



SUSTAINABILITY REPORT

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

01 CEO Statement



Werner von Guionneau CEO

I am delighted to present InfraRed's inaugural sustainability report.

For over a decade, we have held the belief that a sustainability-led mindset is essential to delivering long-term success. This mindset has directed our assessment and management of the Environmental, Social and Governance ("ESG") aspects of our business. As owners and managers of infrastructure and real estate assets – social infrastructure including hospitals, schools and other facilities used by the general public; transport infrastructure such as roads and rail; power infrastructure such as renewables generation and power storage facilities; and real estate assets such as residential and office accommodation – our business impacts the lives of millions of people around the world who use and interact with our assets daily.

With this comes not only the responsibility for InfraRed and its staff to set a high bar for behaviour and conduct, but also the responsibility to deliver positive outcomes for all stakeholders. This holistic view is inextricably linked with the long-term success of our assets, which often have lifespans exceeding 50 or even 100 years, and our business overall.

InfraRed has been a signatory to the United Nations ("UN") Principles for Responsible Investment ("PRI") since 2011 and has consistently achieved top ratings. In 2018, we decided to further elevate our approach to sustainability and refreshed our corporate vision statement to **Investing in real assets with real purpose to create a sustainable future**. This new approach reflected an energized vision for sustainability, developed by and shared by all staff.

Since then, we have continuously refined our sustainability policy and drove its systematic implementation into all aspects of our operation. This policy is founded on five commitments which are set out in the report, one of which

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being transparent reporting and the publication of this sustainability report.

I am proud of the progress we have made in delivering against our sustainability commitments. Whilst Covid impacted some of our assets, particularly those with demand-based revenue streams and those in the health and educational sectors, their operational resilience has remained strong. This is a testament to the active asset management approach and robust governance frameworks which underpin our investments and overall business alike.

Supporting our stakeholders

At the start of the pandemic, we set out priorities for managing our assets in response to the crisis. The first priority was maintaining the availability of assets and delivery of their related services to meet the immediate needs of our clients and end-users. Long-established business continuity plans were implemented across our portfolio, and we worked proactively with portfolio companies, delivery partners and clients to ensure public services for which we were responsible continued to be delivered. We also facilitated the sharing of best practices between the management teams of our assets.

We equally prioritised the health and well-being of our staff, clients, stakeholders, and delivery partners, as well as the end-users of our assets.

Through our portfolio companies, we recognised the contribution made by national healthcare organisations and facility management staff working in our healthcare assets by providing support such as free healthy meals, access to mental health helplines and various other programs.

We also implemented measures to support our own staff's health and well-being, including the introduction of 'meeting-free' times and virtual social and activity-based challenges, one of which raised £160,000 for international charities supporting those severely impacted by Covid. I am extremely impressed by the way my colleagues embraced new working environments and supported each other during this period.

Continuing to raise the bar

Despite the challenges caused by Covid, it was crucial that we accelerated the implementation of our sustainability programme. We achieved a number of significant milestones in 2020: in particular, we enhanced the sustainability requirements in our investment processes; assessed climate-related risks and progressed reporting

in line with Task Force for Climate-related Financial Disclosures ("TCFD"); expanded our reporting framework and data collection; increased engagement with portfolio companies on sustainability issues; and aligned our staff's interest through the introduction of individual sustainability performance objectives.

Whilst we are delighted with the progress we have achieved, we recognise there is a lot more to be done. In the coming year, we will set a clear path on how we can achieve net zero carbon emissions using science-based targets for assets under our direct operational control. Where we do not have operational control, we will work with clients to support their net zero journeys. We will also put further steps in place to measure our impact against the UN Sustainable Development Goals ("SDGs"), particularly those which we prioritise: SDG 3 Good Health and Well-being, SDG 4 Quality Education and SDG 13 Climate Action.

"We will set a clear path on how we can achieve net zero carbon emissions."

In our next sustainability report, we are committed to reporting in line with best in practice disclosure requirements such as TCFD, European Union ("EU") Taxonomy and Sustainable Finance Disclosure Regulation ("SFDR"). Our Sustainability Manager, Kate McKeon, has set out further information on the future objectives of our sustainability programme in Section 8.

While sustainability has been central to our business for a long time, we have achieved a step-change in recent years. Much of the progress is attributable to the passion of our staff in driving the sustainability agenda forward. This momentum will continue to accelerate as we work in collaboration with our parent company, Sun Life, which shares our vision of creating a sustainable future. Together, we will explore new possibilities to create positive impact.

I trust you will enjoy reading our sustainability report and we welcome any feedback that you may have. Would you kindly send to us via sustainability@ircp.com. We are excited to continue engaging with our stakeholders as we progress on our sustainability journey.

Werner von Guionneau

May 2021

Our 2020 highlights



▲ We achieved the highest possible rating of “A+” under the PRI scoring system for our strategy and governance, real estate and infrastructure businesses.¹



▲ We committed US\$700m to sustainable investments during 2020. This included over 1GW of offshore wind generation capacity across four investments.



▲ InfraRed, HICL Infrastructure Plc (“HICL”) and The Renewables Infrastructure Group Limited (“TRIG”) became official TCFD Supporters as part of their commitment to act on climate change through consistent climate-related financial disclosures.



▲ InfraRed became a certified CarbonNeutral® company and will remain carbon neutral as we firstly reduce, then offset our future carbon emissions.²



▲ We collaborated with our clients and delivery partners, to ensure that essential public services continued whilst protecting the health & well-being of all parties and maintaining financial stability for our investors.



▲ As part of our commitment to improve diversity, two female appointments were made to Investment Committees during the year.

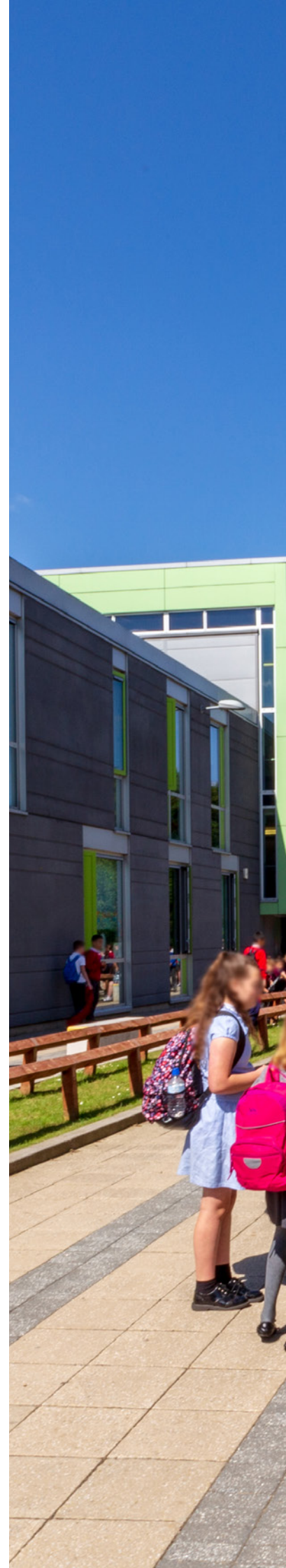


▲ £1m allocated to promoting social inclusion, health and well-being through the recently established InfraRed Charitable Foundation.

*<https://www.un.org/sustainabledevelopment>

¹ Principles for Responsible Investment (“PRI”) ratings are based on following a set of Principles, including incorporating ESG issues into investment analysis, decision-making processes and ownership policies. More information is available at <https://www.unpri.org>

² In accordance with The CarbonNeutral Protocol. Further information is available at <https://carbonneutral.com/the-carbonneutral-protocol>





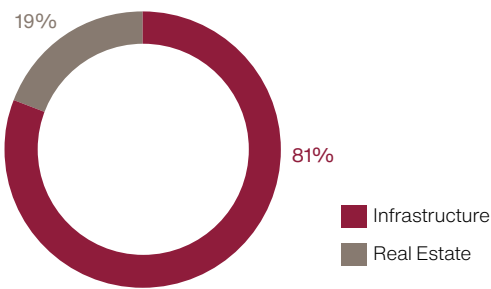
02 About InfraRed and our approach to sustainability

Our business

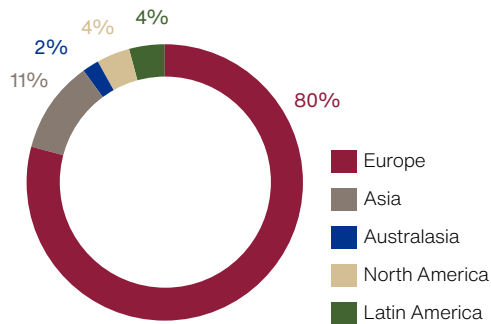
At its heart, InfraRed brings together investors looking for long-term stable returns with major infrastructure and real estate assets which provide essential services to communities and societies around the world. We have been doing this successfully for over 25 years.

From our offices in London, New York, Sydney, Seoul and Mexico City, we actively manage over 250 infrastructure and real estate assets in 20 countries, with over US\$12billion¹ of equity under management in private and listed funds.

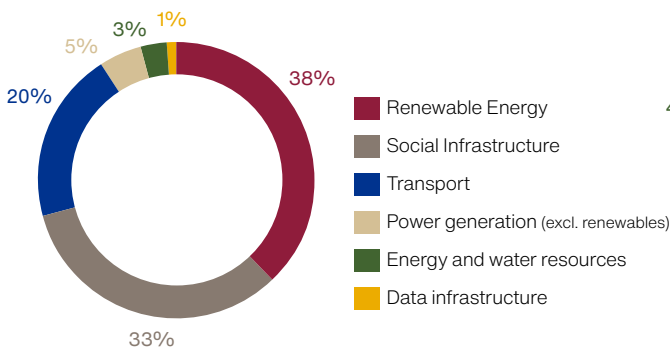
Equity under management



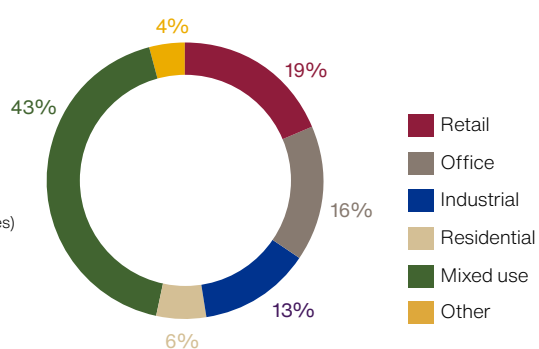
Investments by geography²





Infrastructure investments by sector²



Real estate investments by sector²



To date, we have launched 21 funds. These include HICL and TRIG, both of which are listed on the London Stock Exchange.

<p>FTSE 250 COMPANY</p>  <p>First infrastructure investment company to list on the main market of the London Stock Exchange in 2006, investing in social infrastructure.</p>	<p>FTSE 250 COMPANY</p>  <p>First diversified (by technology or geography) renewables infrastructure investment company to list on the main market of the London Stock Exchange in 2013.</p>
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¹ Data as at 31 December 2020, and represents both InfraRed and InfraRed NF, the joint-venture platform operating in Hong Kong.

² Percentage of equity committed.

Our vision

InfraRed is more than a financial investor. We are a real partner driving real change. We invest in real assets which contribute positively to society, whether that be promoting social development, improving quality of life or creating a positive environmental impact, both now and for future generations. We do so whilst generating sustainable returns for our investors and attracting further capital into the sector. This is what drives our business and our people.

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

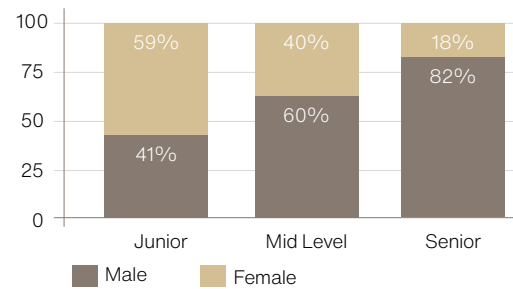
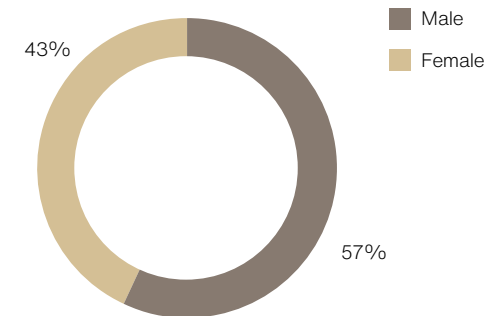
Our people

InfraRed believes that only a rich and diverse variety of viewpoints, personal experiences and professional expertise can lead to the better decisions and innovative thinking that drive success.

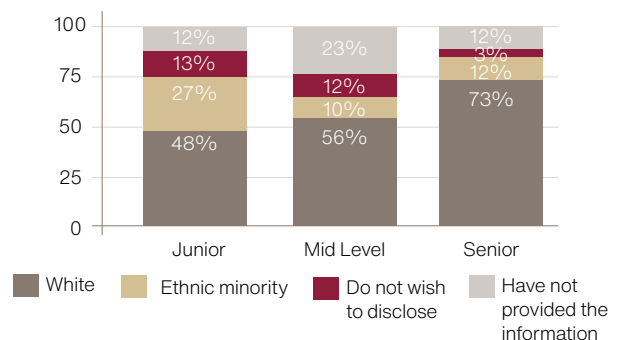
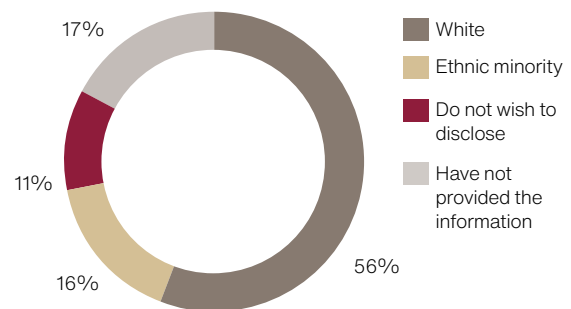
We recognise that further progress is needed to change the composition of our management and investment committees. This starts with improving diversity amongst junior and mid level grades, who rise into leadership positions over time.

We value every member of staff and we support everyone in reaching their full potential regardless of age, race, gender or personal beliefs and preferences. This equal and fair approach has been a key contributor to the inclusive culture we have fostered at InfraRed.

Staff profile by gender²



Staff profile by ethnicity²



² Results reflect the self-assessment made by staff. We had a total of 184 staff as of 31 December 2020.

Our ownership

In July 2020, InfraRed became part of SLC Management which is the institutional alternatives and traditional asset management business of Sun Life.

Sun Life is a leading international financial services organization providing insurance, wealth and asset management solutions to individual and corporate clients.

Advancing sustainability is a core strategic priority that supports Sun Life's purpose to help its clients achieve lifetime financial security and live healthier lives.




CASE STUDY

Project: East Anglia One, UK

Fund: TRIG and InfraRed European Infrastructure Income Fund ("EIIIF4")

TRIG and EIIIF4 acquired an interest in the 714 MW offshore wind farm in 2020, which is one of the largest in the UK and provides enough energy to power over 630,000 homes


A photograph of an offshore wind farm with several white wind turbines on yellow platforms in the ocean under a clear blue sky.

Sun Life has set a goal to invest an additional C\$20 billion in sustainable investments over the next five years across its General Account and Sun Life's asset management businesses.

These additional investments may range from renewable energy, energy efficiency, sustainable buildings, clean transportation, water management, and social infrastructure projects, such as hospitals.

Sun Life currently has more than C\$60 billion invested in sustainable investments combining assets through the General Account and Sun Life's asset management businesses.

InfraRed will play a pivotal role in supporting Sun Life to achieve this impressive objective.

 [Find out more on Sun Life's website](#)

Our approach to sustainability


Sustainability has always been central to our business' approach to investing and managing real assets. We have been a PRI signatory since 2011, and have been reporting our ESG activities to the PRI since 2014. In the 2020 assessment period, our business achieved the highest rating of "A+" under the PRI scoring system for its strategy and governance, real estate and infrastructure businesses.¹

We have always adopted an active asset management approach. We assess and consider sustainability risks as part of our investment decisions. We also actively seek to identify opportunities to improve sustainability performance and share best practices across our portfolio.

Our sustainability policy, which we refined last year, has evolved our long-standing commitment to sustainability into a systematic approach embedded in our wider business strategy.

Our sustainability policy consists of five key commitments:



 [A copy of our sustainability policy can be found on our website](#)

- 1 Continue to incorporate sustainability into our investment processes
- 2 Make a positive contribution to the UN SDGs
- 3 Track sustainability improvements across our portfolio and corporate operations
- 4 Embed sustainability into staff performance assessments
- 5 Minimise our corporate carbon footprint

Our progress against these five commitments is set out in Section 3.

¹ Principles for Responsible Investment ("PRI") ratings are based on following a set of Principles, including incorporating ESG issues into investment analysis, decision-making processes and ownership policies. More information is available at <https://www.unpri.org>

Our sustainability investment and management framework

Sustainability is integrated into every stage of the investment process as shown below.



Our sustainability programme is aligned with the UN SDGs and the PRI.



The 17 SDGs were adopted by all UN member states in 2015. The SDGs are an urgent call for action by all countries - developed and developing - in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

<https://www.un.org/sustainabledevelopment>




Our contribution

InfraRed supports all of the UN SDGs. We focus our efforts on the goals which align with our ESG objectives, contributing through the investments we make and impacting the local communities around our assets.

Our investments inherently directly contribute towards the following SDGs: SDG 7 Affordable Clean Energy, SDG 9 Industry, Innovation and Infrastructure, and SDG 11 Sustainable Cities and Communities. However our ESG

commitments have a much broader reach, and overall InfraRed actively contributes to many of the 17 SDGs, through specific initiatives undertaken by its portfolio companies or our own corporate initiatives.




Core SDG contributions

SDG	Our assets facilitate over	How InfraRed contributes
 7 AFFORDABLE AND CLEAN ENERGY	6 GW generation capacity	InfraRed has a long track record of investing in renewable energy and low carbon assets, having made our first investment in this sector in 2009 (p. 4, 8, 24). We also target best-in-class green certifications as part of the development and refurbishment of our real estate assets (p. 38-41).
 9 INDUSTRY INNOVATION AND INFRASTRUCTURE	250 infrastructure and real estate assets	We actively manage our assets to ensure we maintain a reliable, sustainable and resilient portfolio for the benefit of all of our stakeholders (p. 36, 44).
 11 SUSTAINABLE CITIES AND COMMUNITIES	25 million people served across many communities located globally	We implement measures to improve the quality of life for the communities in which our assets are located. We do this via our portfolio companies and through InfraRed’s own Community Engagement committee which leverages the passion, energy and talents of our staff to promote community engagement initiatives (p. 21, 32).

Prioritised SDGs

Given our corporate values and passions, we choose to prioritise our resources to make a positive contribution to the following SDGs: SDG 3 Good Health & Well-being, SDG 4 Quality Education and SDG 13 Climate Action (together,






our “Prioritised SDGs”). We do this by proactively engaging with our portfolio companies and using our influence to encourage them to make an impact against these SDGs.

SDG	Our assets facilitate over	How InfraRed contributes
 3 GOOD HEALTH AND WELL-BEING	10 million people with direct access to healthcare facilities	We actively monitor our delivery partners to ensure that they have appropriate Health & Safety procedures in place (p. 34-35, 42). We also encourage our assets to implement initiatives which improve community health and well-being. In 2020, these initiatives were predominately focused around alleviating impacts caused by Covid (p. 18-23, 32, 42).
 4 QUALITY EDUCATION	120,000 student places across school, college and university facilities	We encourage our portfolio companies to implement initiatives that educate young people about job opportunities in infrastructure and real estate projects as well as key environmental issues such as climate change and renewables. Improving social mobility through quality education is also a key priority of our Community Engagement committee (p. 20).
 13 CLIMATE ACTION	1.2 million tonnes of CO2 emissions avoided	We assess and report the climate-related risks and opportunities associated with our asset and we are taking steps to improve the resilience of our assets and reduce the carbon footprint of our portfolio (p. 24-27).

Our stakeholders

We understand we have to enhance value for all our stakeholders – not just our investors. If we neglect the needs of our broader stakeholders – whether they be the public sector clients, our staff or those of our delivery partners, the end-users of our assets, or the communities and the natural environment in which those assets are located, value will be impacted one way or another in the long-term.

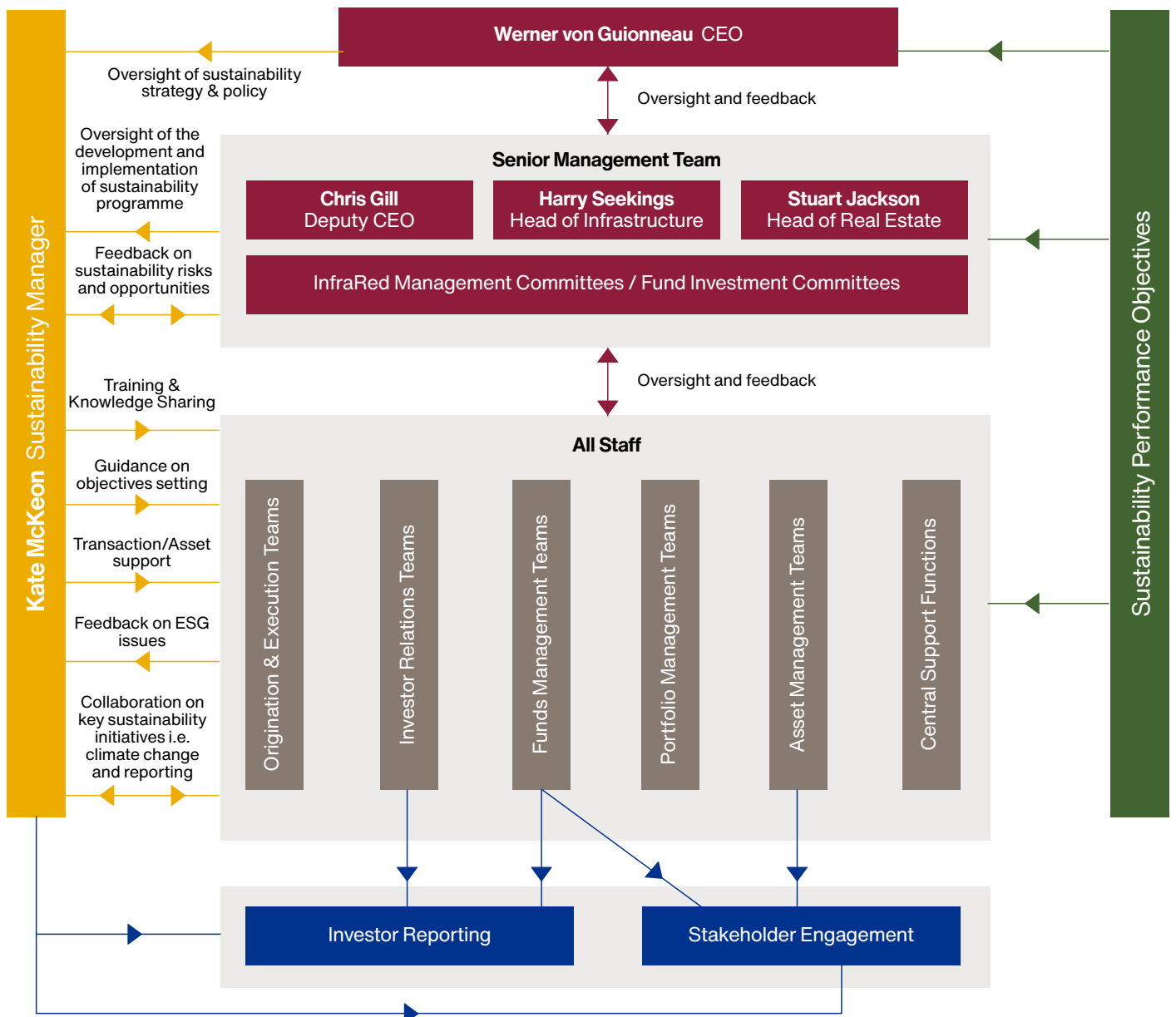
By actively supporting the objectives of all stakeholders, we strengthen relationships with all parties, identify and mitigate ESG risks associated with our activities, improve the communities and the environment in which our infrastructure and real estate assets are embedded. Thus ensuring that the investments themselves are sustainable in the long-term.

Overview	Our approach to stakeholder engagement
 <p>Our clients</p>	<p>A number of our infrastructure assets are delivered in collaboration with public service clients, such as the National Health Service (“NHS”) in the UK or other government departments. In the majority of these cases we, via our portfolio companies, are responsible for delivering and maintaining the infrastructure asset, for example, a hospital or school, so that our client can provide the essential services of treating patients or teaching students.</p> <p>We have always been committed to working in close partnership with our clients to facilitate the delivery of essential public services. This approach was fundamental in our ability to respond to Covid as outlined in Section 4. Moving forward, we are also looking forward to working with our clients to implement measures to reduce the amount of energy and water consumed as well as waste and GHG emissions generated by our assets.</p>
 <p>Our delivery and other partners</p>	<p>We partner with a variety of companies to facilitate the services provided by our assets. This includes management service providers, managing agents, construction companies, facilities management companies, financiers, co-shareholders and advisers.</p> <p>It is of the utmost importance to us that we work with like-minded delivery partners who share our commitment to developing and operating reliable, high-quality sustainable assets. We adopt a collaborative approach with our delivery partners which is based on transparent communication, mutual respect and knowledge sharing.</p>
 <p>Our communities and the end-users of our assets</p>	<p>Our assets sit at the heart of communities and play a key role in modern society. They provide essential services such as water or accommodation, facilitate inter-regional connectivity through road and rail networks, perform important social purposes such as elderly care homes and social housing, enable education and generational change and generate clean and affordable renewable energy.</p> <p>Our portfolio companies actively support and facilitate initiatives that are tailored to benefit the communities in which our assets are located. We firmly believe that it is only with the endorsement of the communities in which our assets reside that we can effectively deliver the investment proposition for our investors over the long term.</p>
 <p>Our investors</p>	<p>Our investors provide the capital in which we invest in infrastructure and real estate assets. Our investor base includes large international institutions, including pension funds, who are responsible for generating stable and resilient income for their customers.</p> <p>We have a duty as a fund manager to preserve and enhance value for our investors. We, as do our investors, recognise that we can only achieve this by taking a long-term sustainability led approach. This approach is what attracts investors to InfraRed.</p>
 <p>Our staff</p>	<p>The success of our business is driven by the passion, experience, dedication, and integrity of our staff. That is why it is important to us that we provide our staff with a work environment that facilitates their learning and development, supports their health and well-being and fosters an inclusive culture representative of a company which they are proud to work for.</p>

Our governance framework

Whilst we have a dedicated Sustainability Manager, who is responsible for developing and implementing our sustainability programme, all our staff are responsible for incorporating sustainability considerations into the delivery of their day-to-day role. This is supported by the role specific sustainability performance objectives that we introduced last year.

Given the importance of sustainability to our business, the Sustainability Manager reports directly to the Chief Executive Officer (“CEO”), who maintains overall responsibility for sustainability at InfraRed.



This case study demonstrates InfraRed's commitment to embedding sustainability into every aspect of our role as a fund manager, not just the investment processes. We are also willing to be held accountable for our ESG performance via external financial targets. Following the success with the TRIG RCF and FX hedging cost, we are in the process of implementing similar facilities for our other funds under management.



Egmore Airfield, UK
TRIG

CASE STUDY

Project: ESG-linked Revolving Credit Facility ("RCF") and Foreign Exchange ("FX") Hedging

Fund: TRIG

Credit facility linked to ESG performance

In December 2020, InfraRed refinanced and expanded TRIG's RCF. This new loan is one of the first ESG-linked Sterling Overnight Index Average ("SONIA") loans of its kind and sets TRIG ambitious but achievable sustainability targets, noted below. This underlines our commitment to sustainability and helps align this with financial outcomes for our equity investors.

The interest charged in respect of the renewed RCF is linked to the Company's ESG performance. TRIG will incur a premium or reduction to its margin and commitment fee based on performance against defined sustainability targets.

ESG Performance Targets

- ▲ **Environmental:** increase in the number of homes powered by clean energy from TRIG's portfolio
- ▲ **Social:** increase in the number of community funds supported by TRIG
- ▲ **Governance:** maintaining a low Lost Time Accident Frequency Rate ("LTAFR")

Performance against these targets will be measured each year, with the cost of the RCF being amended in the following year. The RCF has also been established using the new SONIA basis, ahead of the wider banking market transition from London Interbank Offered Rate ("LIBOR"), reflecting InfraRed's forward-looking approach to good governance.

Building on TRIG's ESG-linked revolving credit facility, in 2021 InfraRed has also worked with NatWest Capital Markets for TRIG to link its key sustainability measures to its FX hedging cost. As part of the agreement, TRIG will receive a sustainability payment when it delivers against its established ESG targets as defined above.

03 Progress against our sustainability commitments

As part of our commitment to be transparent on our sustainability performance, we have summarised the actions we took in 2020 to address the five commitments in our sustainability policy, as well as our key areas of focus for 2021.

1 Continue to incorporate sustainability into our investment processes

Actions taken in 2020	Focus for 2021
<p>Pre-investment</p> <ul style="list-style-type: none"> ▲ Investment processes updated based on recommendations from an external review completed by Environmental Resources Management. ▲ Firm-wide sector exclusion list introduced, which excludes activities which lead to significant carbon emissions or pollution as well as the manufacture, procurement or sale of weapons intended to be used in combat. As a result, 4 opportunities were declined in 2020. ▲ Our real estate business partnered with Four Twenty Seven to complete climate change risk assessments as part of the due diligence process for all new investments. <p>Post-investment</p> <ul style="list-style-type: none"> ▲ We engaged with all portfolio companies on their ESG performance and areas for improvement. We also hosted workshops on key topics, such as climate change. ▲ Willis Towers Watson was engaged to complete climate change risk assessments for 134 of our infrastructure assets. 	<p>Pre-investment</p> <ul style="list-style-type: none"> ▲ Review and update the firm-wide sector exclusion list. Improve transparency by publishing the list on our website. ▲ Trial the completion of our annual ESG survey as part of the pre-investment due diligence processes to consistently measure ESG performance. ▲ Update our investment processes in respect to human rights issues based on the PRI's recommendations and the UN Guiding Principles on Business and Human Rights. ▲ Set minimum expectations in regard to ESG budgets for new investments. ▲ Update company-wide processes to include the completion of a third-party climate change risk assessment for all new investments. <p>Post-investment</p> <ul style="list-style-type: none"> ▲ Work with portfolio companies to address the results of the Willis Towers Watson climate assessment. ▲ Continue to engage with portfolio companies in relation to key sustainability themes and best practices.

2 Make a positive contribution to our prioritised UN SDGs

Actions taken in 2020	Focus for 2021
<ul style="list-style-type: none"> ▲ We updated our pre-investment processes to identify contributions to the SDGs. ▲ We started tracking our assets contributions to our Prioritised SDGs, the results of which are included in Section 6 and 7. ▲ All portfolio companies were requested to quantify and report Scope 1 and Scope 2 GHG emissions. 	<ul style="list-style-type: none"> ▲ Establish dedicated KPIs which measures our impact against our prioritised SDGs. ▲ Engage with portfolio companies to ensure they measure and report resource use data (energy, water and waste) and GHG emissions (Scope 1, Scope 2 and Scope 3). ▲ For assets where we have operational control, we will set quantifiable science-based targets to reduce GHG emissions in line with the goals of the Paris Agreement. Where we do not have operational control, we will use our influence to encourage clients to set similar reduction targets.

3 Track sustainability improvements across our portfolio and corporate operations

Actions taken in 2020	Focus for 2021
<ul style="list-style-type: none"> ▲ Sustainability reporting expanded to capture performance against more ESG KPIs. ▲ HICL and TRIG progressed reporting against the TCFD recommendations, providing strategy analysis alongside their existing governance and risk management reporting. 	<ul style="list-style-type: none"> ▲ Expand sustainability reporting to align with SFDR and EU Taxonomy requirements. ▲ Reporting against all 11 recommended TCFD disclosures for HICL (completed in May 2021) and TRIG (February 2022). ▲ Additional climate-related questions included in the sustainability reporting framework to inform TCFD metrics and targets disclosures.

4 Embed sustainability into all staff performance assessments

Actions taken in 2020	Focus for 2021
<ul style="list-style-type: none"> ▲ We introduced sustainability performance objectives for all staff which relate to their role and seniority. ▲ In 2020, 72% of staff had sustainability performance objectives. 	<ul style="list-style-type: none"> ▲ Ensure all staff have sustainability performance objectives in 2021. ▲ Sustainability performance objectives to be refined from 2022 to include quantitative measures.

5 Minimise our corporate carbon footprint

Actions taken in 2020	Focus for 2021
<ul style="list-style-type: none"> ▲ We became a certified carbon neutral firm effective from 1 January 2019 in accordance with The CarbonNeutral Protocol¹. ▲ Our new London offices received a BREEAM Excellent rating and we achieved a Gold SKA rating for our internal fitout. 	<ul style="list-style-type: none"> ▲ We will update our travel policy to encourage staff to consider the most efficient way to travel (87% of our corporate carbon emissions in 2019 were related to business travel) whilst remaining connected with our project stakeholders.



¹ Further information is available at <https://carbonneutral.com/the-carbonneutral-protocol>

04 Responding to Covid

A significant proportion of our portfolio consists of investments in core infrastructure assets such as hospitals, emergency services buildings and schools, which were an important component of the response to Covid. This meant that the operations at these projects were both directly affected by Covid and were also at the heart of the fight against it.

Whilst the remaining assets in our portfolio may not have played as pivotal a role in responding to Covid, they remained critical to people's everyday lives; through the provision of services like renewable energy, or through providing people with a place to live. Maintaining their operation during the pandemic, as well as the income we generate for our investors, many of whose livelihoods or pension funds are dependent on us, was also of significant importance.

Our priorities in response to Covid

Our ability to respond quickly and effectively to the pandemic was largely due to the robustness of the existing governance frameworks and stakeholder engagement approach which were already embedded into our investment, asset management and corporate processes.



[At the start of Covid we set out our priorities for responding to the crisis in our Covid Code of Conduct. Access it here.](#)

1

Maintaining asset quality, availability and flexibility:

we prioritised the immediate service needs of our clients, the end-users of our assets and other stakeholders and ensured the continuation of services.

Across our portfolio, long-established business continuity plans were implemented, with portfolio companies working proactively with delivery partners and clients, supported by InfraRed's asset management team to ensure continued operations. InfraRed's own corporate business continuity plan was also enacted, as our staff transitioned to a remote working environment.



Our knowledge sharing framework was prioritised across all the healthcare facilities in our portfolio. For example, we connected the management team for the 800-bed Royal Adelaide Hospital in Australia (an investment in InfraRed Infrastructure Fund III) with a number of hospitals in HICL's portfolio to learn crucial information in respect to responding to Covid.

CASE STUDY

Sector: Healthcare

Fund: HICL, InfraRed Infrastructure Yield Fund and InfraRed Infrastructure Fund III

Contribution in the healthcare sector

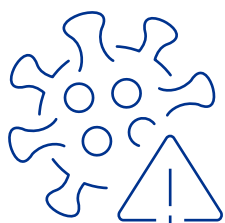
Within our portfolio are 32 hospitals, with over 12,000 beds, including over 600 acute, critical care, intensive care, high dependency and emergency beds. The portfolio companies manage and contract key services for the UK's NHS and other health authorities to deliver healthcare facilities. These include maintenance and major asset renewal, and may also inter alia include portering, catering and cleaning.

During the early stages of the pandemic, the portfolio companies worked closely with NHS clients across the portfolio to support their evolving needs and repurpose space across healthcare assets.

- ▲ At **Pinderfields Hospital**, wards were reconfigured through the PFI contract to increase the number of 'red' high dependency beds from 18 to 47.



- ▲ **Brentwood Community Hospital** was transitioned into a hub through the delivery of six Covid wards. This involved new partitioning, reconfiguring plumbing, replacing carpets with vinyl floors, and increasing cleaning regimes, security, medical oxygen and inpatient meals.



6

Covid wards created at Brentwood Community Hospital



2

Supporting the health and well-being of all stakeholders:

our priority was to protect the health and well-being of our own staff, the end-users of our assets as well as the staff of our clients, delivery partners and other stakeholders working in our assets.



End-users of our assets

Through our portfolio companies, initiatives were implemented to ease the impact of Covid on end-users.

For example staff at **Broomfield**

Hospital sourced clothing items for elderly patients to wear once they had been discharged from the hospital (patients were not able to source a change of clothes due to visitor restrictions) and at one of our retirements homes in Loudeac, France, senior citizens were offered free delivery of groceries, meals and newspapers along with enhanced communication channels to contact loved ones. Taking the lead from our portfolio companies, **InfraRed** also donated our own unused corporate laptops to students from three schools within our portfolio to support studies from home during the lockdown period.



Our clients

A number of the portfolio companies recognised the individual contribution made by staff by providing free meals or vouchers. For example, at

Salford Royal Hospital, clinical and support staff were provided with free food and drink ‘grab bags’. Portfolio companies also implemented measures to support staffs mental well-being. **Southmead Hospital** distributed 500 ‘keep fit’ bags to NHS staff and **Ealing Care Homes** in collaboration with the Care Provider, funded a helpline for all staff. Advertising channels at **Basildon, Liverpool, Bury and Preston Shopping Centres** were used to recognise the contribution of key workers during Covid.

St Johns Shopping Centre displayed a thank you message on its giant screen to NHS workers in Liverpool





Our communities

Our portfolio companies also committed significant amounts of funding to support local communities struggling with the impact of Covid. For example, the portfolio company for **Northwest Parkway toll road** made a charitable donation of \$100,000 to a variety of volunteer foundations and **TRIG's recovery fund** allocated an additional £500,000 of funding to support not-for-profit and voluntary organisations across the UK and Ireland. **InfraRed and our business partners** raised £160,000 for international charities helping those impacted by Covid through our London to Sydney virtual international charity race.



One of our staff members celebrating success in InfraRed's London to Sydney virtual charity race.



Our Staff

In addition to providing frequent and clear communications to staff, we implemented a 'Go-To Team' that staff could contact if they needed additional support. Staff were also reminded of the existing employee assistance programme. We also supported staff who were struggling to balance their work commitments whilst also home schooling their children during lockdown periods. We did this by providing reduced hours with no corresponding adjustment to compensation.

We also hosted resilience and well-being sessions, established a daily 'meeting-free' lunch hour and hosted virtual social events and activity-based challenges.

We are proud to say that none of our staff members were furloughed or made redundant and we continued to hire new staff in 2020 in line with our growth plans.

£700,000+
donated to support Covid initiatives by charities and not-for-profit organisations



Students in Fife were able to receive subsidised laptops to help with home learning during the pandemic using community funds from TRIG



Our delivery partners

A number of portfolio companies recognised the individual contribution made by staff by providing free meals or vouchers. For example, **North Tyneside Schools** Love to Shop vouchers were ordered for subcontracted facilities management staff.

3 **Financial stability:** managing the financial outcomes sustainably for investors, many of whom are pensioners who rely on the income generated from the funds managed by InfraRed.

Whilst it was important to us that we managed our assets to respond to the earlier priorities outlined, we also recognised that we have a responsibility to generate a sustainable return for our investors, many of whom are pensioners who rely on the income generated from our funds.

Whilst assets in our portfolio, in particular the demand-based assets, were challenged by Covid, thanks to our active management approach, all of our assets were able to continue operations, and for the vast majority of our assets, value was preserved in accordance with the investment business plan.



CASE STUDY

Example of our corporate community engagement initiatives

LifeCycle Project

In collaboration with our partners, Vercity, Bouygues Energies and Service as well as the Department of Work & Pensions and HM Prison Service, we launched the LifeCycle Project.

The project involves the collection of unwanted bikes from the wider community, renovating them in prison bike workshops and gifting the bikes to key workers and other individuals in need. Unfortunately due to Covid restrictions, we have been unable to set-up prison bike workshops, however, we hope to establish this aspect of the project in 2021.

As of April 2021, 64 bikes had been donated from InfraRed, Bouygues Energies and Service and Vercity staff and partners and 30 bikes had been donated to NHS key workers at West Middlesex Hospital, Southmead Hospital and Peterborough City Hospital.

You can donate a bike to this project using the QR code, or to find out more information on how to get involved, contact info@lifecycleproject.org.



Donate your old bike in the UK to a key worker using the QR code

Our and our delivery partners staff donating bikes to key workers from West Middlesex Hospital.

CASE STUDY

Sector: Singapore Sports Hub, Singapore

Fund: InfraRed Infrastructure Fund III

Transforming to provide temporary homes

From April through to September 2020, Singapore Sports Hub assisted in responding to Covid by constructing and managing temporary dormitories to house foreign workers, referred to as Project Dorm. More than 3,584 residents were accommodated in its 138 days of operations, with 1,926 residents at the OCBC Arena, 1,325 residents at the National Stadium and 333 residents at the 100PLUS Promenade.

Using its on-site catering facilities and with the support of the catering contractor, the portfolio company provided 485,000 meals, which included vegetarian, non-vegetarian and oriental meals, to provide residents with a sense of comfort and familiarity during this challenging period.

Numerous donation drives were conducted to help support the residents during their stay at Project Dorm including care packages, goodie bags, ready-to-eat meals, ice cream, cup noodles and more, kindly donated by those including Ministry of Culture, Community and Youth, Touch International, the Myanmar Association, Old Chang Kee, Nestle, Red Cross Society Singapore, Udders and OCBC Bank.

05 Driving climate action

Our approach and strategy to address climate change is focused on five key areas:

1

Understanding our climate-related risks and opportunities

We incorporate internal and external climate change risk assessments as part of our pre-investment due diligence and risk management considerations for our existing portfolio.

2

Quantifying and reducing our carbon footprint

We have taken the first steps to quantify the carbon footprint of our portfolio. In 2021, we will work with the portfolio companies to ensure we have complete and accurate data on GHG emissions, as well as establishing a clear path on how we will reduce GHG emissions using science-based targets.

3

Aligning our investment strategy with climate action

This is evidenced by our longstanding track record of investing in development-stage and operational renewable energy projects as well as storage capacity and flexible generation assets which reinforce the grid. We are also actively tracking new developments to support the transition to a lower-carbon economy, such as investments to decarbonise the transportation and heating sectors and hydrogen opportunities.

4

Raising awareness with project stakeholders

We are actively engaging with portfolio companies to raise their awareness of climate-related risks and opportunities, and in turn, we are encouraging them to proactively engage with their clients, delivery partners, co-shareholders and other relevant stakeholders to identify ways to improve climate resilience and reduce GHG emissions.

5

Reporting in line with the TCFD recommendations

Our listed funds have already made voluntary disclosures against the TCFD recommendations and we are committed to incorporating TCFD disclosures in our unlisted fund reporting in 2021. In the meantime, we have provided a summary of our approach to climate change in respect of the TCFD recommendations.



Reporting against TCFD recommendations

Governance



Asset

At an asset level, climate-related risks and opportunities are managed by the portfolio company management team. InfraRed’s asset management team oversees this via their role as Board Directors of the portfolio company.

InfraRed

Climate-related risks or opportunities are reported to the Fund Manager and the

Investment Committee via the quarterly project reporting, and in turn to investors via quarterly fund reporting.

Listed Fund’s Board

In respect of HICL and TRIG, each listed Board has responsibility for the oversight of the potential impact of climate change on these companies.

Strategy



Asset

The objective of the external climate change risk assessment conducted by Willis Towers Watson’s Strategic Risk Consulting team was to identify climate-related physical and transition risks and opportunities under various climate scenarios (refer to page 26). This will enable the portfolio companies to factor the findings of the assessment into their future business and financial planning.

InfraRed

InfraRed regularly undertakes market reviews to inform our investment strategies in the short, medium and long-term. As part of this review, we consider the impact of climate change and our role in supporting the transition to a lower-carbon economy. For example, energy transition, renewable and low carbon generation have been a central theme of all infrastructure funds we have raised since 2010.

Risk Management



Asset

We will work closely with our portfolio companies to incorporate the results of the Willis Towers Watson climate change risk assessment into the asset risk management framework.

Fund

The results of the Willis Towers Watson assessment enables InfraRed to undertake more detailed assessments on the assets which were identified as having higher exposure to climate risk, thereby reducing the

risk to our funds. InfraRed is also providing portfolio companies with information on best practices to improve climate resilience across the portfolio.

InfraRed

InfraRed monitors the implementation of risk mitigation and management processes undertaken by the portfolio company through Board meetings, quarterly reporting and the annual ESG survey. Climate-related risks and opportunities are also considered as part of the due diligence of new investments.

Metrics & Targets



As highlighted above, we are working with our portfolio companies to quantify the GHG emissions of our portfolio and set a clear

pathway to achieving net zero in accordance with science-based targets.

CASE STUDY

Project: Climate change risk assessment

Fund: HICL, InfraRed Infrastructure Yield Fund, InfraRed Infrastructure Fund III and InfraRed Infrastructure Fund V

Understanding our climate-related risks and opportunities

Climate change and the response to climate change is likely to impact our portfolio in two ways:

- ▲ **Physical risks:** “acute” physical damage to our assets from an increase in severity and frequency of weather events and “chronic” impacts such as sea level rises and drought; and
- ▲ **Transition risks:** policy, legal, technological, market and reputational risks associated with the transition to a lower-carbon economy.

InfraRed engaged Willis Towers Watson in September 2020 to undertake a climate change risk assessment.

The scope of the engagement included:

- ▲ **Physical risks:** Willis Towers Watson modelled the exposure of each asset to 11 different acute and chronic climate hazards based on current climate and future climate scenarios. The future assessment considered two scenarios: 1) high carbon emissions case (equivalent to an increase of 4°C above pre-industrial levels or Representation Concentration Pathway (“RCP”) 8.5); and 2) low/net zero carbon case (equivalent to an increase of 1.5°C above pre-industrial

“The outputs of this study enables InfraRed and its funds to address climate change related metrics in a more meaningful way. This is essential as having a pragmatic and measurable resiliency strategy to address and measure the financial impact of climate change is becoming a major requirement for asset managers, investors and businesses alike in their enterprise risk management and risk financing planning.”

Torolf Hamm, Head of Catastrophe and Climate Risk Management, Strategic Risk Consulting, Willis Towers Watson

levels or RCP 2.6). The analysis also estimated the financial loss exposures from flooding and windstorms events. The results of the physical risk assessment identified each asset’s overall level of exposure to physical risks. Based on the outputs, 20 assets with higher exposure to climate-related risks were selected for further assessment.

- ▲ **Transition risks:** In addition to physical risks, the assessment also considered the short, medium and long-term transition risks and opportunities for different sectors and geographies within our portfolio.

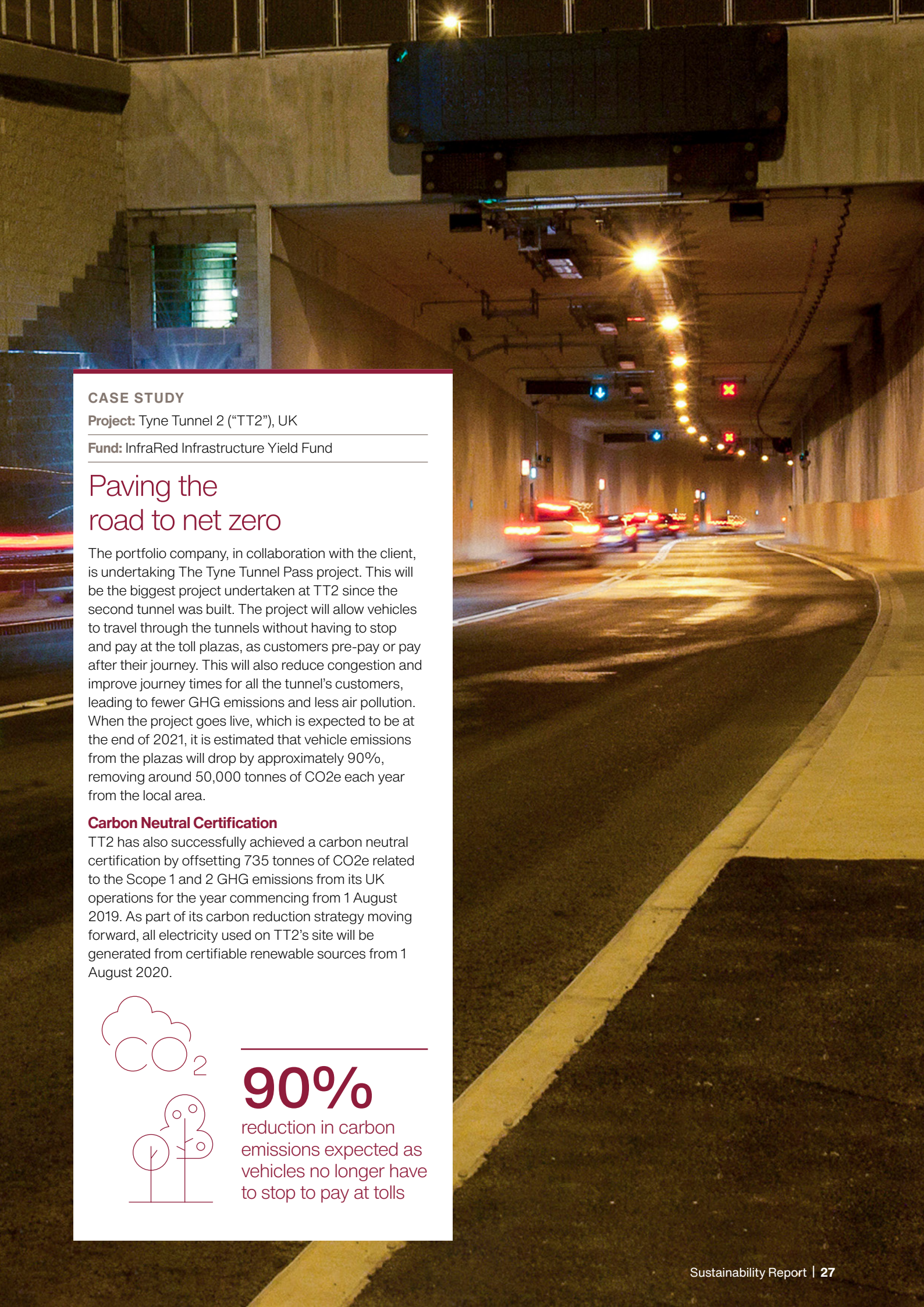
Willis Towers Watson produced a portfolio report for each fund as well as an individual asset report summarising the risks and opportunities identified for that asset. The individual asset reports will be shared with the portfolio companies so that they can develop mitigation strategies to address the identified risks over time, improve climate resilience and develop potential transition opportunities.

This process has already been trialled with the A63 motorway in France, where the portfolio company has undertaken a series of workshops, in collaboration with the road operator Egis, which has resulted in the development of a climate-related risk matrix and a prioritised resilience action plan.

Going forward, we will incorporate additional questions in our annual ESG survey to monitor implementation of risk mitigation strategies as well as sharing climate change best practices via our Knowledge Centre.



Exposure of assets to acute and chronic weather events were modelled in the risk assessment



CASE STUDY

Project: Tyne Tunnel 2 ("TT2"), UK

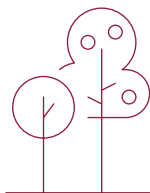
Fund: InfraRed Infrastructure Yield Fund

Paving the road to net zero

The portfolio company, in collaboration with the client, is undertaking The Tyne Tunnel Pass project. This will be the biggest project undertaken at TT2 since the second tunnel was built. The project will allow vehicles to travel through the tunnels without having to stop and pay at the toll plazas, as customers pre-pay or pay after their journey. This will also reduce congestion and improve journey times for all the tunnel's customers, leading to fewer GHG emissions and less air pollution. When the project goes live, which is expected to be at the end of 2021, it is estimated that vehicle emissions from the plazas will drop by approximately 90%, removing around 50,000 tonnes of CO₂e each year from the local area.

Carbon Neutral Certification

TT2 has also successfully achieved a carbon neutral certification by offsetting 735 tonnes of CO₂e related to the Scope 1 and 2 GHG emissions from its UK operations for the year commencing from 1 August 2019. As part of its carbon reduction strategy moving forward, all electricity used on TT2's site will be generated from certifiable renewable sources from 1 August 2020.



90%

reduction in carbon emissions expected as vehicles no longer have to stop to pay at tolls



06 Our infrastructure business

Making lives better with infrastructure

2020 highlights:



▲ Our infrastructure business has maintained the highest PRI rating of “A+” for six consecutive years¹.



Annual ESG Survey 2020

174

projects completed InfraRed’s annual ESG survey in 2020. This captures all projects which are directly managed by InfraRed.²

90

of our infrastructure projects achieved a 5-star rating on our annual ESG survey.



▲ We updated our ESG best practices guidance document which was distributed to the portfolio companies who are responsible for the day-to-day management of the assets in our portfolio.



▲ In December 2020, TRIG refinanced and expanded its RCF. This new loan is one of the first ESG-linked SONIA loans of its kind.

2021 objectives:



Introduce third-party climate-risk assessments as part of the pre-investment due diligence process



Target 100% compliance in respect to the pre-existing questions in the annual ESG survey



Assess the performance of new investment opportunities against key ESG KPIs; where possible, these KPIs will be linked to external sustainability frameworks such as SDGs



Continue to engage with portfolio companies to ensure assets measure their environmental impact and are actively taking steps to reduce this impact

¹ Principles for Responsible Investment (“PRI”) ratings are based on following a set of Principles including incorporating ESG issues into investment analysis, decision-making processes and ownership policies. More information is available at <https://www.unpri.org>

² All ESG survey results set out in this report reflect the percentage of assets which responded to InfraRed’s 2020 ESG survey as opposed to a percentage of assets in InfraRed’s infrastructure portfolio.

Environmental

Resource use

As highlighted in Section 5, we recognise that climate change is a defining issue of our time and that we have a responsibility to drive action within our portfolio.

The ESG best practices guidance document requires that our portfolio companies monitor and report their energy and water consumption as well as the amount of waste generated.

We also expect that reduction measures are implemented even if the primary responsibility for these resources lies outside of the direct control of the portfolio company. In those situations, we encourage the management teams to work with the client and other stakeholders to ensure reduction measures are put in place. Where possible, we also promote the use of renewable energy sources.

In 2020, we also provided instructions to our portfolio companies on how to calculate Scope 1 and Scope 2 GHG emissions. One of our key objectives for the next year is to

develop a clear path on how we will reduce GHG emissions across our portfolio. Quantifying our carbon footprint is the first step in achieving this objective. As can be seen in the chart below, less than 37% of our infrastructure assets surveyed measure their GHG emissions.

Whilst we don't have contractual requirements to measure energy and water consumed or waste and GHG emissions generated for many of our assets, a significant number do this anyway. One of the key areas of focus of our asset management team in 2021 is to increase the percentage of our assets which are measuring this data and drive improvement against dedicated reduction targets. We have already communicated this objective to the management teams of our portfolio companies via our bi-annual ESG virtual workshop held in April 2021.



Energy



Water



Waste

96%

portfolio companies with energy reduction plans

84%

portfolio companies with water reduction plans

75%

portfolio companies with waste reduction plans

37%

portfolio companies reporting Scope 1 and 2 GHG emissions

65%

portfolio companies report water usage

38%

portfolio companies report waste generated



Target = 100%



InfraRed's target is for all portfolio companies to report energy, water, waste and GHG emissions data as well as having corresponding reduction plans in place.

Other environmental initiatives

Wherever possible, we also support our portfolio companies to implement measures which act as a catalyst for positive change, either at the asset level or for the wider community in which that asset is located. This could include

implementing more green spaces within the asset grounds, developing or promoting environmental activities within the community, minimising emissions to the environment and promoting positive biodiversity.

CASE STUDY

Project: High Speed 1 (“HS1”), UK

Fund: HICL, co-investment and managed accounts

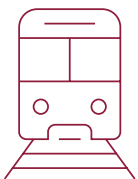
Setting clear environmental targets

HS1 is the UK’s only high-speed rail line running 109km from St Pancras International to the Channel Tunnel, connecting the UK with France. HS1 operates, manages and maintains the track and four stations along the route, including St Pancras, under a 30-year concession with the Department for Transport (“DfT”).

HS1 announced the launch of its sustainability strategy in October 2020, which was developed in close collaboration with InfraRed. The strategy clearly articulates the key environmental targets that the company has put in place to achieve its ambitious objective of being the most sustainable option for transport between the UK and mainland Europe, with a particular focus on reducing carbon emissions by guaranteeing that all energy used originates from renewable sources.

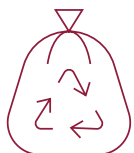
By 2030, the company expects to be fully carbon neutral, and expects to deliver a Biodiversity Net Gain.

“The first UK railway to be powered entirely through renewable energy”



100%

renewable energy used to power trains and stations by 2022



90%

of operations and project waste recycled by 2023



0%

net carbon emissions (fully carbon neutral) by 2030





Social

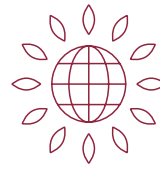
Supporting our communities

Creating a positive impact for the communities in which our assets operate is something we have always been passionate about.

At the corporate level, we have developed our own initiatives such as the annual InfraRed Charity Dodgeball evening, which since its inception in 2016 has raised over £100,000 to deliver worthy causes for InfraRed assets. For example, this included a specialised gym and cinema room at Queen Alexandra Hospital to enhance rehabilitation resources for children with Cystic Fibrosis.

At the asset level, we have always encouraged initiatives delivered by our portfolio companies. Where possible, we also facilitate the sharing of knowledge and best practices across the portfolio to maximise the positive outcomes generated whilst still considering the bespoke needs of the client, end-users of the asset and the local community.

In 2020, the majority of the social initiatives that were delivered by our portfolio companies focused on assisting those who had been severely impacted by Covid, as highlighted in Section 4 of the report.



87%

of portfolio companies made voluntary contributions to environmental or social initiatives



84%

of portfolio companies supported an initiative which aligned with SDG 3 Good Health and Well-being



56%

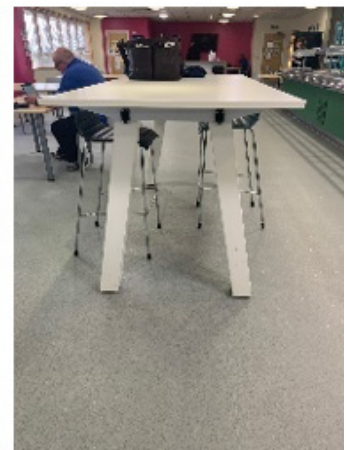
of our portfolio companies supported an initiative which aligned with SDG 4 Quality Education

“The furniture looks absolutely fabulous and I know our operational colleagues are delighted with your kind donation and installing it for us. On behalf of Property Services and the wider Metropolitan Police Service a big thank you to those who made this happen.”

Peter Barrett, Director of Real Estate Management, Metropolitan Police Service

Some other notable examples of social initiatives included donating Christmas presents to vulnerable children at **Derby Schools**, alongside the Facilities Management company, and at **HS1** leftover food from retail units at St Pancras International was transported to Kent for distribution to lorry drivers stuck in the UK prior to Christmas.

At a corporate level, after relocating our London office, **InfraRed** donated £100,000 worth of office furniture to enhance the working environment of staff in a number of schools in our portfolio as well as the Metropolitan Police and West Middlesex Hospital.



Office furniture donated by InfraRed to Sutton Police Station

Diversity

In addition to our responsibility to improve diversity within InfraRed, we believe we should use our influence, where possible, to promote diversity amongst our portfolio companies and delivery partners. Last year we updated the ESG survey to measure the proportion of our portfolio companies and delivery partners that have a Diversity and Inclusion Policy in place, which was 94%. As part of the course of 2021, we will engage with the remaining portfolio companies to support the implementation of an appropriate policy.

Whilst implementing a policy is the first step to changing behaviours and promoting action, moving forward, we will be looking to identify ways in which we can better measure and influence diversity within our portfolio.

Achieving best practice in Board diversity

Both HICL and TRIG are committed to achieving the key targets of the Hampton-Alexander and the Parker Reviews, being 33% of the Board of Directors should be women by the end of 2020 and that at least one Director is from an ethnic minority by 2024.

During the year, the HICL Board appointed an eighth Director to broaden its diversity of expertise. In making this appointment, HICL now meets the expectations of both the Hampton-Alexander and the Parker Reviews as 37% (three) of the HICL Board Directors are women, and 12% (one) of the Directors is from an ethnic minority.

60% (three) of the TRIG Board Directions are female, thereby meeting the expectations of the Hampton-Alexander Review on gender diversity. The expectations of the Parker Review in respect of ethnic diversity have been factored into TRIG's Board's succession planning.



Achieved

HICL has achieved the Board diversity expectations for both Hampton-Alexander and the Parker Reviews. TRIG has achieved the expectations of the Hampton-Alexander Review on gender diversity and has factored in the expectations of the Parker Review in the Board's succession planning.



Chairman of TRIG, Helen Mahy CBE, viewing TRIG's energy storage facility at Broxburn

CASE STUDY

Project: A63 Motorway, France

Fund: HICL

Actively promoting good health and well-being

The A63 motorway project in southwest France forms part of the backbone of the wider European road network, as it provides a critical link between France and the Iberian Peninsula. Over the past year, the portfolio company has worked together with delivery partners and stakeholders to deliver a number of industry-leading initiatives focussed on health and well-being. These include:

- ▲ A virtual reality training programme to teach and certify road safety patrollers, which significantly improved staff well-being and safety without comprising the experience of the road users.
- ▲ The provision of medical care to bus and lorry drivers at roadside service stations, working with Save Assistance and DocStop (an association founded to improve medical care for all bus and truck drivers on trans-European routes).
- ▲ A communication campaign entitled #He Works #I Care which promotes the safety and awareness of highway patrol officers by forming links with road users, most notably lorry drivers.



Winner

Private Sector Innovation Award for achievements in training road safety patrollers



Winner

Lauréat des Trophées de la Com Sud-Ouest 2020



Health & Safety

InfraRed expects that the highest standards of Health & Safety compliance is exercised at all levels of an asset. We monitor compliance with Health & Safety requirements via Board meetings and our annual ESG survey, as can be seen by the results shown to the right.

In addition to ensuring that appropriate policies are in place and subcontractor performance is reported as part of the regular Board meetings, we require an independent site inspection to be completed at least every 18 months.

The results of the ESG survey identified that this requirement was not met for 48 assets, or 28% of the assets surveyed. For some of the assets this was due to restrictions caused by Covid, the asset had only been acquired during the year or as a minority shareholder, we were unable to control the decision directly. It is also worthwhile noting for more than half of these assets, a Health & Safety review was completed by a qualified Health & Safety expert working for one of our managers.

We are committed to driving continuous improvement in respect of Health & Safety matters, and we have already engaged with several of the relevant portfolio companies to ensure that independent Health & Safety audits are completed this year.

In addition to independent Health & Safety site inspections, our asset management team also undertakes their own Health & Safety site inspections. Given travel restrictions imposed in 2020, the team needed to adapt their processes to meet this requirement by completing virtual Health & Safety inspections or a deep dive on significant Health & Safety issues. In 2021, we will prioritise on-site Health & Safety inspections for those assets which were not inspected in 2020 due to Covid.

In response to significant fire events in the UK, we introduced a new question in relation to fire risk assessments into our 2020 ESG survey. At the time of the survey, we were aware that there was an out of date fire risk assessment for one of our assets and we were working with the client to ensure that this was addressed. The fire risk assessment for this asset has since been completed.



99%

have a Health & Safety Policy (incorporates the portfolio company and delivery partners)



99%

report to the Board on Health & Safety performance



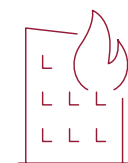
72%

conduct independent Health & Safety site inspections at least once every 18 months



90%

had a Health & Safety site visit completed by an InfraRed asset manager



99%

of fire risk assessments in place where required

Governance

At the cornerstone of our governance framework is our active asset management approach. We are an active owner of the investments we make. We sit on portfolio company Boards and we can exercise significant control over a significant number of infrastructure assets. Our team is passionate about managing high-quality assets which implement sustainable and responsible business practices to achieve our objective of delivering long-term value for all stakeholders.

As part of our annual ESG survey, we seek feedback from our portfolio companies on our performance as an active asset manager.

Our asset management team adapted its approach to stakeholder engagement and in-person site tours for the majority of 2020. For example, this included embracing Zoom calls and utilising virtual technology such as videos and photos to undertake site inspections. Given the challenges created by Covid, we are delighted to see that our portfolio companies overwhelmingly indicated that InfraRed remained an active manager in 2020.

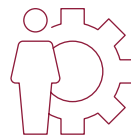
Whilst 2020 has shown us that effective communication can be managed virtually, we continue to recognise the intrinsic value of building relationships through “in-person” meetings. Moving forward, we aim to strike a balance between virtual and in-person meetings. This will ensure that we optimise InfraRed’s carbon footprint from staff travel whilst also maintaining strong relationships with project stakeholders, which is essential for the effective management of infrastructure assets.

Ensuring robust governance at the asset level

In addition to our active asset management approach, we also look to ensure that our portfolio companies and our delivery partners adhere to the highest standards of corporate conduct.

Our asset management team has worked diligently with the portfolio companies over the last six years to ensure that the appropriate policies were implemented. We have also increased the rigour and scope of the assessment whilst maintaining high levels of compliance. For example, the ESG survey was expanded in 2020 to measure the percentage of our portfolio which have business continuity and contingency plans in place. In 2021, we have set ourselves an objective of achieving 100% compliance across the portfolio.

Our portfolio companies reported in relation to InfraRed’s asset management team:



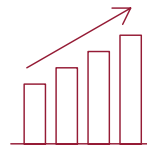
99%

site attendance within the last 18 months



99%

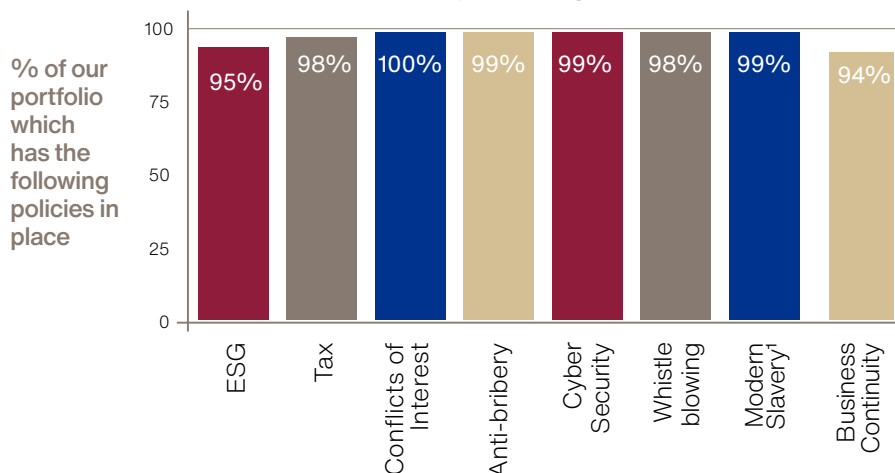
Project Board meeting attendance record



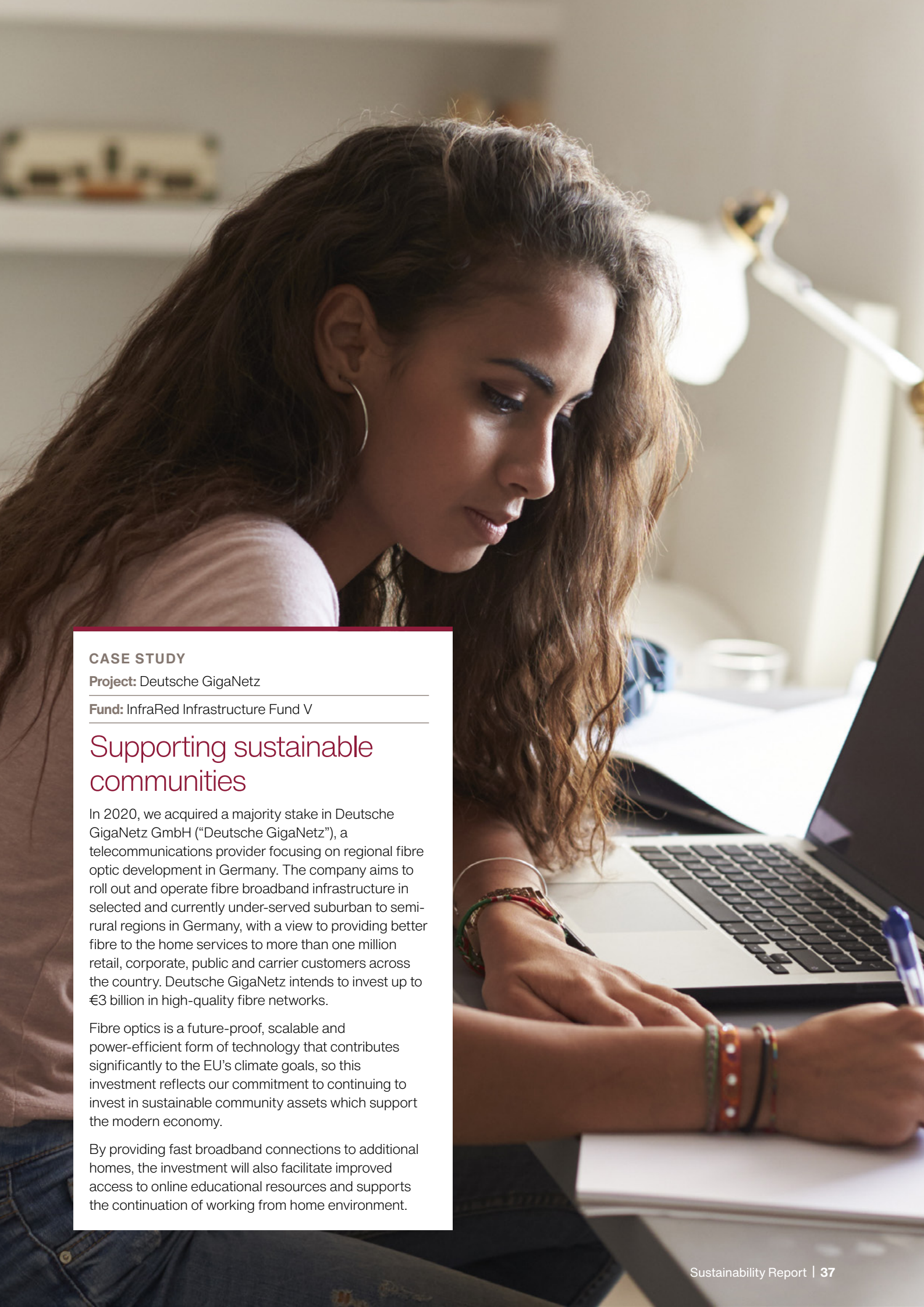
99%

active monitoring of the portfolio company’s performance

100% compliance targeted for 2021



¹ 3 out of the 174 assets surveyed did not have a Modern Slavery Policy in place. These assets are not required to have a Modern Slavery Policy due to either the respective annual turnover or there being no government regulation in that respective country. However, given our wider corporate sustainability objectives, we will re-engage with the respective portfolio companies this year to recommend that an appropriate policy be put in place.



CASE STUDY

Project: Deutsche GigaNetz

Fund: InfraRed Infrastructure Fund V

Supporting sustainable communities

In 2020, we acquired a majority stake in Deutsche GigaNetz GmbH (“Deutsche GigaNetz”), a telecommunications provider focusing on regional fibre optic development in Germany. The company aims to roll out and operate fibre broadband infrastructure in selected and currently under-served suburban to semi-rural regions in Germany, with a view to providing better fibre to the home services to more than one million retail, corporate, public and carrier customers across the country. Deutsche GigaNetz intends to invest up to €3 billion in high-quality fibre networks.

Fibre optics is a future-proof, scalable and power-efficient form of technology that contributes significantly to the EU’s climate goals, so this investment reflects our commitment to continuing to invest in sustainable community assets which support the modern economy.

By providing fast broadband connections to additional homes, the investment will also facilitate improved access to online educational resources and supports the continuation of working from home environment.

07 Our real estate business

Creating Spaces to Inspire People's Lives

2020 highlights:



▲ Our real estate business has maintained the highest PRI rating of “A+” for two consecutive years.



▲ We held sustainability performance review meetings for each managing agent, which led to the creation of bespoke sustainability actions plans.



▲ We introduced forward-looking climate risk assessments, completed by Four Twenty Seven, as part of the due diligence for all future investment opportunities.



▲ We expanded the number of sustainability KPIs that we track at an asset level to better measure sustainability performance¹.

2021 objectives:



Define detailed fund level KPIs linked to SDGs to drive further sustainability performance across the portfolio



Improve and refine data collection for both landlord and tenant controlled assets



Target green certifications for all development and heavy refurbishment projects within the portfolio



Promote diversity and inclusion principles with all of our third-party delivery partners to ensure alignment and 100% compliance

¹ Results shown in this section reflect a review completed in 2020.

CASE STUDY

Project: Radio, France

Fund: InfraRed Active Real Estate Fund IV

Sustainability and well-being underpinned the design approach for this building and was a key factor in the successful leasing of the office buildings post development, demonstrating InfraRed's ability to deliver on our sustainability commitments whilst also generating value for our investors.



Environmental

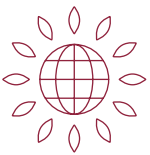
As an innovative value-add real estate investor, we consciously ensure that environmental impact considerations are given the highest priority throughout the life cycles of our projects. In both our developments and refurbishments, we set clear targets at the design stage and work closely with our delivery partners to substantially improve the environmental credentials of the asset both for our end-users and the next owners.

During 2020, we have improved our investment process to include additional environmental due diligence at the pre-investment phase to assess forward-looking climate-related risks. This due diligence not only highlights environmental risk at the acquisition stage but also demonstrates future

risk so that our business plans can be adapted to improve the resilience of our assets to environmental risk over time.

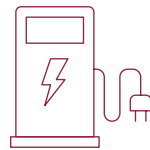
We have also enhanced our process for collecting energy, waste, water and Scope 1 and Scope 2 GHG emission data through the introduction of RiskWise, an external risk management platform designed by S₂ Partnerships. This process has now been embedded into the procedures of our external managing agents through a series of training sessions and the introduction of a quarterly compliance return to monitor data submission. We are also working with our managing agents to implement measures to reduce resource use, such as the requirement to use renewable energy sources on all aspects controlled by the landlord.

Key environmental highlights



90%

of our projects have initiatives in place which support SDG 13 Climate Action



34

enhanced electric vehicle charging facilities within our retail portfolio



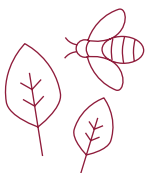
100%

data collection for Landlord energy consumption in the portfolio



30%

of our projects measure Scope 1 & Scope 2 GHG emissions



65m

installation of a 65m green wall in Liverpool – one of the largest in the UK

CASE STUDY**Project:** Radio, France**Fund:** InfraRed Active Real Estate Fund IV

Delivering well-being outcomes

Well-being and sustainability underpinned InfraRed's development of Project Radio, a 14,300 sqm office located in the Châtillon-Montrouge area of Paris. The sustainable design approach was a key factor in the successful leasing of the office buildings post development, demonstrating InfraRed's ability to deliver on our sustainability commitments whilst also generating value for our investors.

InfraRed obtained leading efficiency ratings on Radio (High Quality Environment ("HQE") "Excellent" and BREEAM "Good") in addition to enhancing the building's use of energy and optimising the interior air quality. The development works also included the remediation of ground contamination. Project Radio also offered best in class services and a multi-functional restaurant that can be transformed into a workspace and a conference room as well as a cafeteria and rooftop terraces.

**CASE STUDY****Project:** Franzi, Germany**Fund:** InfraRed Active Real Estate Fund IV

Targeting Gold LEED

Sustainability has been at the core of this development from an early stage, with the project team targeting the "Gold" Leadership in Energy and Environmental Design ("LEED") certification. The project is formed of two parts: a new 23,000 sqm office building and significant refurbishment of the existing 9,000 sqm office.

Some sustainable interventions include district cooling facilities, concrete core activation design, significant planted green roof space, space for bicycles and the installation of charging stations in the parking garage. Significant upgrades will be carried out on the existing 9,000 sqm office building, improving insulation, ventilation and lighting.

Social

Our ambition is to deliver real estate assets that create social value for the communities that they serve. We are committed to making a positive contribution to SDG 3 Good Health and Well-being and this commitment underpins the work that we do.

We strive to ensure our buildings meet the needs of their users, and we actively engage with our communities to improve the social environment for the benefit of all.

Health & Safety

Ensuring high Health & Safety standards remains a key priority of the real estate business and this is proactively managed and monitored throughout the year through our partnership with S₂ Partnerships and the use of the RiskWise platform.

Health & Safety issues are audited via the RiskWise system and monitored through quarterly compliance returns submitted by our managing agents.



60%

of our assets included initiatives to support SDG 3 Good Health and Well-being

Diversity

Whilst we have a responsibility to improve diversity within InfraRed, we also believe we should use our influence, where possible, to promote diversity amongst our delivery partners.

In 2020 we commenced the work to align our expectations on diversity and inclusion with those of our partners and will continue this work into 2021. At present, 61% of our managing agents have an appropriate diversity and inclusion policy in place and we will work with the remaining partners to support them to put one in place.



CASE STUDY

Project: Project Curve, France

Fund: InfraRed Active Real Estate Fund IV

Enhancing the user experience

Project Curve is a 11,400 sqm office located at the crossroad of Paris 17, St-Ouen and Clichy. Again, the flexible and forward-looking approach to design allows building occupants to benefit from the very best on offer.

Curve was awarded three different green certifications (HQE Excellent, BREEAM Very Good and Wired Score Gold) at delivery, through its enhanced and efficient technical specifications.

Project Curve offers a multi-use restaurant with the capacity to seat 220 people, shared meeting rooms, high specification gym facilities, co-working spaces and private terraces.

CASE STUDY

Project: The Konect building, France

Fund: InfraRed Active Real Estate Fund III

The Konect building in Paris, France, was awarded three different green certifications at delivery - HQE Excellent, BREEAM Very Good and Wired Score Gold



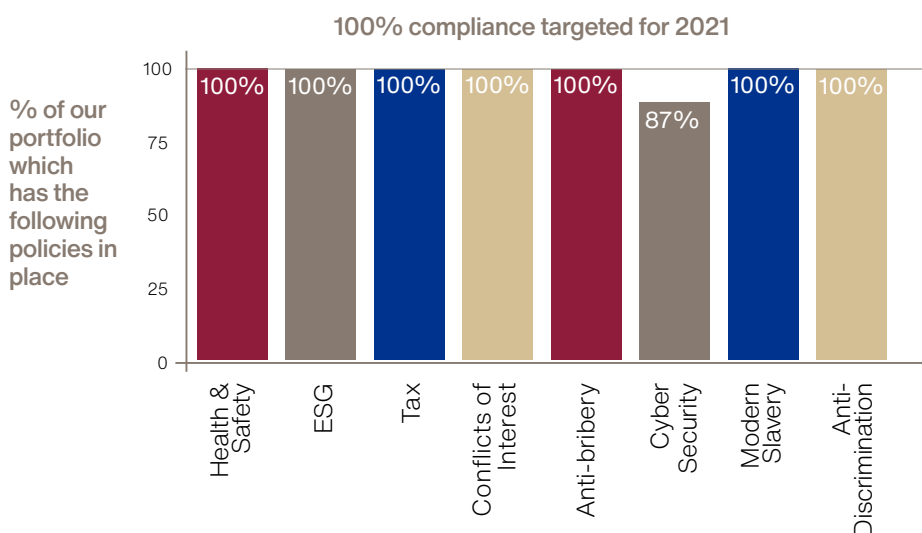
Governance

Strong corporate governance is a fundamental characteristic of our real estate business. Our funds and projects are actively managed through a series of quarterly and annual governance meetings that are led by the Investment Committee. In addition to this, we monitor our delivery partner’s performance through quarterly compliance returns and monthly management meetings with our asset management team. Finally, we provide quarterly fund and asset level reports to our investors and hold bi-annual in-person audit committees to update them on our progress.

Despite the challenges of the ongoing pandemic, we have made various improvements to our governance process during 2020, including the adoption of RiskWise.

Over the course of the year, we conducted a sustainability performance review with each of our external managing agents. These reviews were led by real estate’s Head of Asset Management in collaboration with our Sustainability Manager and involved discussing the managing agents approach to sustainability, as well as the respective policies and processes they had in place to manage sustainability risks and opportunities. The output of these performance reviews was a bespoke sustainability action plan for each managing agent to address any deficiencies which were identified during the discussion. The asset management team worked with the managing agents to support them with implementing the various requirements of the ESG action plans.

During the governance audit of our managing agents, we became aware that one managing agent, a small, regional firm, had several policies that needed significant refinement. Over a period of two months, we worked closely with them to review and improve their governance procedures ensuring their compliance with our governance policies.



08 Looking forward



Kate McKeon Sustainability Manager

Over the five years that I have worked at InfraRed, I have experienced first-hand our commitment to sustainability.

It's been clear through our continued investment in renewable energy assets, in our attainment of the highest standards of green certifications, and in the way in which we've declined investment opportunities because they did not meet our sustainability expectations. It's also shone through in our staff's passion for supporting our communities through InfraRed led initiatives such as the London to Sydney Charity Race and the Charity Dodgeball Event.

In my new role as Sustainability Manager, I am honoured to be responsible for developing our sustainability strategy and delivering on our sustainability commitments. I recognise the magnitude of this role and I know that this is a feeling that I share with all my colleagues given the number of communities impacted by our portfolio of over 250 assets along with their environmental impact.

In the last eighteen months, we have defined our sustainability strategy, refined our sustainability processes, enhanced our reporting and data collection systems and reframed how we engage with our internal and external stakeholders. These steps have evolved our long-standing commitment to sustainability.

The business has three sustainability objectives for the next year:

Implement a plan to achieve net zero

- ▲ In 2020 we made significant progress in understanding the climate-related risks of our existing portfolio and considering these risks when assessing new investment opportunities. Whilst climate resilience is important, we

know that this is not the full story. We have a role to play in helping our portfolio companies take action in line with the goals of the Paris Agreement.

- ▲ We will set science-based targets for assets where we have operational control, and where we don't, we will engage directly with our clients and delivery partners to encourage and support reduction plans.

Evolve consideration of human rights issues

- ▲ Whilst we have always been an active advocate of fair treatment of the people involved in the development and operation of our assets, we recognise that there is more that asset managers can do to use their influence in the wider supply chain.
- ▲ In the next year, we will take guidance from the PRI recommendations and refine our investment processes further, remaining cognizant of the UN Guiding Principles of Business and Human Rights. We will also engage with our stakeholders to promote positive behaviours within their supply chain.

Transparently report on our performance

- ▲ We want to be held accountable by our investors and other stakeholders, and so we need to transparently report in line with best practices such as TCFD, SFDR and the EU Taxonomy.
- ▲ We also want to measure and report our impact against our Prioritised SDGs and other SDGs.
- ▲ We have already engaged with our portfolio companies on these reporting requirements and will work with them over the coming year to ensure we can measure and report data in accordance with these frameworks.

We will provide an update on our progress against these commitments in our next sustainability report.

Finally, I would like to echo Werner's message at the start of this report. I am really proud of the progress we made against our sustainability commitments in 2020, but recognise that this is a journey, not a destination. I am looking forward to continuing to work with my colleagues, the wider Sun Life group, our clients, delivery partners, investors and other project stakeholders as we shift our focus to delivering measurable positive sustainable outcomes across all of our investment and corporate decision-making processes.

If you would like to know more about our sustainability approach or have any feedback on how we can continue to raise the bar in respect to sustainability, please feel free to contact me via sustainability@ircp.com.

Glossary and Key Terms

BREEAM	A third-party certification of the assessment of an asset's environmental, social and economic sustainability performance
CEO	Chief Executive Officer
DfT	Department for Transport in the UK
EIIF4	InfraRed European Infrastructure Income Fund, an unlisted fund managed by InfraRed
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FX	Foreign Exchange
GHG	Greenhouse gas
HICL	HICL Infrastructure Plc, a listed fund managed by InfraRed
HQE	High Quality Environmental, a standard for green buildings in France
HS1	High Speed 1, one of the portfolio companies within InfraRed's portfolio
InfraRed	InfraRed Capital Partners Limited
KPIs	Key Performance Indicators
LEED	Leadership in Energy and Environmental Design, a green building certification system
LIBOR	London Interbank Offered Rate, an interest rate benchmark
LTAFFR	Lost Time Accident Frequency Rate, a measure of lost time accidents frequency rates per hours worked
NHS	National Health Service, the publicly funded healthcare system in the UK
PRI	Principles for Responsible Investment, the leading proponent of responsible investment
RCF	Revolving Credit Facility
RCP	Representation Concentration Pathway, is a greenhouse gas concentration trajectory adopted by the Intergovernmental Panel on Climate Change
SDGs	Sustainable Development Goals, a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all
SFDR	Sustainable Finance Disclosure Regulation, an EU regulation which promotes greater transparency on sustainability-related disclosures in the financial services sector
SONIA	Sterling Overnight Index Average, an interest rate benchmark
TCFD	Task Force for Climate-related Disclosures, an organisation formed by the Financial Stability Board to develop recommendations for climate-related disclosures
TRIG	The Renewables Infrastructure Group Limited, a listed fund managed by InfraRed
TT2	Tyne Tunnel 2, one of the investment companies within InfraRed's portfolio
UK	United Kingdom
UN	United Nations

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Find out more

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