

Sustainability End of Year Update

Investing in real assets
with real purpose to create
a sustainable future.

DECEMBER 2020



A year of progress towards best-in-class sustainability

At InfraRed, we firmly believe that a sustainability-led perspective is more important than ever to deliver long-term outperformance. To achieve this, it is vital that we consider the needs of all our stakeholders, including our investors, business partners, clients and the communities our assets serve.

In 2014, we adopted a systematic approach to addressing sustainability factors in our investment and asset management processes. When we revisited our corporate vision with our staff in 2018, the overwhelming feedback was that sustainability had to be central to our business purpose. Since then, we have accelerated the implementation of our sustainability programme in accordance with our commitment to elevate our approach in line with industry best practices.

Highlights of 2020:

■ Supporting our assets through COVID:

During the pandemic we have worked to:

- Maintain asset quality, availability and flexibility, particularly for healthcare and education assets where COVID requirements were implemented, such as the reconfiguration of hospital wards and installation of social distancing measures.
- Implement initiatives to support the health and wellbeing of staff working at our assets as well as patients, students and other stakeholders.
- Preserving asset values by monitoring financial performance and supporting management teams. This was particularly important for demand based assets adversely impacted by reduced usage volumes during lockdowns.

Our priority was to meet the needs of our clients and end users of our healthcare and education assets.



10+ million patients with direct access to our healthcare facilities.



120,000+ student places across our school, college and university facilities.

■ **Tracking and reporting performance:** A new sustainability reporting framework has been implemented to measure asset performance against a wider base of KPIs. This data will help us drive asset performance and enhance our reporting to investors and other stakeholders.

■ **Continuously improving our processes:** We refined our investment processes which included the introduction of early sustainability screening to ensure we only pursue opportunities that align with our Sustainability Policy and key risks and opportunities are identified at the outset.

■ **Aligning our staff's interests:** All InfraRed partners and employees have been set a sustainability objective reflective of their role, which directly impacts their performance assessment and overall remuneration.

Key achievements in 2020:



A+

Rating under the PRI's¹ scoring system for strategy and governance and our infrastructure and real estate businesses for the 2019 assessment period.



Carbon Neutral

InfraRed became a certified CarbonNeutral[®] company² and will remain carbon neutral as we firstly reduce, then offset our future carbon emissions.



89%

The percentage of our infrastructure assets that passed our annual ESG performance survey with the top rating, compared to 65% when we first commenced the survey in 2014.



TCFD Supporters

InfraRed, HICL and TRIG became TCFD³ supporters in line with our commitment to support SDG 13 Climate Action.



£1m

Allocated to promoting social inclusion, health and well-being by the InfraRed Charitable Foundation.



£160k

Raised for charities helping those impacted by COVID-19 through InfraRed's London to Sydney Virtual Charity Race.

Impact on Sustainability Development Goals - selected initiatives:



SDG 3 Good Health and Well-Being:

- InfraRed's listed renewables fund, **TRIG**⁴, increased its regular community contributions by £500,000 to assist those impacted by COVID.
- **Singapore Sports Hub** was converted into temporary accommodation to house foreign workers who had tested positive for COVID-19 but were in the final phases of recovery before returning home.
- A number of our portfolio companies recognised the individual contributions made by staff by providing free meals or vouchers. For example, clinical and support staff at **Salford Royal Hospital** were provided with free food and drink 'grab bags'.
- The project company at **Peterborough Hospital** sourced food supplies from local supermarkets to distribute to a neighbouring school for children of essential workers and those in need.

¹ Principles for Responsible Investment. Further information can be found via PRI's website accessed here <https://www.unpri.org>

² In accordance with The CarbonNeutral Protocol. InfraRed has acquired carbon credits to offset the company's actual emissions in 2019 and forecasted emissions in 2020 (which will be reconciled at the end of the year to ensure we offset our actual emissions in 2020).

³ Task Force on Climate-related Financial Disclosures. Further information can be found via TCFD's website accessed here <https://www.fsb-tcfid.org>

⁴ The Renewable Infrastructure Group. Further information can be found via TRIG's website accessed here <https://www.trig-ltd.com>



SDG 13 Climate Action:

- **High Speed 1 ('HS1 Limited')** announced its new sustainability strategy with a view to becoming carbon neutral by 2030. HS1 Limited is also aiming to become the first UK railway to run solely on renewable energy.
- **Tyne Tunnel ('TT2')** received a carbon neutral certification for its UK operations in October 2020. In 2021, TT2 is planning to implement Freeflow which is expected to reduce vehicle emissions by 90% by eliminating stopping and starting at toll collection points.



SDG 4 Quality Education:

- **Forest School** implemented a summer programme for Year 7/8 students to assist with relationship building to ease students transition back to school after lockdown.

Continuing to raise the bar

InfraRed is much more than a financial investor. We are a proactive partner driving real change. We are committed to elevating our sustainability strategy and will continue to take further steps to achieve this objective over the course of next year.

2021 objectives

- **Enhancing our reporting:** In 2021 we will release InfraRed's annual sustainability report and will continue to improve our funds sustainability reporting. We will also continue to monitor advancements in reporting to ensure we adopt market best practices.
- **Improving climate resilience:** In 2020 we commenced a climate change risk assessment for our active funds which will be finalised in 2021. The results of this will help to improve the climate resilience of our existing portfolio and inform our future investment opportunities.
- **Learning from the COVID crisis:** The way we operated in 2020 changed because of COVID. Project stakeholders needed to work together to reconfigure assets, redeploy resources and adapt operating plans in rapid timeframes. In 2021 we will reflect on the lessons learnt from this experience so that we can operate our assets more efficiently in the future.
- **Evolving our approach:** We will continue to evolve our approach to prominent sustainability issues such as human rights and supply chain management during 2021 and the coming years. We will also draw from the experience and knowledge of the wider Sun Life Group.