

INFRARED'S EXCLUSION POLICY

Last reviewed: December 2025 | Effective from: 1 January 2026

This policy sets out the investment exclusions that InfraRed Capital Partners Limited ("InfraRed") applies to all new transactions considered for investment for mandates it manages¹. In case this policy conflicts with a mandate's investment objectives, the latter take precedence.

InfraRed's exclusion policy outlines activities and conduct that InfraRed shall not support or facilitate, with a materiality threshold or altogether, depending on the nature of each investment opportunity. The purpose of such exclusions is to orientate investment activity towards investment themes with *inter alia* lower operational, stranded asset and reputational risks as society's attitudes towards infrastructure evolve.

InfraRed's sustainability investment and management framework (outlined in InfraRed's Sustainability Policy) ensures that material sustainability opportunities and risk factors are considered throughout the entire investment process. In the first instance, this involves screening against this exclusion policy.

InfraRed carries out extensive due diligence on each investment under consideration. The due diligence process is led by InfraRed's Investments Team, and to the extent required, is supported by the Asset Management, Portfolio Management, Sustainability, Compliance and Credit Risk teams. InfraRed's sustainability and other due diligence work streams allow the team to ascertain whether activities entailed in the prospective investment fall into the scope of this exclusion policy. This is done by, for example, carrying out public data searches on sustainability track record, scrutinising the underlying nature and activities of the target entity or asset, applicable policies, and the operationalisation of such policies, as well as requesting further information from management teams, subcontractors, or other stakeholders, as relevant. InfraRed makes an assessment on whether a potential investment falls into scope of this exclusion policy based on the totality of the circumstances of the investment and the information that is reasonably available to InfraRed at the time. If InfraRed believes that an investment is captured by the exclusionary criteria outlined in this policy - altogether or beyond a materiality threshold - the investment opportunity, after formal review of the circumstances by the relevant Investment Committee, will not be progressed.

The following table summarises the economic activities or sectors as well as conduct-based practices that are subject to this policy, with the approach to application, including definitions, materiality thresholds and exemptions, being specified further below.

Overview of InfraRed exclusions

Economic activity and sector-based exclusions	Conduct-based exclusions
<ul style="list-style-type: none"> ▪ Fossil fuels: <ul style="list-style-type: none"> ○ Coal ○ Oil and derivative fuels, where it is not feasible to align the business model with the Paris Goals ○ Gas, where it is not feasible to align the business model with the Paris Goals ○ Supporting infrastructure, which primarily facilitates excluded fossil-fuel activities without a Paris-aligned transition pathway ▪ Controversial weapons ▪ Combat-related contracts ▪ Alcoholic beverages ▪ Tobacco ▪ Pornography and adult entertainment ▪ Gambling 	<ul style="list-style-type: none"> ▪ Destruction of critical habitats, irreparable damage or major degradation of tropical natural forests or high nature value ▪ Serious breaches of fundamental human rights ▪ Resettlement ▪ Failure to uphold business ethics and compliance

¹ For the purposes of this Policy, any reference to investments made or considered by InfraRed shall mean investments on behalf of mandates it manages.

Fossil Fuels

InfraRed has committed to support the goals of the Paris Agreement to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C above pre-industrial levels, while enhancing climate resilience ('the **Paris Goals**'). This commitment builds on InfraRed's long-standing capabilities of deploying capital in an expanding universe of attractive opportunities presented by the transition to a lower-carbon, energy-resilient economy.

Furthermore, in 2023 the 28th Conference of the Parties (COP)² recognized "the need for deep, rapid and sustained reductions in greenhouse gas (GHG) emissions in line with 1.5 °C pathways" and "transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science".

Within this context and given the extended lives of infrastructure assets, it is therefore prudent that we avoid investments in businesses or assets locked in high carbon pathways that are inconsistent with the Paris Goals; and therefore are likely to be exposed to significant levels of near or longer-term uncertainty around their long-term viability, economic value or ability to recover investment cost, often referred to as 'stranded risk'.

For the purposes of this policy, fossil fuels exclusions refer to the following coal, oil and gas related activities across the value chain ('**Excluded Fossil Fuel Activities**')

- **Upstream activities** i.e., the exploration, drilling and extraction of fossil fuels.
- **Midstream activities** i.e., the transportation and storage of raw fossil fuels.
- **Downstream activities** i.e., the refining and distribution of refined fossil fuels.
- **Power generation from fossil fuels** - defined as grid-connected rather than in a captive capacity.

Over the last decade, the energy transition has proven to be complex and that it can vary significantly from geography to geography. Therefore, for any mandate where the first investment is made on or after 1 January 2026, the Investment Committees will seek to take a more holistic view when applying the Excluded Fossil Fuel Activities outlined in this policy to potential investments. This will include exercising due consideration for real-world emissions abatement as well as the specific circumstances and local context of each investment opportunity, including factors such as energy availability, security and affordability, the livelihoods of workers, communities, and vulnerable groups, and broader impacts on the economy or the natural environment – so that the avoidance of a significant risk in one area does not create disproportionate adverse impact in other areas ('**Transition Risk Trade-offs**').

(1) Coal

Thermal coal is a highly toxic, carbon-intensive and energy inefficient fuel. It has significant effects on the environment (air pollution, water pollution, contribution to global warming) and the typical use of chemicals and explosives poses significant health and safety risks for mine workers. Countries in both developed and developing regions have already put in place regulations to limit the amount of coal used in power stations, and this restriction is expected to continue to rise appreciably. To this end, anticipating the significant risk of stranded assets, InfraRed has adopted a zero threshold for investing in:

- Coal prospection, exploration, mining, processing, and trading
- Coal-fired power plants, including dual-power plants

An exemption to this is the refurbishment, retrofitting and rehabilitation of existing coal power facilities, where after thorough investigation InfraRed is satisfied that the facility can be repurposed and decarbonised by, for example, adding carbon capture, replacing coal boilers with new low-carbon energy sources or by switching to or co-firing with biomass. Whether coal power facilities can be successfully decarbonised relies on specific characteristics relating to that facility, i.e., its location, installed capacity, resources allocation and logistic transportation. As such, InfraRed will only proceed with an investment of this nature if we have assurance that the investment will align with ours and global net zero commitments.

² Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, held in the United Arab Emirates, at the end of 2023; under the UN Framework Convention on Climate Change. As at 1 December 2025, there were 195 parties to the Paris Agreement.

(2) Oil

InfraRed shall exclude from its investments the following:

- Upstream oil exploration and production
- Midstream oil, including pipelines
- Downstream oil, including refineries, single use plastic production and petrol stations
- Heavy fuel oil (HFO) or diesel-only, dual-fuel HFO or diesel/gas and HFO plants
- Diesel-only mini grids

InfraRed may invest in the above if it is satisfied that the refurbishment, retrofitting and rehabilitation of, for example, existing HFO or diesel-only, dual-fuel HFO or diesel/gas and HFO plants, will lead to a decrease of absolute GHG emissions, or where the lifetime of an asset that would be otherwise retired would instead be substantially increased and operating on a low carbon intensity. InfraRed may invoke this exemption if an oil-based facility can be decarbonised by, for example, retrofitting internal combustion engines or diesel mini grids to support new low-carbon energy sources such as biofuels, as soon as it is technologically and financially feasible to do so.

(3) Gas

InfraRed may pursue investments in gas-fired power generation and gas transport, storage and distribution infrastructure insofar as the investment is viewed by InfraRed as a legitimate bridge to or an enabler of a lower-carbon, energy-resilient economy compatible with the Paris Goals; taking into account the specific Transition Risk Trade-offs.

Gas, in many regions, complements the energy transition in that it is a lower carbon alternative to energy sources which may otherwise be used, such as coal and oil. In particular, flexible and baseload gas plays an important role in increasing renewable energy penetration, insofar as it can also provide a relatively lower carbon backup at peak energy usage times or in times of intermittency.

Ultimately, the rationale of an InfraRed-led gas investment would be to ensure that it helps – rather than delays or diminishes – the global transition to lower-carbon, energy-resilient economy. As such, the risk of the investment becoming a stranded asset due to climate-related transition risk should remain reasonably low.

(4) Supporting Infrastructure

InfraRed shall not invest in any infrastructure business or asset that primarily supports or facilitates the Excluded Fossil Fuel Activities described above in sections (1) to (3). Examples of such types of exclusions include:

- businesses or assets that are involved in the construction, operation or maintenance of road, rail, or marine transport infrastructure, which is primary used to facilitate fossil fuel transportation or operations (>50% of traffic).
- electricity (power) or heat (hot air or water) transmission and distribution networks which directly support the development or operation of Excluded Fossil Fuel Activities .

This exclusion is subject to exception if such infrastructure is supporting the activities of an entity which, in InfraRed's view, demonstrates a credible climate transition plan. An example in this instance might be a natural gas-based network that is accompanied by a compelling and viable business plan to be structurally changed to support low/no carbon energy sources such as hydrogen, or infrastructure which is designed or retrofitted to capture and/or store GHG emissions. In these circumstances, an InfraRed investment would be supporting the transition to a lower-carbon, energy-resilient future.

Biodiversity and habitat loss

We are aware that changes in land use and the creation of man-made structures can lead to adverse impacts on biodiversity and ecosystems. InfraRed shall not support or facilitate any investments or assets which contribute to the destruction³ of critical habitats, cause irreparable damage or clear cutting and/or major degradation of tropical natural forests or high nature value.

InfraRed shall only proceed with investments that have caused or may cause some adverse biodiversity impacts if there is an objectively obvious positive impact to the wider community which, in InfraRed's and other stakeholders' view, materially outweighs the impact to the immediate ecosystem. In this exceptional instance, InfraRed will endeavour to quantify and subsequently mitigate the adverse impact its investment has on biodiversity and habitat loss by, for example, carrying out regenerating activities, as well as by ensuring any adverse impact is proportionate and necessary given the benefits created for the communities served by the asset.

Controversial weapons

Weapons are considered controversial due to their disproportionate and indiscriminate impact on civilians, even years after a conflict has ended. InfraRed will not invest in assets which support or facilitate the production, sale and distribution or use of controversial weapons, such as:

- Cluster munitions
- Landmines
- Depleted uranium weapons
- Biological/chemical weapons (incl. white phosphorous)
- Binding lasers
- Non detectable fragments
- Incendiary weapons

This exclusion is aligned with the stipulations of local government legislation as well as to international treaties governing the use and production of these weapons, such as the Oslo Convention and Ottawa Treaty.

Combat-related activities

InfraRed shall not directly support or facilitate combat-related activities through its investments. This exclusion does not encompass investments in assets whose primary function is the provision of defence-related accommodation and education and training facilities.

Fundamental human rights⁴

InfraRed will not knowingly invest in an entity or an asset that has been confirmed by InfraRed in the normal course of its pre-investment diligence, to have been involved in serious or systematic human rights violations unless two conditions are met: 1) appropriate remedy can be extended to affected right holders, and b) feasible measures can be implemented to prevent the re-occurrence of such violations.

This approach reflects the reality that many human rights violations are often hidden and therefore difficult to detect during due diligence. It also aligns with the UN Guiding Principles on Business and Human Rights⁵, which advocate for remedy and prevention measures where violations are identified.

When investing in or in partnership with companies, InfraRed uses the guidance of frameworks such as the United Nations Global Compact (UNGC) to ensure that high standards of fundamental human rights are upheld. The UNGC's [ten principles](#) cover human rights, labour rights, environmental protection and the fight against corruption. These principles take their inspiration from several sources, including the [Universal Declaration of](#)

³ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

⁴ Definition laid out by the United Nations' Universal Declaration of Human Rights - <https://www.un.org/sites/un2.un.org/files/udhr.pdf>

⁵ United Nations Human Rights Office of the High Commissioner, issued in 2011 - https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on the Environment and Development, the United Nations Convention Against Corruption and the Organisation for Economic Co-operation and Development's (OECD) Anti-Bribery Convention. The use of these standards to inform InfraRed's approach to human rights ensures that InfraRed avoids any harmful or exploitative forms of modern slavery, such as forced labour or harmful child labour.

A particular focus for InfraRed, given the nature of its investments, is the protection of human rights within the supply chain. To this end, InfraRed endeavours to ensure and encourage its subcontractors to be aligned with the following frameworks:

- [UN Guiding Principles on Business and Human Rights](#)
- [IFC Performance Standards on Environmental and Social Sustainability](#)

We expect our portfolio companies to integrate internationally recognised human rights principles into their policies, strategy, risk management and reporting.

Resettlement

InfraRed will not participate in an investment which involves the actual or anticipated resettlement of people unless:

- The explicit free, prior and informed consent of people directly affected has been granted; or
- There is an objectively obvious positive impact to the wider community which, in InfraRed's and other stakeholders' view, materially outweighs the impact to the immediate population

Alcohol, tobacco, gambling, pornography/adult entertainment

InfraRed does not invest directly in companies which produce or facilitate the sale of alcohol and tobacco, or products and services related to gambling⁶ and pornography/adult entertainment⁷. However, InfraRed may indirectly facilitate these activities through investments in utility supply companies or networks providing heat, electricity, water, recycling systems, connectivity, or efficiency services to these companies.

InfraRed shall not invest in an asset wherein any producer and/or vendor of alcohol, tobacco, gambling, and pornography/adult entertainment constitutes a direct and exclusive off taker. InfraRed may support or facilitate these vendors if they are one of several off-takers. This is justified on the basis that infrastructure such as utility or telecommunication service is delivering a decarbonised energy solution or an overall positive environmental or social contribution to the wider community. Therefore, the effect of a non-exclusive off-taker engaging in these activities is offset by the broader positive impact of serving wider populations.

⁶ For the purposes of this policy, gambling refers to gambling establishments (e.g., casinos, racetracks, online gambling), manufacturing specialised equipment used exclusively for gambling (e.g., slot machines, roulette wheels), and/or supporting products and services supplied to gambling operations.

⁷ For the purposes of this policy, adult entertainment/pornography refers the production (e.g., print, online, TV), operation, and/or distribution (e.g., pay-per-view adult channels) of adult entertainment/pornography

Business ethics and compliance

InfraRed has a Compliance team whose role inter alia is to assess Counterparty Due Diligence to ensure that all material counterparties to an investment opportunity do not pose a reputational threat to InfraRed and our many other stakeholders such as our end users and communities, our delivery partners, our clients, our investors, and our staff. This is a mandatory part of assessing each new investment opportunity or new counterparties to an existing investment project. Counterparty Due Diligence includes considerations of the following risks:

- Involvement in money laundering
- Being subject to sanctions and/or linked to or controlled by sanctioned persons/entities
- Financing crime or terrorism
- Corruption
- Extortion, bribery, or other financial crimes
- Counterparty domiciled in a high-risk jurisdiction
- Counterparty exposed as a politically exposed person

Dealings with a counterparty historically involved in one of the above activities will not necessarily be prohibited but will trigger further and enhanced due diligences. Ultimately, a fund's Investment Committee has the discretion to proceed with transactions associated with the above based on the unique facts of the deal. Considerations will regard the corrective actions taken by the counterparty, the time that has elapsed since any allegations, and the conclusiveness of the evidence of such allegations.

Guidance notes

- All exclusions are monitored on a best-efforts basis given the information available at the time of investment approval.
- InfraRed will comply with applicable international conventions as well as national and local laws on the environment, health and safety.
- It is not possible to apply a percentage threshold to revenues in respect of conduct-based categories such as human and labour rights as accurate data is infrequently disclosed and consequently precludes any meaningful analysis or definitive assessments.
- References to "primary" or "primarily" in this Policy, generally mean in excess of 50% of revenues, unless otherwise specified.
- We rely on external agencies for data provision for sustainability and compliance due diligence
- **The restrictions, criteria and thresholds set out in this document form part of a dynamic approach to screening and are therefore subject to change at any time without notice.**

Policy review

- The InfraRed Board is responsible for arranging periodic reviews of this Policy to ensure it remains current and fit for purpose.