long-term returns from core infrastructure assets that are vital to communities. HICL's vision is to enrich lives through infrastructure and to attain certain environmental and social characteristics, by delivering:

(a) ***Strong Social Foundations,*** through investments in health, education, law & order, and accommodation;

(b) ***Connecting Communities***, through investments in rail and rolling stock, fibre networks and telecom towers; and

(c) ***Sustainable Modern Economies,*** supporting the transition to a lower-carbon, energy-resilient and more resource-efficient economy through responsible stewardship of portfolio companies, including where core asset operations facilitate decarbonisation and positive outcomes for the natural environment.

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

In addition, HICL's investments, due to their nature, are likely to align with the principles of and contribute to the United Nations (UN) Sustainable Development Goals (SDGs). Although HICL contributes to multiple SDGs, the nature of HICL's investment proposition means the Company inherently contributes to developing industry, innovation and infrastructure (SDG 9); and building sustainable cities and communities (SDG 11).

4. INVESTMENT STRATEGY

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

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

HICL's investment strategy also prescribes that it will not invest in assets operating in certain excluded sectors which would be inconsistent with the Company's E/S Characteristics.

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

(a) ***Negative Screening***: checks are made against InfraRed's Exclusion Policy (as detailed below);

(b) ***Deal Screening:***

(i) Confirm alignment with applicable sustainability commitments

(c) ***Due Diligence ("DD"):***

(i) Check target entity and counterparties for controversies and compliance;

(ii) Assess material sustainability risks and opportunities, with climate risk analysis as standard; and

(iii) Incorporate DD findings into valuation and value enhancement plans;

(d) ***Investment Approval***:

(i) Present DD findings in Investment Committee papers; and

(ii) Ensure appropriate governance and information rights

(e) ***Management:***

(i) Exercise oversight and active management of sustainability;

(ii) Implement sustainability action plan;

(iii) Facilitate capacity building and sharing of best practices; and

(iv) Engage with stakeholders on key sustainability themes;

(f) ***Monitoring***:

(i) Transparent disclosure of the Company's sustainability performance and incidents; and

(ii) Escalate material sustainability issues through quarterly portfolio reviews, as relevant

(g) ***End of Investment Life:***

(i) Check sustainability and conduct practices of potential acquirers;

(ii) Be transparent about the asset sustainability profile; and

(iii) Apply recognised industry practices ahead of hand back or decommissioning

InfraRed Exclusion Policy

The Company has adopted InfraRed's 'Exclusion Policy'. In accordance with this policy, InfraRed will exclude certain product-level and conduct-based matters from investment by the Company, known as exclusions, to help attain the E/S Characteristics that the Company promotes.

A copy of the Exclusion Policy can be found here.

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

(a) health and safety;

(b) anti-bribery;

(c) conflicts of interest;

(d) tax;

(e) cyber-security;

(f) diversity and inclusion;

(g) whistle blowing; and

(h) modern slavery.

HICL's Sustainability Policy

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

(i) Support the transition to a lower carbon, energy-resilient and more resource efficient economy through responsible stewardship of portfolio companies, including where core asset operations facilitate decarbonisation and positive outcomes for the natural environment. HICL also prioritises building resilience to climate and nature related risks to protect long term asset value;

(j) Deliver reliable infrastructure that supports access to essential services and positive socio-economic outcomes. Active engagement with clients, stakeholders and local partners helps to ensure asset operations are responsive to community needs and promote fair, safe and inclusive working practices; and

(k) Uphold high standards of corporate governance, ethical conduct and integrity in decision making. Board oversight and transparent disclosure, alongside ongoing dialogue with shareholders and other key stakeholders, help reinforce investor confidence and the delivery of resilient, long-term infrastructure.

Good governance practices

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

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

5. PROPORTION OF INVESTMENTS

The Investment Manager will invest a minimum proportion of 80% of the Company's assets in order to attain the E/S Characteristics. As a result, the Investment Manager plans that a maximum of 20% of the Company's investments will be in "#2 Other" investments, which may include currency and interest rate hedging transactions carried out to seek to provide protection against foreign exchange risk and increasing costs of servicing Group Debt[1] drawn down to finance investments. Such transactions will only be undertaken for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

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

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

6. MONITORING OF ENVIRONMENT OR SOCIAL CHARACTERISTICS

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

(a) ***Environmental***: implementation of responsible environmental management measures, consideration of climate risks and Scope 1, 2, 3 emissions; and

(b) ***Social:*** community initiatives and voluntary contributions, health and safety policies and performance;

(the "**Sustainability Indicators**").

The sustainability indicators set out above will be applied to each investment on a case-by-case basis where relevant and in accordance with the asset type and sector. InfraRed will develop and introduce additional sustainability indicators to measure the attainment of the E/S Characteristics for the Company in the future, as appropriate.

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[1] as defined in the prospectus which can be found here

7. METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Prior to acquisition of an investment, the Investment Manager considers the performance against the Sustainability Indicators and the mandatory principal adverse impact indicators in Table 1 Annex 1 of the SFDR Regulatory Technical Standards (Regulation (EU) 2022/1288), to the extent that relevant data is available from each potential investee company.

Post-acquisition, the Investment Manager will assess the principal adverse impacts on an ongoing basis through its established portfolio monitoring process, an ongoing dialogue with investee companies and the collection of appropriate investee company level data on an annual basis. The collected data helps understand the ongoing position of each of the investee companies with regards to sustainability related risks, opportunities and impacts and identify an action plan of aspects which the Investment Manager determines to be necessary to be addressed by an investee company to improve its sustainability performance.

8. DATA SOURCES AND PROCESSING

As noted above, the Investment Manager ensures monitoring of its portfolio companies through the use of the Sustainability Survey, collating asset-level data to assess each applicable Sustainability Indicator. Whilst the Investment Manager undertakes necessary checks to ensure the receipt of high-quality data from its portfolio companies, the Investment Manager ultimately relies on its portfolio companies to provide relevant and accurate performance data.

In addition, while majority of the data can be directly collected and based on actual values, a number of other data points, such as GHG emissions, may need to be estimated. The share of estimated data depends on the data availability for an individual asset. Where practicable, estimates will be subject to plausibility checks, relying on general market standards and typical values for similar projects/investments.

9. LIMITATION TO METHODOLOGIES AND DATA

As noted above, some of the data will be based on estimates, and the availability of some data will depend on cooperation with the investee company concerned. While estimation can lead to a risk of inaccuracy, the Investment Manager will employ practices in relation to its monitoring and recording of Sustainability Indicator performances in order to improve reliability.

The Investment Manager will endeavour that none of these limitations will negatively affect the attainment of the E/S Characteristics. Where necessary, the Investment Manager will seek to take corrective measures in respect of any concerns identified during data collection and verification.

10. DUE DILIGENCE

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

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

on sustainability matters is being promoted, as well ensuring environmental and social risks and opportunities are considered and measured.

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

In addition, InfraRed's sustainability investment and management framework, is applied to each potential project company considered for investment by HICL (as detailed at 4 above).

11. **ENGAGEMENT POLICIES**

Please see further information in section 4 above in respect of portfolio management and good governance practices.

12. **DESIGNATED REFERENCE BENCHMARK**

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

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