

Sustainability Policy

Creating Better Futures

DECEMBER 2023



About InfraRed Capital Partners

InfraRed Capital Partners (“InfraRed”) is an international infrastructure investment manager, investing in real assets which contribute positively to society and support the transition to a net zero future.

InfraRed operates worldwide from offices in London, New York, Sydney and Seoul. With around 190 professionals, it manages US\$14bn+ of equity capital in multiple private and listed funds, primarily for institutional investors across the globe.

At InfraRed we strongly believe that a long-term, sustainability-led mindset is essential to delivering lasting success. We appreciate the position that we are in to leverage our scale and passion as a multiplier for achieving positive outcomes for all our stakeholders. InfraRed has been a signatory of the Principles of Responsible Investment (“PRI”) since 2011 and has been awarded 5 stars in the 2021 review (relating to the 2020 assessment period) for the Infrastructure and Investment and Stewardship Policy modules.¹ This marked the seventh consecutive assessment where InfraRed has achieved the highest possible PRI rating for its infrastructure business. We are also a member of the Net Zero Asset Manager’s Initiative and a Task Force on Climate-related Financial Disclosures (“TCFD”) supporter.¹

Four Key Strategic Priorities

InfraRed has developed a targeted approach to sustainability focused on four key strategic priorities – Climate, Environment, Communities and People. These are the areas where we believe our investments and core business can generate the greatest sustainability outcomes. By focusing on these priorities, we aim to realise long-term positive impacts, allowing us to achieve our vision of Creating Better Futures.

This Sustainability Policy (“Policy”) outlines how InfraRed incorporates Environmental, Social and Governance (“ESG”) considerations into our investment and ongoing management processes as well as our own internal corporate operations. This Policy applies to the investment lifecycle – from initial screening and the due diligence of an investment, through to the operations post-investment, and the exit, hand-back or decommissioning of the portfolio company.

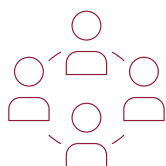
¹ Principles for Responsible Investment (“PRI”) ratings are based on following a set of Principles, including incorporating ESG issues into investment analysis, decision-making processes and ownership policies. More information is available at <https://www.unpri.org/about-the-pri>

InfraRed’s commitment to sustainability is demonstrated in five key areas:



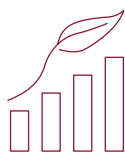
1 ESG integration in investment processes

Investing in infrastructure projects with strong environmental and social credentials has been central to InfraRed’s investment strategy since inception. Sustainability forms a fundamental component of the investment due diligence and approval process for all new investments made, irrespective of fund investment strategies or investment sectors.



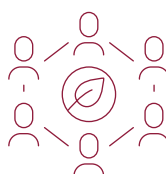
2 Stewardship and engagement

InfraRed adopts an active approach to asset management. We have Board directorships on portfolio companies, enabling us to exercise governance rights and stakeholder influence to promote high ESG standards within the portfolio company itself, as well as across supply chains. We also actively seek to collaborate with government, industry associations, peers and service providers on sustainability initiatives.



3 Monitoring and disclosing ESG performance

InfraRed conducts an annual ESG survey to monitor the performance of portfolio companies against key ESG metrics. The survey output helps to identify any aspects which need to be addressed at the portfolio company to improve ESG performance. The ESG survey also enables us to provide our investors and other key stakeholders with transparent information on sustainability performance.



4 Creating company-wide responsibility

InfraRed maintains internal governance structures and clear allocation of responsibilities to ensure sustainability is upheld in our corporate and investment activities. While InfraRed has several dedicated sustainability specialists within our business, it is our firm view that it is the responsibility of all staff members to contribute to InfraRed’s sustainability ambitions.



5 Sustainability within our own business

As we focus on scaling impact through our investments, we also continue to progress sustainability initiatives within our own company. These include promoting diversity, equity and inclusion within our workplace, minimising our corporate carbon footprint and maintaining the highest standards in our governance and operational activities.

Our Sustainability Strategy

Our Sustainability strategy is centred around our corporate vision of **Creating Better Futures**. We pursue this vision by focusing on four key priorities: **Climate, Environment, People and Communities**. These are the areas where we believe we can deliver real and lasting impact.



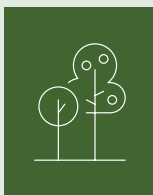
Climate

Supporting climate action by decarbonising our projects, investing in the energy transition and delivering climate resilient infrastructure.

InfraRed is committed to supporting the objectives of the Paris Agreement, in line with the global effort to achieve net zero GHG emissions by 2050. Under the Net Zero Asset Managers initiative, we have pledged to reach net zero emissions across our portfolio by 2050. The guiding framework for our interim net zero targets is the Net Zero Investment Framework for Infrastructure.

We progress climate action by focusing on:

- ▲ Engaging our portfolio companies to understand, quantify and report on GHG emissions
- ▲ Supporting the development and implementation of science-based decarbonisation targets and plans at the portfolio company level
- ▲ Performing a climate risk assessment to identify material physical and transitional risks and opportunities, and incorporate these into valuation models and post-investment plans
- ▲ Continuing to grow investments in infrastructure supporting decarbonisation, such as renewable energy, energy storage and electrification of transport
- ▲ Implementing initiatives to reduce InfraRed's corporate carbon footprint, which predominantly relates to the operation of our offices and staff business travel



Environment

Minimising environmental impacts, resource consumption and biodiversity loss

Our Creating Better Futures ambition envisions a more circular world and an environment where plants, animals and habitats are thriving. Our Environment priority therefore encompasses two key themes, resource consumption and biodiversity.

We are committed to:

- ▲ Ensuring that portfolio companies implement policies which govern reduction initiatives, e.g., waste and water use reduction
- ▲ Leveraging robust data collection to monitor and minimise resource use and biodiversity impacts
- ▲ Investigating ways to improve understanding of the biodiversity dependencies and impacts of our portfolio companies
- ▲ Developing individual and scalable biodiversity initiatives across our portfolio



Communities

Creating a positive social impact by addressing the needs of communities in which our projects operate

By investing in projects that provide essential services to communities, such as educational and healthcare facilities, our portfolio delivers inherent social benefits. We recognise the opportunity to go beyond inherent benefits delivered by these projects to the millions of people who access them. We encourage our portfolio companies to implement impact initiatives which address the needs of their communities.

We are committed to:

- ▲ Promoting community engagement through active initiatives and campaigns
- ▲ Responding to feedback from client insights surveys on critical issues
- ▲ Focusing on social mobility by addressing digital and food insecurity
- ▲ Ensuring full-time use of the spaces we own to extend the reach of education and healthcare
- ▲ Recycling and reallocating goods such as digital devices and bicycles across projects
- ▲ Measuring the social impact of projects and outreach initiatives to better understand the needs of the communities we serve
- ▲ Working in partnership with public and private sectors to multiply the impact we can have



People

Promoting fair and safe work practices as well as diverse and inclusive workplaces

The success of InfraRed’s business is ultimately driven by the talents, passion and wellbeing of our staff, as well within our supply chains. We are committed to promoting the fair and safe treatment of people involved either directly or indirectly in the development and operation of our projects.

Internally at InfraRed, we implement a number of initiatives such as:

- ▲ When attracting new talent, we develop balanced shortlists and utilise a diverse team of panellists to avoid any unconscious bias
- ▲ Promoting the training and development of our staff on technical and non-technical skills
- ▲ Supporting new parents through parental leave as well as a ‘return to work’ transition programme including workplace nursery benefits
- ▲ Supporting staff’s mental health and wellbeing through implementing a training and engagement programme with support from our mental health partner
- ▲ Proactively seeking feedback from staff on an ongoing basis and annually through our cultural survey annual staff survey
- ▲ Collecting data on key staff diversity metrics to identify areas for improvement and track progress
- ▲ Celebrating special events, such as Pride Month, International Women’s Day, Diwali, and Eid al-Fitr

From an external perspective, we also undertake the following:

- ▲ Promoting responsible supply chains through pre-investment requirements and alignment with best practice frameworks, including the UN Global Compact Principles, UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct
- ▲ Engage with portfolio companies and their supply chain to confirm critical policies remain in place, such as diversity, equity & inclusion and modern slavery
- ▲ Ensuring the highest levels of health and safety are maintained at our portfolio companies through monitoring of actual performance (including near misses) and independent site inspections

Sustainability Investment and Management Framework

InfraRed employs a comprehensive sustainability investment and management framework, based on a foundation of robust guiding principles, ensuring that sustainability is integrated into each stage of the investment process. Creating rigorous sustainability checks at each stage allows InfraRed to identify and reduce possible conflicts of interest between financial return and sustainability impact.

The framework spans the pre-investment activities, through to the management of the portfolio and corresponding reporting activities undertaken until the end of the investment life. The key components of each stage are outlined on the following pages.



Pre-investment

Negative Screening

At the outset InfraRed conducts negative screening against its [Exclusion Policy](#). This policy outlines the sectors and activities that we will not invest in, which guarantees minimum standards at the earliest stage of an investment opportunity.

Deal Screening

Following negative screening, a more detailed screening is completed. This is to identify key sustainability considerations to undergo due diligence at the next stage, and to confirm there are no red flags that would prevent us from proceeding with a transaction. The Head of Sustainability reviews the sustainability findings, ensuring there are high standards, irrespective of potential financial returns, thereby reducing the risk of conflicts of interest.

Due Diligence

The materiality of ESG factors varies significantly between sectors and geographies as well as the stage of investment – early stage greenfield or a pre-existing brownfield investment. It is the responsibility of the Origination & Execution Team, guided by the Sustainability Team, to identify both the general and unique aspects to investigate as part of the detailed due diligence phase. There are however requirements for all transactions, such as the completion of a climate change risk assessment.

As part of the due diligence process, we also endeavour to assess quantitative data on ESG performance, drawing from a subset of the key metrics that we monitor post-investment (refer to Reporting section).

Due diligence findings inform any adjustments to be made to the investment valuation models as well as any risk or optimisation measures to be implemented post investment.

Investment Approval

The due diligence findings and any actions to be implemented post-investment are summarised in the investment paper and submitted to the Investment Committee for approval. As part of this approval process, the Head of Sustainability also reviews the investment paper and provides sign-off on the sustainability elements of each transaction.

Whilst InfraRed's preference is to proactively engage with the relevant parties to identify solutions for ESG issues, we will not proceed with a transaction if we do not believe that there is a satisfactory solution that will bring about an improvement in ESG performance. However, the types of projects and sectors that InfraRed invests in are not typically high-risk from an ESG perspective.

Post-investment

Management

Active management, stewardship and engagement initiatives are essential in fulfilling our duties as a responsible long-term asset manager. There are a number of means by which InfraRed ensures the sustainable management of portfolio companies, including:

Active Asset Management

InfraRed's Asset Managers sit on the boards of portfolio companies and regularly raise ESG issues at board meetings. This includes discussing current performance, sustainability objectives and targets, as well as sharing best practices and lessons learnt from InfraRed's wider portfolio.

InfraRed's Asset Managers take an active approach to ensure that the InfraRed policy requirements, including policies governing sustainability, anti-bribery, cyber security, modern slavery, and health and safety are being met and implemented at all times. This is achieved by engaging with stakeholders through site visits, ad hoc and regular meetings, and bi-annual ESG summits.

Knowledge Sharing

InfraRed has developed several ESG and climate change guidance documents which are shared with portfolio companies. We also host ESG summits on a bi-annual basis for portfolio company management teams, covering key themes such as social impact, net zero and resource consumption. InfraRed also created a forum with key Management Service Providers ("MSPs") to share best practice in ESG initiatives and measurement. ESG case studies are recognised and disseminated via these forums.

Recognising Excellence

InfraRed hosts the Creating Better Future Awards, recognising portfolio companies implementing exemplary ESG initiatives. The ESG case studies submitted by portfolio companies are evaluated based on evidence that awareness has been created, that measurable results were achieved from an impact perspective, and the ability for the initiative to be replicated at scale.

Escalation

InfraRed requires its portfolio companies to have a business continuity plan in place which clearly documents the processes and communication protocol to be enacted in the event of a severe incident. This is monitored annually via the ESG survey. Business continuity plans vary depending on the nature of the company and the key stakeholders involved but, in all cases, the general manager or CEO alerted as soon as practically possible. The general manager or CEO then informs the portfolio company's board of directors which includes a member of the InfraRed Asset Management Team.

The Asset Manager subsequently escalates this issue with the Fund Manager and the Investment Committee. Where necessary, the InfraRed Senior Management Team and Sustainability Team are also engaged and a rectification plan is developed and implemented. When there is a material adverse event, in line with InfraRed's usual policy, this is communicated to investors as soon as possible following the event.

Advocacy and Collaboration

Our approach to industry engagement is focused on issues and initiatives which align with our key sustainability priorities. To this end, we maintain memberships with a variety of international and regional organisations which serve to reinforce our sustainability commitments and priorities. These include:

- ▲ Principles for Responsible Investment (PRI)
- ▲ Net Zero Asset Managers initiative (NZAM)
- ▲ Global Infrastructure Investment Association (GIIA)
- ▲ Association of Investment Companies (AIC)
- ▲ initiative Climate International (iCI)

Reporting

InfraRed has an online platform through which all portfolio companies are required to complete an annual ESG survey. This portal enables the company's performance to be measured against a set of 75+ KPIs. The survey in essence is an annual review of sustainability performance, enabling InfraRed to create an action plan for areas to improve in the following year.

The ESG survey is updated annually to reflect best practice and regulatory requirements; for example the survey was updated to incorporate the Principal Adverse Impact Indicators ("PAII") mandated by the EU's Sustainable Finance Disclosure Regulation ("SFDR").

InfraRed also requires portfolio companies to submit a Greenhouse Gas ("GHG") Emissions Questionnaire to obtain the required data to estimate and monitor GHG impacts.

Indicators tracked by the ESG survey and the GHG Emissions Questionnaire include but are not limited to:

- (i) energy consumption;
- (ii) the use of finite natural resources such as gas and water;
- (iii) the volume of hazardous and non-recyclable waste;
- (iv) management of resource use and reduction initiatives;
- (v) systemic climate risk;
- (vi) financial spend on ESG initiatives;
- (vii) key social initiatives implemented and planned;
- (viii) alignment of ESG initiatives with InfraRed's four strategic priorities;
- (ix) policies on cyber security, diversity & inclusion, anti-bribery and anti-corruption; and
- (x) implementation of and compliance with international frameworks.

We are committed to transparency regarding our sustainability performance. We provide our investors and other key stakeholders with details of our progress against our commitments and KPIs through InfraRed's annual sustainability reports, fund reporting, policies and other adhoc communications.

End of Investment Life

In the event that InfraRed makes a divestment, the Origination & Execution Team incorporates information on ESG performance as part of the sale documentation and completes counterparty searches on potential acquirers to assess their commitment to manage the investment responsibly.

We also endeavour to ensure our approach to sustainability is considered even when a project approaches the end of its investment life. For example, we seek to effectively manage the expiry of PFI contracts and transition process, ensuring public services continue to be resilient and fit for purpose after it is handed back to public service clients. In respect of decommissioning a project at the end of its useful life, it is important that we also consider the feasibility of applying principles of the circular economy by recycling parts and diverting these from landfill.

Governance

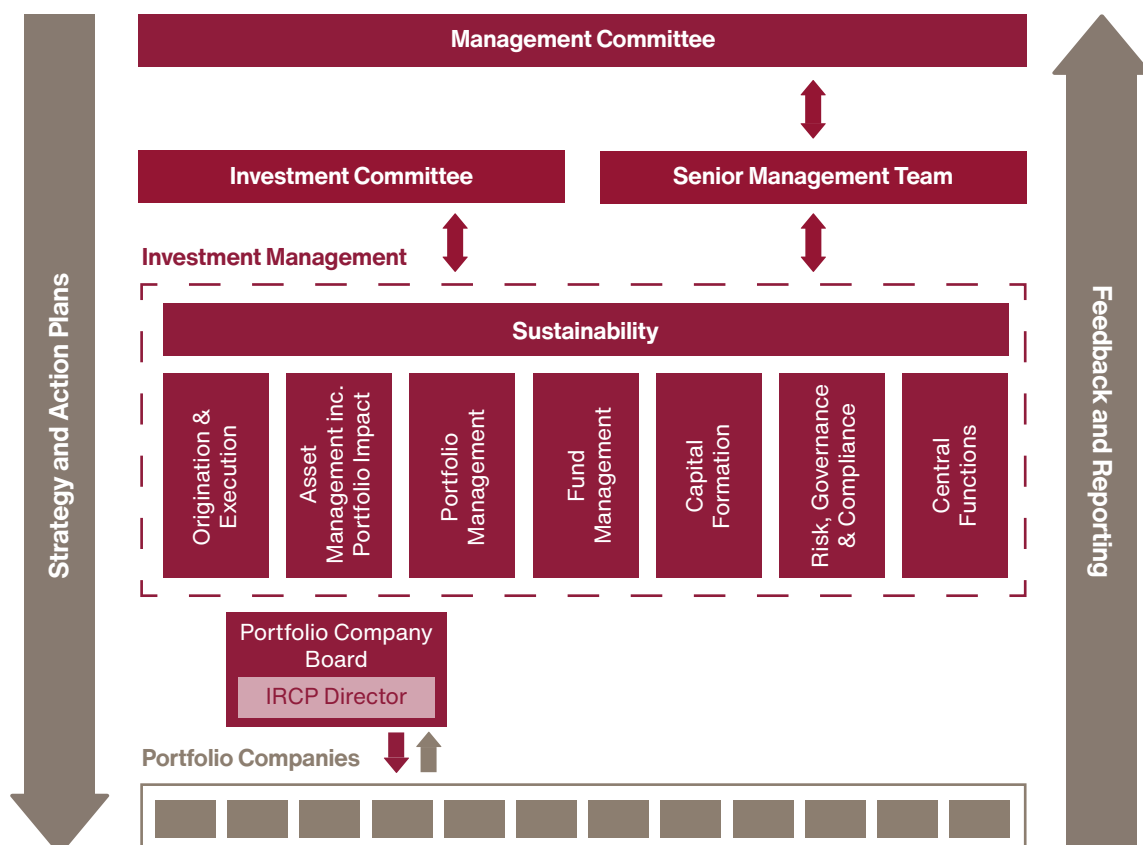
InfraRed has established robust governance systems, risk management and controls to ensure the effective implementation of sustainability-focused initiatives and regulatory requirements across our business.

Roles and Responsibilities

InfraRed has a dedicated Sustainability Team, responsible for developing and implementing its sustainability strategy and programme. The team’s role includes making enhancements to ESG integration into investment processes, informing fund strategies, driving sustainability workstreams such as net zero and developing sustainability disclosures. The team also provides regular training to staff and conducts research to support our investment processes and reporting.

InfraRed also has a senior resource dedicated to maximising portfolio impact. The Managing Director, Portfolio Impact works with the Asset Management Team to go beyond contractual requirements and drive InfraRed’s sustainability strategy and impact programme at the project level. They are also responsible for monitoring ESG KPIs of portfolio companies and driving improvements by sharing best practice and supporting the implementation of impact initiatives.

While these staff members are subject matter experts on sustainability and impact, it is the responsibility of all InfraRed staff to ensure that the Policy is upheld in their respective day-to-day responsibilities.



Sustainability Training

We recognise that the impact of sustainability factors on the economy and our investments is rapidly evolving and that it is important for staff to maintain a strong awareness and understanding of these factors. As such, we are committed to a culture of ongoing learning and improvement through regular internal training and knowledge sharing. InfraRed has developed a number of manuals and guidance documents aimed at ensuring that the highest standards are systematically implemented into various workstreams. For example, the pre-investment sustainability manual is a guiding framework on how to approach sustainability in the different stages of a transaction. It provides detail on sector-specific ESG risks and opportunities, the process for undertaking climate risk assessments and case studies on best practice in previous transactions.

Sustainability-linked Discretionary Remuneration

Our Senior Management Team have individual sustainability objectives specific to their responsibilities. Their contributions to achieving InfraRed's sustainability objectives are considered as part of their overall annual performance which informs their discretionary remuneration.

InfraRed Taskforces and Working Groups

InfraRed establishes working groups focused on key themes such as climate change or social impact. For example, the Community Engagement Committee is a working group aimed at uncovering the unique challenges faced by portfolio companies in order to have a tailored approach to address these. InfraRed's Net Zero Working Group, comprising the Sustainability Team as well as members of the Asset Management and Origination & Execution Teams, oversees InfraRed's net zero strategy and implementation.

Related Policies and Publications

- ▲ Stewardship Policy
- ▲ Modern Slavery Statement
- ▲ Exclusion Policy
- ▲ PRI Transparency Report
- ▲ PRI Assessment Report

Policy Application and Reviews

The Chief Executive is responsible for arranging periodic reviews of this Sustainability Policy to ensure it remains current and fit for purpose.

Jack Paris

Chief Executive

Date: December 2023