

# Creating Better Futures



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Inside cover image: Mid Hill

## A message from the CEO

**In my inaugural year as CEO, I am pleased to present the fourth edition of our annual Sustainability Report.**



InfraRed has always adopted a sustainability-led mindset. We believe that a robust and pragmatic approach to sustainability supports effective governance and risk management practices and ultimately can generate positive financial results. This is essential as we strive to deliver resilient returns for our investors, as well as to create a positive impact in society – Creating Better Futures.

In our previous Sustainability Report, we outlined ambitious targets. Throughout 2023, we have been actively working towards meeting our commitments. Below are a few key highlights of the progress we have made.

Over the past year, we surpassed our climate solutions target – with 62% of our AUM invested in climate solutions. This success is largely due to our strategic investments in operational utility-scale renewables in Europe and the US. Our recent sale of Statera<sup>1</sup>, demonstrates that our investments in the energy transition stand to benefit from this macro-theme.

Beyond our active investment in climate solutions, we are also intensifying efforts to address the broader impact of climate change on our portfolio. We engaged with our portfolio companies to encourage the implementation of decarbonisation initiatives and the development of ambitious net zero plans. Concurrently, we also evaluated the impacts on our portfolio through climate change impact assessments. We believe these initiatives help implement and improve climate risk management related to our investments.

We continue to look at opportunities to maximise benefits for our public sector clients and the communities our portfolio companies serve. Following the establishment of our portfolio impact strategy last year, we have seen great success in scaling initiatives such as 'community fridges' and 'Recirculate' to address fundamental challenges of social inequality.

Finally, we continue to refine our data collection methods to implement targeted initiatives and improve transparency to our investors and wider stakeholders. Integral to our progress are our annual Greenhouse Gas (GHG) and Environmental, Social and Governance (ESG) surveys. These are complemented by our Creating Better Futures (CBF) Awards that recognise and promote ESG initiatives each year.

We welcome any feedback and can be reached via [sustainability@ircp.com](mailto:sustainability@ircp.com).

**Jack Paris**  
CEO  
May 2024

**We embed sustainability in our strategy knowing that it drives not only positive environmental and social outcomes but also yields resilient financial returns. As we hone our focus on climate change and social challenges, we are enhancing data accuracy to inform more targeted initiatives and greater transparency for our stakeholders.**



**Wondrwall**  
See more on page  
**15**

**Front cover image:** Wondrwall, a company that has produced an intelligent home management system integrated with renewable energy sources. This early stage investment forms part of a broader low carbon heating investment thematic being explored across multiple opportunities.

<sup>1</sup> Statera is a portfolio company which develops and operates large-scale, grid-connected energy storage and flexible generation assets to balance the grid at best value for energy users and support the transition to a low-carbon future.

# InfraRed at a glance

## Our diverse infrastructure portfolio

InfraRed Capital Partners is an international infrastructure investment manager with more than 170 professionals operating worldwide from offices in London, New York, Sydney, Madrid and Seoul. InfraRed manages \$13bn+ of equity capital for investors around the globe, in listed and private funds across both core and value-add and capital gain strategies.



**240+**

Infrastructure projects

**\$13bn+**

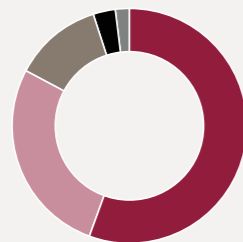
Equity under management<sup>1</sup>

**170+**

Staff

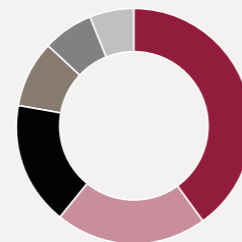
## Our investments<sup>2</sup>

BY GEOGRAPHY %



Geography	%
UK	56
Rest of Europe	27
North America	12
Australasia	3
Other <sup>3</sup>	2

BY SECTOR %



Sector	%
Renewable energy	40
Social infrastructure	21
Transportation	17
Digital infrastructure	9
Flexible capacity	7
Water utility transmission lines	6
Power generation and other	<1

<sup>1</sup> Calculated using five-year average exchange rate  
<sup>2</sup> Data as at 31 December 2023  
<sup>3</sup> 'Other' includes South America and the Middle East.

## Our investment philosophy

Sustainability is integrated into our investment philosophy. We invest in and create infrastructure projects that address pressing environmental and societal challenges.

Across our portfolio, wind and solar projects contribute to the decarbonisation of society, we connect communities through digital communication and road and rail projects, and increasingly we are seeing investment opportunities driven by the need to reduce natural resource consumption and create circular economies. Through the integration of ESG into investment processes, InfraRed aims to generate more resilient returns for our investors while contributing to positive sustainability outcomes.



### Energy transition

OBJECTIVE

Supporting the shift away from fossil fuels

KEY FOCUS

Renewable energy, distributed energy and energy solutions



### Connecting communities

OBJECTIVE

Promoting digital inclusion and improving quality of life

KEY FOCUS

Electrification of transport and digital infrastructure



### Circular economy

OBJECTIVE

Reducing waste and reliance on finite resources

KEY FOCUS

Bio-energy, recycling and repurposing

## Recent investments

### Jolt Energy

An e-mobility company implementing ultra-fast chargers to support electric vehicle adoption in major urban areas.



### NexSpace

A new data centre company utilising renewable energy and energy efficiency measures to minimise environmental impacts.



### Summit

A 362MW wind and solar farms supporting the decarbonisation of electricity.



### Wondrwall

A company that has produced an intelligent home management system integrated with renewable energy sources



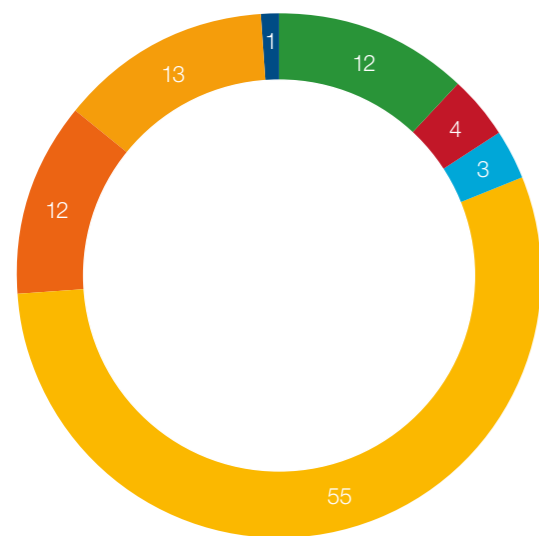
# Contribution to the Sustainable Development Goals (SDGs)

Through the evaluation of the essential services provided by each of the investments we manage, we have primary alignment with 7 of the 17 SDGs as outlined in the table.

Beyond the intrinsic environmental and social characteristics of our portfolio, InfraRed also places a strong emphasis on integrating sustainability considerations into our investment processes and corporate activities. This is aligned with our four sustainability priorities of Climate, Environment, Communities and People. By integrating ESG into our approach we support an additional four SDGs:



## Contribution to the SDGs<sup>2</sup>



3: Good health and wellbeing	12%
4: Quality education	4%
6: Clean water and sanitation	3%
7: Affordable clean energy	55%
9: Industry, innovation and infrastructure	12%
11: Sustainable cities and communities	13%
16: Peace, justice and strong institutions	1%

<sup>1</sup> As at 31 December 2023

<sup>2</sup> % by valuation as at 31 December 2023 for the portfolio with the exception of HICL (September 2023) and IRETf (December 2022)

SDG	HOW OUR PORTFOLIO SUPPORTS <sup>1</sup>	ANNUAL IMPACT <sup>1</sup>
<p><b>3 GOOD HEALTH AND WELL-BEING</b> Ensure healthy lives and promote well-being for all at all ages</p>	41 companies that support good health and wellbeing including hospitals, community health facilities, and fire stations.	<p><b>8.7m</b> People with direct access to healthcare facilities as a result of our investments</p>
<p><b>4 QUALITY EDUCATION</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	46 educational projects including schools, universities, colleges, libraries, and training facilities that facilitate the provision of essential learning outcomes.	<p><b>120,000</b> Student places across school, college and university facilities</p>
<p><b>6 CLEAN WATER AND SANITATION</b> Ensure availability and sustainable management of water and sanitation for all</p>	One of the largest water-only supply companies in the UK, owning and managing water projects and networks across three supply regions in the south-east of England.	<p><b>3.9m</b> People served with clean water by Affinity Water</p>
<p><b>7 AFFORDABLE AND CLEAN ENERGY</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	105 renewable energy and related infrastructure projects supporting the generation and provision of clean energy, including onshore and offshore windfarms, solar, battery storage, electricity transmission and electric vehicle (EV) charging.	<p><b>5m</b> Homes that can be powered using clean energy</p>
<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	12 housing accommodation and digital infrastructure projects which provide essential services required to support the functioning of modern economies.	<p><b>9m</b> Consumers to be provided with connectivity through fibre and communication towers</p>
<p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> Make cities and human settlements inclusive, safe, resilient and sustainable</p>	23 projects including road, rail and ferry assets which support sustainable and resilient cities.	<p><b>5m</b> Individuals used our roads and railways</p>
<p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	8 public services projects including prisons, police stations, judicial courts, as well as defence and government buildings.	<p><b>2.3m</b> People served by InfraRed's courts, fire stations and police stations</p>

# Sustainability governance and approach

A long-term sustainability-led mindset is integral to how InfraRed operates. We employ a comprehensive sustainability investment and management framework, underpinned by robust governance structures. This ensures that sustainability considerations are integrated into our investment and corporate activities.

## Governance

InfraRed has a dedicated Sustainability Team, responsible for developing and implementing InfraRed's sustainability strategy and acting as a central knowledge point for ESG within the company.

All staff are required to integrate sustainability in their day-to-day roles. This includes conducting ESG due diligence on new investments, engaging with portfolio companies to implement decarbonisation initiatives, and operating our office in a sustainable way. To support this in practice, each of InfraRed's Senior Management Team has individual sustainability objectives which support their business area's contribution to our overall sustainability strategy.

The Head of Sustainability is responsible for providing regular updates to InfraRed's Management Committee on the sustainability strategy and key workstreams. The Management Committee provides oversight and guidance to ultimately ensure that InfraRed is fulfilling its sustainability commitments.

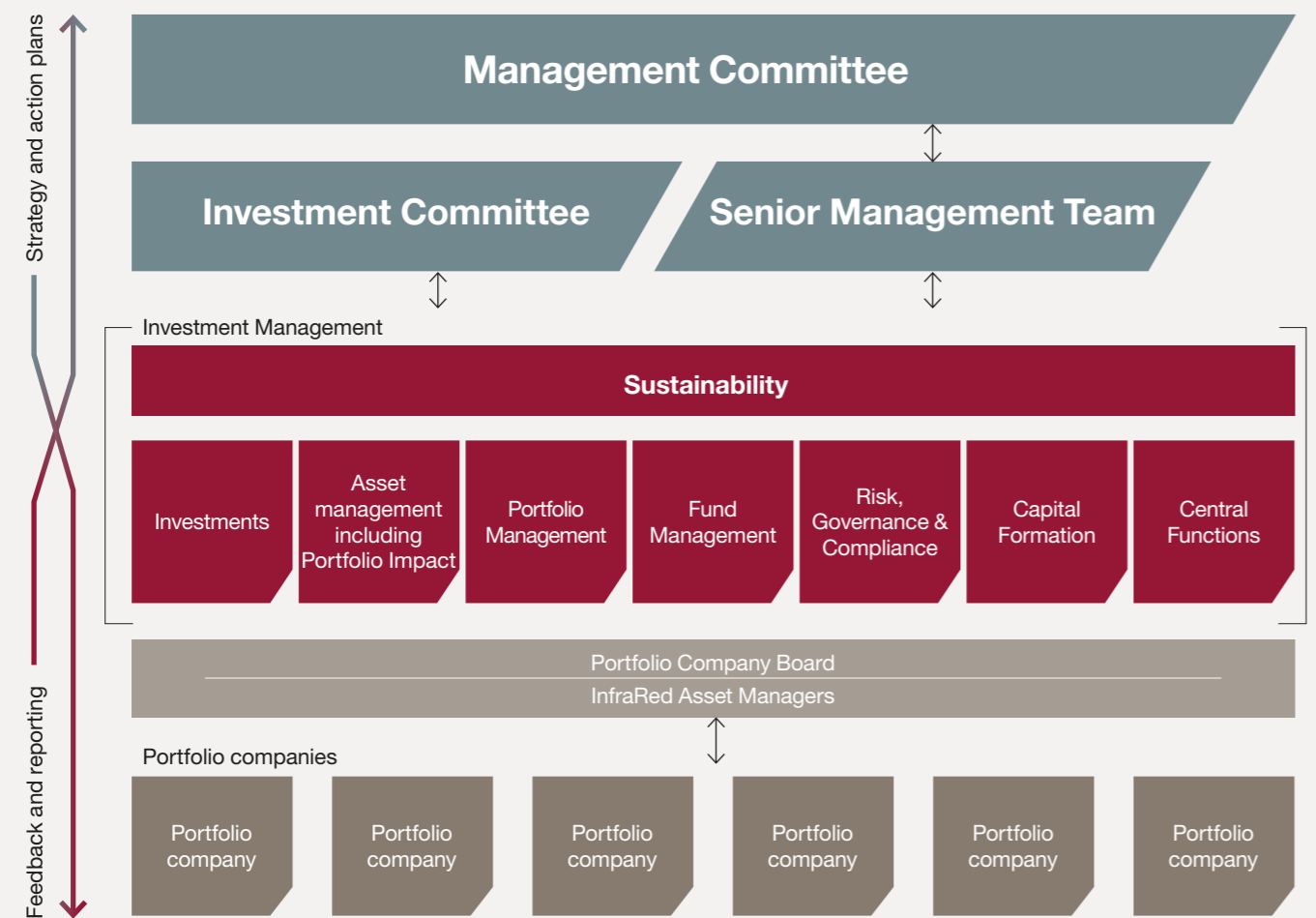
In addition, any investment or fund-specific sustainability considerations are communicated to fund Investment Committees for consideration and approval.

## Sustainability Policy

The Sustainability Policy documents the process for embedding sustainability considerations into our investment and asset management processes as well as our own internal corporate operations. The policy can be found on our [website here](#).

## InfraRed's governance structure

Whilst we have a number of dedicated sustainability resources within the business, it is the responsibility of all staff to deliver InfraRed's sustainability objectives within their day-to-day role.



Further details on our governance, including team structure and sustainability-linked performance objectives, can be found in our [Sustainability Policy](#)

## Our sustainability priorities

Our sustainability approach focuses on four priority areas where we can make a significant impact.



### Climate

Read more on page 10



### Environment

Read more on page 20



### Communities

Read more on page 24



### People

Read more on page 30

## An integrated and holistic approach

These sustainability priorities are supported by our approach, with a particular focus on integrating ESG considerations into our investment processes, transparently reporting on progress and creating a culture where our team contributes to deliver our commitments.

### Integrating sustainability into our investment process

Our sustainability management framework ensures that ESG criteria are integrated into each stage of our investment process, irrespective of strategy or sector.

### Stewardship and engagement

We adopt a proactive approach to asset management to ensure that our portfolio companies have effective governance structures and are managed responsibly with board oversight. We also seek to use our influence to promote the highest sustainability standards across our portfolio and supply chains.

### Monitoring and disclosing ESG performance

We conduct annual ESG and GHG surveys to monitor portfolio companies' performance, helping us identify opportunities for change and ensure that we are transparent and accountable to investors and wider stakeholders.

### Creating company-wide responsibility

InfraRed maintains internal governance structures and clear allocation of responsibilities to ensure sustainability requirements are incorporated in corporate and investment activities.

### Sustainability within our business

From focusing on our corporate carbon footprint to creating an equal and inclusive workplace, we are progressing sustainability initiatives within our own company.

## Sustainability highlights

### Net Zero and climate resilience

- We continued to work with portfolio companies to improve accuracy of Scope 1, 2 & 3 emissions and initiated company-level decarbonisation plans
- We completed our second climate change risk assessment across the majority of the portfolio
- 62% of AUM is invested in climate solutions<sup>1</sup>

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### Our Impact

- We continued to implement portfolio impact initiatives, such as community fridges and Recirculate across more portfolio companies
- We hosted our inaugural Creating Better Futures Awards recognising 13 companies for ‘gold standard’ ESG initiatives
- We continued to hold bi-annual ESG summits with portfolio companies to share examples of best practice

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### ESG monitoring<sup>1</sup>

- 95% of portfolio companies responded to our annual ESG survey<sup>2</sup>
- 91% was the average score achieved in the annual ESG survey, updated in 2023 with new metrics (compared to 93% in 2022)
- Internal audit completed of our sustainability reporting processes

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### Industry recognition and contributions

- We maintained our PRI 5-star rating for the Policy, Governance & Strategy and Infrastructure modules and received a 4-star rating for the newly introduced module, Confidence Building Measures (CBM)
- A number of our portfolio companies were recognised externally for their ESG contributions
- We contributed to the development of industry guidance materials such as the IPA Guidance Document and provided direct responses to the SFDR and SDR consultations

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<sup>1</sup> As at 31 December 2023  
<sup>2</sup> The ESG survey is based on calendar year, the period running from 01 January 2023 to 31 December 2023  
<sup>3</sup> InfraRed received a 4-star rating for the newly introduced Confidence Building Measures (CBM) module

## Our progress on sustainability commitments

SUB-PRIORITY	TARGETS <sup>1</sup>	2023 PROGRESS <sup>1</sup>
<b>Climate</b> <a href="#">Read more on page 10</a>		
Portfolio coverage	70% of AUM to be aligning, aligned or net zero by 2030	61% of AUM are aligning, aligned or net zero
Engagement threshold	90% of emissions to be subject to direct or collective engagement and stewardship actions by 2030	58% of emissions have been subject to engagement
Climate solutions	50% of AUM to be invested in climate solutions by 2025	62% of AUM invested in climate solutions
<b>Environment</b> <a href="#">Read more on page 20</a>		
Minimising biodiversity loss		74% of AUM are implementing initiatives with a positive impact on biodiversity
Reducing resource consumption	100% of AUM with material water consumption to have reduction initiatives in place by 2025	100% of AUM with material waste generation to have reduction initiatives in place by 2025
For portfolio companies where we have operational control	62% of AUM with material water consumption have reduction initiatives in place <sup>2</sup>	74% of AUM with material waste generation have reduction initiatives in place <sup>2</sup>
<b>Communities</b> <a href="#">Read more on page 24</a>		
Addressing community and client needs	80 responses to the Client Insights Survey by 2025	As a Client Insight Survey was completed in 2022, we did not complete a subsequent survey in 2023.
Maximising our impact	50 submissions to the Creating Better Futures Awards by 2025	39 responses to the Creating Better Futures Awards
<b>People</b> <a href="#">Read more on page 30</a>		
Fostering diversity, equity and inclusion	One-third of senior level roles at InfraRed to be held by women in five years	24% of senior team are women <sup>3</sup> 21% of staff are from ethnic minorities
Promoting responsible supply chains		82% of AUM have policies to monitor compliance with the UNGC Principles or OECD Guidelines for Multinational Enterprises
Maintaining health and safety		87% of AUM conducted independent health and safety inspections in the last year

<sup>1</sup> As at 31 December 2023  
<sup>2</sup> This target considers sectors with material water and waste consumption are outlined on page 25 of InfraRed's 2023 Sustainability Report. InfraRed is in the process of reviewing this target to reflect the level of operational control more accurately for the social accommodation projects which are predominately PPP/PFI projects  
<sup>3</sup> InfraRed defines senior level to include Managing Director and Partner

# Climate

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

Since 2021, InfraRed has completed three portfolio-wide emissions assessments and two climate risk assessments. Data provides us with deeper insight into the double materiality of climate change and supports our objective to deliver targeted action.

IN THIS SECTION

**Progress against net zero targets**

**Emissions disclosure**

**Climate resilience**

2023 PROGRESS

**We developed guidance material to support portfolio companies to implement net zero criteria over specific timeframes, based on sector and business maturity**

**We committed new capital to climate solutions including battery portfolios and an AI-powered home energy management business**

2024 OBJECTIVES

- ▶ Increase net zero alignment percentage by supporting companies in setting targets and implementing decarbonisation plans
- ▶ Engage with portfolio companies on the findings of the climate impact assessment and assess the effectiveness of mitigation measures

## Progress against net zero targets



### Portfolio coverage

Target year  
**2030**

**70%**

of AUM is aligning, aligned or net zero<sup>1</sup>

Baseline as of 31 Dec 2021

**8%**  
of AUM aligned to net zero

Progress as of 31 Dec 2023

**61%**

of AUM is aligning, aligned or net zero<sup>1</sup>



### Engagement threshold

Target year  
**2030**

**90%**

of emissions to be subject to direct or collective engagement and stewardship actions<sup>1</sup>

Baseline as of 31 Dec 2021

**0%**  
metric was not formally tracked

Progress as of 31 Dec 2023

**58%**

of emissions subject to direct or collective engagement and stewardship actions<sup>1,2</sup>



### Climate solutions

Target year  
**2025**

**50%**

of AUM to be allocated to climate solutions which factor in substantial AUM growth plans during this period<sup>1</sup>

Baseline as of 31 Dec 2021

**45%**  
of AUM allocated to climate solutions

Progress as of 31 Dec 2023

**62%**

of AUM allocated to climate solutions<sup>1</sup>



<sup>1</sup> As at 31 December 2023

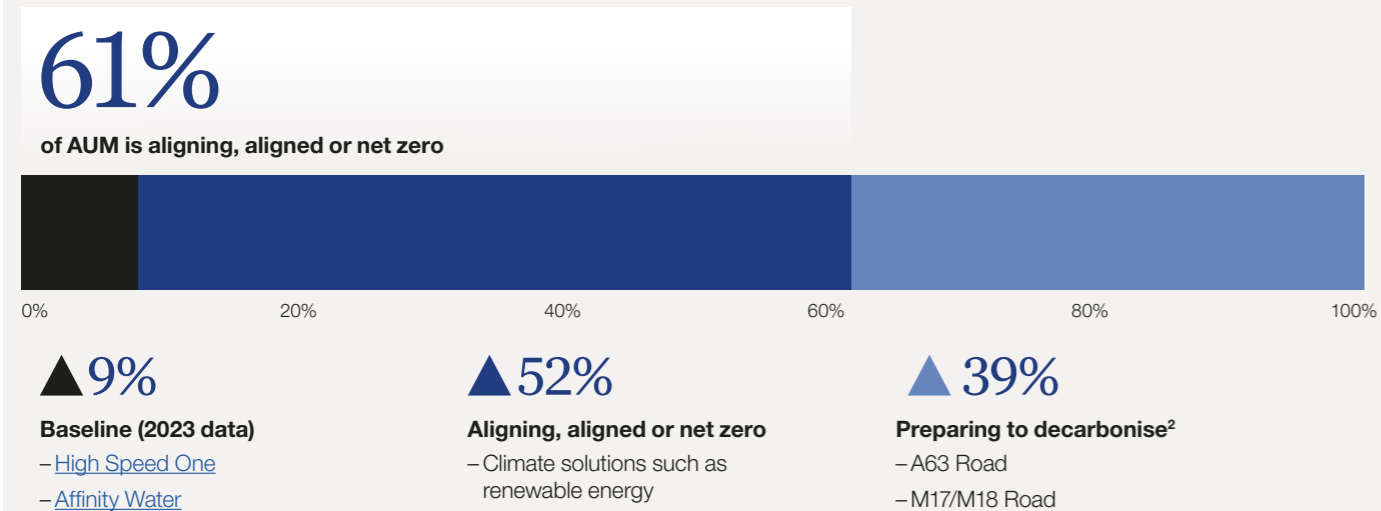
<sup>2</sup> Based on metrics collected in annual ESG survey and direct engagement activity

Progress against net zero targets continued



## Portfolio coverage

InfraRed has increased its percentage of AUM that is aligning, aligned or net zero from a baseline of 8% as at 31 Dec 2021 to 61% as at 31 Dec 2023<sup>1</sup>.



### Aligning energy transition infrastructure

Since setting the portfolio coverage target in 2022, an additional 52% of InfraRed's portfolio now meets the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework (NZIF) criteria for infrastructure projects. This results in a total of 61% of InfraRed's in-scope AUM that is either aligning with, aligned to or achieving a net zero status.

Progress is largely attributable to The Renewable Infrastructure Group (TRIG), a £2.8bn UK-listed fund comprising renewable generation and infrastructure assets managed by InfraRed<sup>3</sup>.

InfraRed recognises that guidance on the application of NZIF to infrastructure assets continues to evolve, particularly around decarbonisation requirements for assets categorised as climate solutions. We are committed to engaging with the relevant industry stakeholders to support the development of best practices for the application of this framework to the infrastructure sector.

### Preparing to decarbonise

The 'preparing to decarbonise' category, as introduced in the Private Markets Decarbonisation Roadmap<sup>2</sup>, accounts for another significant portion of AUM (39%).

These companies monitor their GHG emissions. Many have dedicated teams prioritising net zero efforts, and some are in the advanced stages of formalising decarbonisation plans. InfraRed's three-pronged net zero approach outlined on the next page is designed to facilitate a further transition, from preparation to alignment with net zero, in the coming year.



1 87% of AUM is included in InfraRed's net zero commitment. While all portfolio companies are subject to net zero engagement, two funds that are currently being divested are excluded from the target as InfraRed cannot impose binding obligations on future owners of companies  
 2 Category in line with supplementary guidance to NZIF by Initiative Climat International (ICI) and Sustainable Markets Initiative: [www.bain.com/content/assets/6df8cbe0d2a34117bf9751b150a6372e/private-markets-decarbonisation-roadmap.pdf](http://www.bain.com/content/assets/6df8cbe0d2a34117bf9751b150a6372e/private-markets-decarbonisation-roadmap.pdf)  
 3 As at 31 December 2023  
 4 Decarbonisation plans in place but level of ambition not explicitly aligned to a net zero pathway  
 5 Short term: 3-5 years; medium term: 10-15 years

InfraRed manages infrastructure investments that encompass a diverse array of sectors and stages of business maturity. The majority of our renewable energy and public-private partnerships (PPP) / private finance initiative (PFI) companies have

no direct employees and operational control is often in the hands of the public sector client or third-party suppliers. This complex dynamic underscores the need for a tailored approach to engagement and net zero implementation, as outlined below.

### PPP/PFI public services infrastructure

#### TYPICAL SECTORS

- ▶ Education
- ▶ Healthcare
- ▶ Transport
- ▶ Emergency services

29%

of AUM<sup>1</sup>

### Renewable energy and supporting infrastructure

#### TYPICAL SECTORS

- ▶ Solar
- ▶ Wind
- ▶ Batteries
- ▶ Transmission lines

51%

of AUM<sup>1</sup>

### Operational businesses

#### TYPICAL SECTORS

- ▶ Rail
- ▶ Fibre
- ▶ Water
- ▶ Data infrastructure

20%

of AUM<sup>1</sup>

### Operational control

#### FACTORS TO CONSIDER

Services are performed for clients (e.g. the NHS) in accordance with rigid contracts that pre-date net zero, offering limited flexibility for financing, optimising and changing energy systems.

#### OUR RESPONSE

We are adopting the Infrastructure and Project's Authority's (IPA) guidance, Decarbonisation of Operational PFI Projects— a PFI-specific, stepped approach to support net zero interventions, with recommended activities and checklists at each stage.

#### FACTORS TO CONSIDER

These projects are operationally net zero as emissions intensity (tCO<sub>2</sub>e/MWh) from electricity generation/distribution outperforms net zero aligned trajectories.<sup>2</sup> Virtually all emissions are generated in the supply chain.

#### OUR RESPONSE

We track net zero alignment of suppliers across categories such as replacement parts and maintenance. Suppliers are encouraged, based on materiality, to set science based targets for their companies. Net zero commitments of new suppliers will also be considered in procurement.

#### FACTORS TO CONSIDER

There is a greater ability to use governance rights and collaborate directly with staff and decision-makers in these companies to support net zero implementation.

#### OUR RESPONSE

We encourage these companies to adopt a net zero framework developed by InfraRed's Net Zero Working Group. It recommends a phase-in approach to meeting the NZIF alignment criteria over the short to medium term, based on business maturity and sector.

### Transition planning taking into account separate strategies required for portfolio companies

#### NEXT STEPS

- ▶ Initiate a 'pilot programme' to work directly with a selection of PFI projects to practically apply IPA guidance.
- ▶ Establish a system enabling progress in each step to be regularly reported to portfolio company board directors.

#### NEXT STEPS

- ▶ Improve granularity of supplier data.
- ▶ Scale supplier engagement programme beyond TRIG to other renewable energy and supporting infrastructure.

#### NEXT STEPS

- ▶ Track company progress on aligning to framework in accordance with business maturity.
- ▶ Host workshops with Management Teams to provide support to overcome challenges faced.

1 AUM in-scope of net zero commitment as at 31 December 2023  
 2 Science Based Targets initiative (SBTi) Power Sector; Transition Pathway Initiative for electric utilities. Note these pathways include Scope 1 and 2 emissions i.e. the carbon intensity from energy generation



Progress against net zero targets continued



## Engagement threshold

At the core of our net zero strategy is engagement with our public sector clients, portfolio company Management Teams and other key stakeholders. It is only through active engagement that we can effectively address a broad range of challenges, including improved data collection, GHG measurement and implementation of decarbonisation initiatives.

We track progress against our engagement threshold target via the annual ESG survey, seeking evidence of:

- InfraRed Asset Manager engagement with the portfolio company
- Discussion of net zero at the portfolio company board management level
- Portfolio company engagement with subcontractors on net zero and emissions reporting

In line with the NZIF requirements, the companies with positive results across all three metrics or those who have been directly engaged by the Sustainability Team have been allocated against their 2023 total GHG emissions. This shows what proportion of the portfolio's emissions have meet our direct engagement requirements.

TARGET:

**90%**

of emissions to be subject to direct or collective engagement and stewardship actions by 2030<sup>1</sup>

**58%**

of portfolio emissions achieved InfraRed's direct engagement requirements<sup>1</sup>

## Portfolio engagement

We engage with portfolio companies and other stakeholders via various forums, including:

- ESG Summit: A webinar hosted by InfraRed for portfolio company Management Teams, discussing case studies, emerging net zero guidance and improving data collection.
- Management Services Provider (MSP) Forum: a regular touchpoint between subcontractors and InfraRed's Asset Management Team.
- One-to-one meetings between InfraRed's Sustainability Team and a number of portfolio company management teams on net zero action plan and progress.

## Industry engagement

### Contributing to industry standards

Recognising the diverse challenges faced by businesses in transitioning to net zero, we actively collaborate with industry groups. Together we are developing comprehensive sets of guidance tailored to address unique dynamics associated with a breadth of infrastructure businesses and sectors.

### UK Government guidance on decarbonising PFIs

In 2023, InfraRed contributed to the development of the Infrastructure and Projects Authority (IPA) guidance document, Decarbonisation of Operational PFI Projects. This handbook provides tools to implement net zero initiatives within the bounds of strict contractual requirements. InfraRed is initiating a pilot programme to work closely with PFIs to adopt this framework which is discussed on page 13.

This guidance is publicly available here



Five principles of good practice for developing a decarbonisation plan are set out in the guidance document:

- 1 Data first**
- 2 Know your contract**
- 3 Engage with stakeholders**
- 4 Prioritise**
- 5 Make a plan**

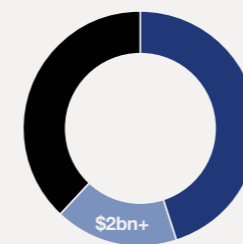


## Climate solutions

Investments in climate solutions support system-wide decarbonisation and sustainable practices across industries. Financing transmission line and battery projects are key examples of this, facilitating the transition to cleaner electricity at a national level. Similarly, electric rail projects across the UK and Europe connect communities while avoiding GHG emissions from alternative fossil fuel-based transport.

InfraRed has surpassed its target with 62% of AUM now dedicated to climate solutions, exceeding the initial objective of 50% by 2025. This corresponds to a \$2+ billion increase in InfraRed's allocation to investments which support the energy transition since the beginning of 2022. We remain committed to outperform this target by continuing to increase our allocation to climate solutions within the broader growth of InfraRed's assets under management.

### CLIMATE SOLUTIONS INVESTMENT



	%
▲ % invested in climate solutions, 2021	45
▲ Allocation to climate solutions, 2022 & 2023	17
▲ Social infrastructure, digital infrastructure, transportation	38

While climate solutions remains a focus, we actively support other infrastructure projects essential to modern society such as hospitals, fibre networks and roads. This is central to one of our sustainability themed investment strategy of protecting and connecting communities.



## Decarbonising the residential sector with intelligent technology

Project: Wondrwall  
Strategy: InfraRed Value-add

The majority of UK households rely on fossil fuels for electricity and home heating and cooling, making the housing sector a major contributor to national emissions<sup>1</sup>. While ensuring energy security and affordability remains a priority, it is considered essential to reduce residential emissions with improved energy systems.

Advances in technology are paving the way for more efficient domestic energy management. Additionally, transitioning home heating systems to electric power sourced from renewables can reduce energy consumption, emissions, and household energy bills.

A fund managed by InfraRed has made an early-stage investment in Wondrwall, an innovative company specialising in AI-driven optimisation for homes in the UK. This early-stage investment forms part of a broader low carbon heating investment thematic being explored by our InfraRed. Wondrwall integrates Internet of Things (IoT), sensor technology and low carbon heating with renewable solutions into one integrated Home Energy Management System (HEMS).

The adoption of Wondrwall can reduce household energy costs while contributing to the UK's net zero targets.

<sup>1</sup> As at 31 December 2023

<sup>1</sup> 2022 UK Greenhouse Gas Emissions (latest data): [assets.publishing.service.gov.uk/media/65c0d15863a23d0013c821e9/2022-final-greenhouse-gas-emissions-statistical-release.pdf](https://assets.publishing.service.gov.uk/media/65c0d15863a23d0013c821e9/2022-final-greenhouse-gas-emissions-statistical-release.pdf)

# Emissions disclosure

The following table outlines InfraRed's financed emissions for all portfolio companies. These include total (absolute) emissions as well as those attributable to InfraRed<sup>1</sup>. Emissions are disclosed in line with the Partnership for Carbon Accounting Financials (PCAF) methodology.

All data collected is provided to a specialist GHG consultant and, following a period during which checks and clarifications are made, country and activity-specific emissions factors are applied. Emissions associated with portfolio companies that were sold or acquired during the period have been prorated to reflect the ownership period.

Where there are data gaps, for example, energy data is controlled by a third party and is inaccessible, proxy estimations are utilised. These are drawn from several sources, including industry-specific databases or companies of a similar nature within the portfolio.

Engagement efforts have led to a greater consistency in portfolio company data entries over time. However we recognise that completing an accurate emissions inventory, including Scope 3, requires continued engagement efforts across the wider industry and supply chains.

## Data collection approach

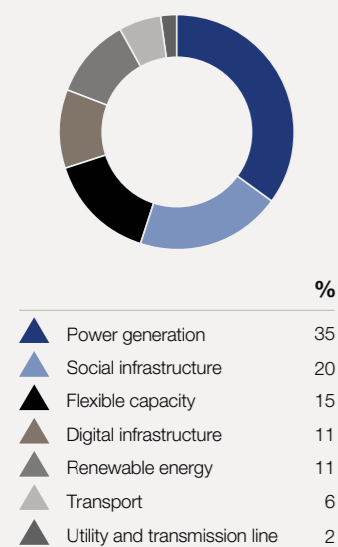
InfraRed's GHG emissions survey is updated each year, with input from the IPA Net Zero Working Group and third-party consultants. The survey is issued to the majority of portfolio companies. However, an increasing number of these companies complete their own detailed emissions inventory annually. This is a practice InfraRed encourages as it builds greater awareness within their business.

	2022		2023	
	Absolute emissions (tCO <sub>2</sub> e)	Attributable emissions (tCO <sub>2</sub> e)	Absolute emissions (tCO <sub>2</sub> e)	Attributable emissions (tCO <sub>2</sub> e)
InfraRed's Scope 3, Category 15 (Financed Emissions)				
Scope 1	2,773,730	292,853	<b>2,787,583</b>	<b>212,896</b>
Scope 2	292,722	45,468	<b>243,784</b>	<b>41,977</b>
Scope 3	2,040,511	281,765	<b>1,241,101</b>	<b>182,352</b>
<b>Total portfolio emissions</b>	<b>5,106,963</b>	<b>620,086</b>	<b>4,272,469</b>	<b>437,225</b>

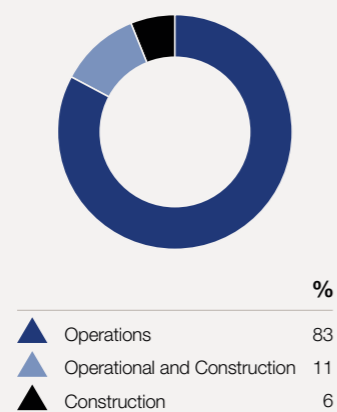
## Portfolio-wide emissions analysis

The following analysis is based on the emissions that are attributable to InfraRed in line with the PCAF methodology<sup>2</sup>.

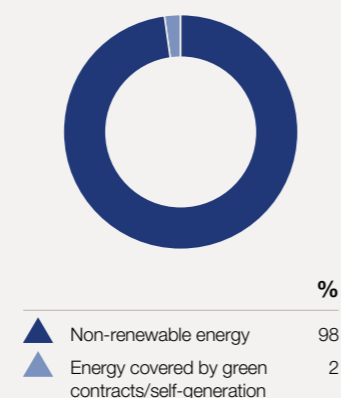
SECTORAL BREAKDOWN



EMISSIONS BY PROJECT STATUS



OPERATIONAL ENERGY USE BREAKDOWN



<sup>1</sup> This takes into account other equity shareholdings and debt proportions at each portfolio company  
<sup>2</sup> As at 31 December 2023

## Factors driving changes in emissions

InfraRed's financed Scope 1 and 2 emissions increased over the period by 1% in absolute terms. While electricity based emissions decreased, gas related emissions rose in the period. Fluctuations in emissions year on year are also reflective of improved accuracy of energy data provided by portfolio companies.

In 2023, InfraRed adopted EXIOBASE as its data source to estimate Scope 3 emissions. Recommended by the GHG Protocol, it uses more recent data, with greater granularity across sectors and countries than the methodology previously adopted. The use of this newer database has contributed to a material reduction in the Scope 3 emissions reported this year.

While the revised methodology provides a more accurate reflection of impact, we anticipate further movements in emissions as data quality and methodologies improve.

## Data quality

While emissions associated with water and waste are based on actual consumption, the remaining Scope 3 emissions have been estimated using financial spend on, for example, purchased goods and services.

InfraRed has conducted a review of emissions data quality as per the PCAF standards. Scope 1 and 2 emissions average score was 2 for the portfolio (1 representing the highest quality, 5 the lowest).



92%

of portfolio companies provided emissions-related data

2

Scope 1 & 2 emissions PCAF data quality score (highest is 1)

## Frameworks used in GHG accounting and reporting



# Climate resilience

A key component of our sustainability approach is the identification and management of climate risks and opportunities associated with our portfolio.

This year InfraRed has disclosed in line with the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD). The disclosures communicate the financial risks and opportunities that climate change presents to our portfolio and the steps we are taking to address these. More detail can be found in the TCFD section of the report on pages 37-40.

The reduction in scores for the integration of climate risks and opportunities at Board Level can be partly attributable to new investments or portfolio companies responding to the ESG survey for the first time. InfraRed will work with these companies over the course of the next reporting period to ensure climate considerations are integrated into business operations.

## 74%

of AUM discussed climate-related risks and opportunities at the board level (2022 85%)<sup>1</sup>

## 74%

of AUM have updated their risk register to reflect the findings of the impact assessment (2022 90%)<sup>1</sup>

### Our process of assessing climate change impacts across the portfolio is as follows:

#### 1 Impact identification

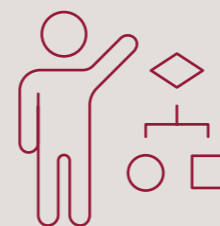
InfraRed engages external advisors to undertake climate change impact assessments of our portfolio on a periodic basis.

We also require that new investments undertake a climate impact assessment prior to acquisition where practicable. This assessment informs pre-investment due diligence and the findings are incorporated into the technical specification and/or the financial valuation where relevant.



#### 2 Active management

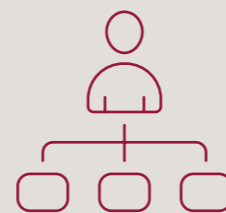
InfraRed communicates the results of the climate change impact assessment to portfolio companies. We then engage with the Management Teams to review and discuss the assessment findings. This discussion will feed into updates made to the company's risk register and risk mitigation measures. InfraRed has also produced a guidance document which recommends risk management strategies for building resilience against potential adverse weather events relevant to our portfolio.



#### 3 On-going monitoring

Our annual ESG survey requires portfolio companies to respond to questions relating to how they integrate climate-related risks and opportunities into their business operations. Where helpful, these responses are integrated into the guidance material.

New investments are required to implement a 100-day plan post investment which includes sustainability requirements. This would include any climate risks and/or opportunities that was identified during the investment due diligence.



<sup>1</sup> As at 31 December 2023

As part of InfraRed's objective to enhance the climate resilience of our portfolio, we undertake climate change impact assessments of our existing investments periodically. The schematic below sets out the process for identifying and analysing climate-related risks and opportunities for the most recent assessment we undertook for majority of our funds under management:

#### 1 Portfolio Physical Risk Assessment

Location based quantitative and qualitative physical risk assessment based on three scenarios:

Scenario	Assumed global temperature increase from pre-industrial times by the end of the century	Representative Concentration Pathways (RCP)
Hothouse world	>4°C	8.5
Middle of the road	2-3°C	4.5
Net zero by 2050 scenario	1.5°C	1.9/2.6

We built a separate project approach for assets with large footprints, such as fibre or transmission networks. The process involved a bottom-up approach to assess the geographical area served by the assets in order to understand how these assets would be impacted by potential physical risks.

#### 2 Impact Assessment

An assessment of acute and chronic hazards which would cause downtime and reduction in operating capacity using several proprietary vulnerability models developed by Willis Towers Watson (WTW) that are specific to the infrastructure sectors.

#### 3 Modelling

The financial impact was modelled for the current and future physical climate-related risks relating to both damages and potential losses. This considers the impact in the short-term (present until 2030) and a long-term (beyond 2040) time horizons.

#### 4 Transition Risks

As part of the assessment, we also identified the transitional risks that are likely to arise based on the asset classes within our portfolio.

The following chart shows the outputs of the physical-risk hazard exposure for majority of InfraRed's portfolio.

	Hazard Exposure				
	Current Climate/RCP2.6		RCP8.5 (2040-50)		
	Acute	Chronic	Acute	Chronic	
IRCP portfolio	3	2	3	2	
Communications	4	3	4	3	
Electricity and water	3	2	3	2	
Energy supporting	2	4	2	5	
Renewables	2	2	2	2	
Social infrastructure	3	1	3	2	
Transport	4	2	4	2	
Key	Very high	High	Moderate	Low	Very low

# Environment

## Minimising environmental impacts, resource consumption and biodiversity impacts

As an infrastructure investor, we understand that the projects we manage can have material impacts on their surrounding environment. We recognise our responsibility to promote efficient resource management and to encourage measures that benefit local biodiversity.

IN THIS SECTION

**Biodiversity**

**Resources**

2023 PROGRESS

**We monitored biodiversity initiatives through our annual ESG survey such as the wellbeing garden which is a key project of the portfolio impact strategy.**

**The Asset Management Team supported our projects to implement waste and water reduction initiatives.**

2024 OBJECTIVES

▶ Continue to monitor the progress of the TNFD framework and ISSB to understand requirements for disclosing biodiversity impacts.

▶ Work with portfolio companies to build and share learnings for reduction initiatives and, where possible, develop reduction plans for water consumption and waste generation.

## Biodiversity

Biodiversity remains a critical global focus, with growing evidence demonstrating the impact that environmental degradation can have on human wellbeing and economic activity.

While addressing biodiversity loss is complex, we appreciate the critical importance of managing biodiversity impacts across our portfolio. We are also increasingly encouraging our portfolio

companies to implement biodiversity-positive initiatives such as wildlife habitats, wild planting, and restoration projects to create wellbeing gardens, which is one of the key initiatives of our portfolio impact strategy (see more in the community section).

We are also reviewing TNFD framework and upcoming ISSB regulation to understand how we can incorporate these recommendations into our approach for monitoring and reporting nature-related risks and opportunities associated with the portfolio.



Case study

### Protection of the great crested newts

Project: Garreg Lwyd Wind Farm  
Fund: TRIG

The Garreg Lwyd Wind Farm, is home to the great crested newt which is the rarest of three species of newt found in the UK. Facing habitat loss and deterioration over the past century, it is now a protected species in the UK and Europe.

As part of the project's Habitat Management Plan, the following actions were implemented: 13 new ponds were created at the project site; enhancement works were carried out to the existing ponds, including increasing depth and fencing; and hibernacula (hibernation sites) and terrestrial habitats were created.

Post-development monitoring is carried out on a biennial basis. The most recent monitoring survey in 2023 indicated that the great crested newt population has increased and is dispersing throughout the site.



Case study

### Enhancing biodiversity with a wellbeing garden

Project: Peterborough Hospital  
Fund: IRIYF<sup>1</sup>

In February 2023, a woodland area at Peterborough Hospital site was identified as a potential area for development.

The portfolio company and service provider worked together to develop a solution that could be used for the benefit of the hospital's staff, patients and visitors while enhancing local biodiversity.

After eight months, the woodlands were redeveloped with the following features:

- Seating areas
- Pond and water features
- 1,200 bulbs planted of 16 different species
- 485 trees maintained with a total of 23 different species
- 10 hedgehog houses
- Bird and bat boxes
- Habitat areas for bugs
- Natural composting area

This type of initiative has been delivered at another portfolio company, Pinderfields and Pontefract Hospitals, and will be considered for other sites.

<sup>1</sup> InfraRed Infrastructure Yield Fund

# Resources

InfraRed engages with the portfolio companies to integrate resource management measures within their operations. Key examples of innovative resource management initiatives include Affinity Water's 'water neutrality' project and High Speed 1's circular economy solution at London's St Pancras station.

Whilst we encourage water and waste reduction measures across the portfolio, we recognise that there are factors that may restrict this in practice, such as sector materiality, challenges of operational control, and the project phase.

For example, our healthcare assets consume significant amounts of water that is essential for treating patients, whereas water use for solar or road projects is limited to operating a small on-site office. However, in many of our healthcare projects, water consumption is driven by the client. An operational project but will generate a small amount of waste in a typical year but greater amounts during periods of construction, refurbishment, or decommissioning works.

For this reason, InfraRed is in the process of tailoring its resource management approach to ensure it appropriately addresses materiality and operational control considerations, similar to our net zero approach. We will look to refine our resource management metrics to reflect this targeted approach.

In the last year, there has been a decline in portfolio company performance of water and waste metrics owing to InfraRed applying a higher standard in the assessment.

InfraRed also actively promotes initiatives that can be replicated across many projects, such as 'Recirculate', detailed on page 27.

**62%**

of AUM who have initiatives to reduce water in place (2022 88%)<sup>1</sup>

**74%**

of AUM who have initiatives to reduce waste in place (2022 77%)<sup>1</sup>



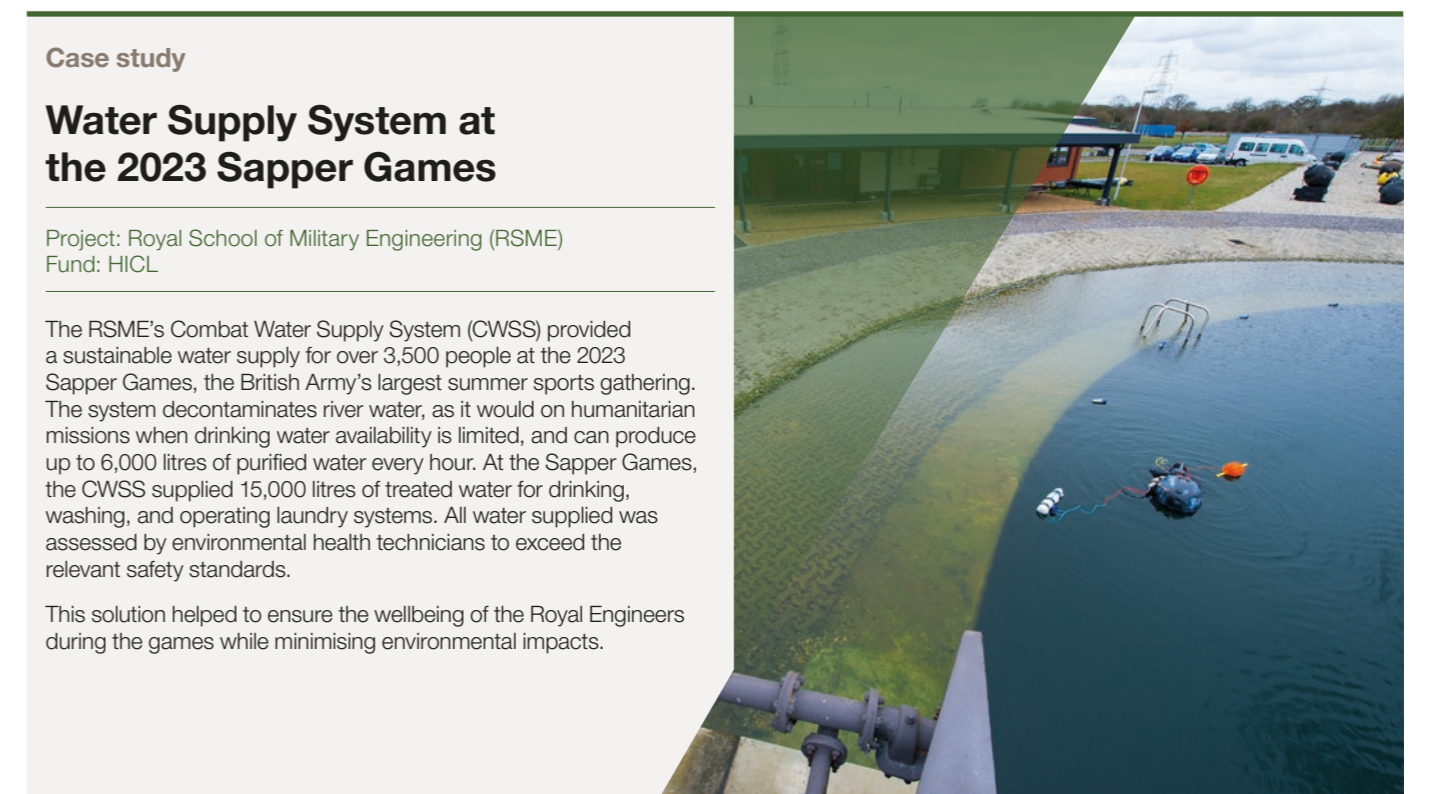
Case study

## Circular economy at St Pancras

Project: High Speed 1  
Fund: HICL<sup>2</sup>

High Speed 1 (HS1) is the 109km rail link that connects London St Pancras International Station in London and the Channel Tunnel. As part of a programme of circular economy initiatives, HS1 installed a Mobile Segregation Unit (MSU) at the station to improve waste separation and recycling. The installation of the MSU represents a significant step towards achieving HS1's goal to increase recycling rates by 30%.

The MSU uses a combination of manual segregation and special technology to process station and retailer waste on-site. This enables clean, segregated waste bales to be produced, ready for recovery or recycling. The self-contained unit will ensure higher recycling rates, provide real-time waste data, and establish accountability by highlighting the waste composition of each retailer. By crushing and baling recycling streams on-site, the frequency of waste collections will decrease, reducing the emissions impact from transport. To support the initiative, HS1 has also engaged with retailers to understand their waste management challenges and delivered education sessions.



Case study

## Water Supply System at the 2023 Sapper Games

Project: Royal School of Military Engineering (RSME)  
Fund: HICL

The RSME's Combat Water Supply System (CWSS) provided a sustainable water supply for over 3,500 people at the 2023 Sapper Games, the British Army's largest summer sports gathering. The system decontaminates river water, as it would on humanitarian missions when drinking water availability is limited, and can produce up to 6,000 litres of purified water every hour. At the Sapper Games, the CWSS supplied 15,000 litres of treated water for drinking, washing, and operating laundry systems. All water supplied was assessed by environmental health technicians to exceed the relevant safety standards.

This solution helped to ensure the wellbeing of the Royal Engineers during the games while minimising environmental impacts.



Case study

## Bidwell Water Savers project

Project: Affinity Water  
Fund: HICL

Affinity Water is the largest water-only supply company in the UK, providing 950 million litres of water each day to more than 3.9 million people in the Southeast of England. Affinity Water is leading an innovative project called "Bidwell Water Savers", in partnership with Independent Water Networks (IWNL) and Grapeviners H2OIQ. The project's objective is to identify ways to ensure that a community's water consumption remains constant as more housing is developed.

The initiative aimed to reduce the residents of Bidwell's water demand with a targeted behavioural change campaign across social media, a dedicated website, and at community events. Businesses and households in Bidwell were also provided water efficiency devices. With a combined annual saving of over 80 million litres, the water consumption of the community has not increased, despite additional housing developments.

The project has positively impacted 382 households and 45 non-household customers including 29 schools, the local council, and local businesses. The project also generated savings of approximately £240,000 on customer's water bills.

<sup>1</sup> As at 31 December 2023

<sup>2</sup> HICL Infrastructure PLC (HICL), a listed fund managed by InfraRed

# Communities

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

InfraRed has an exceptional opportunity to support the communities in which our projects operate. That is why we encourage our portfolio companies to implement impactful initiatives that improve the wellbeing of both users and operators of these infrastructure projects.

IN THIS SECTION

Portfolio impact

Strategy in action

Recognising excellence

2023 PROGRESS

We increased the number of responses to our **Creating Better Futures awards**; helping to further promote impact initiatives being implemented across our portfolio.

We used the outputs of the **Client Insights Survey, ESG Survey and Creating Better Futures Awards** to refine a list of key initiatives to scale across the portfolio.

2024 OBJECTIVES

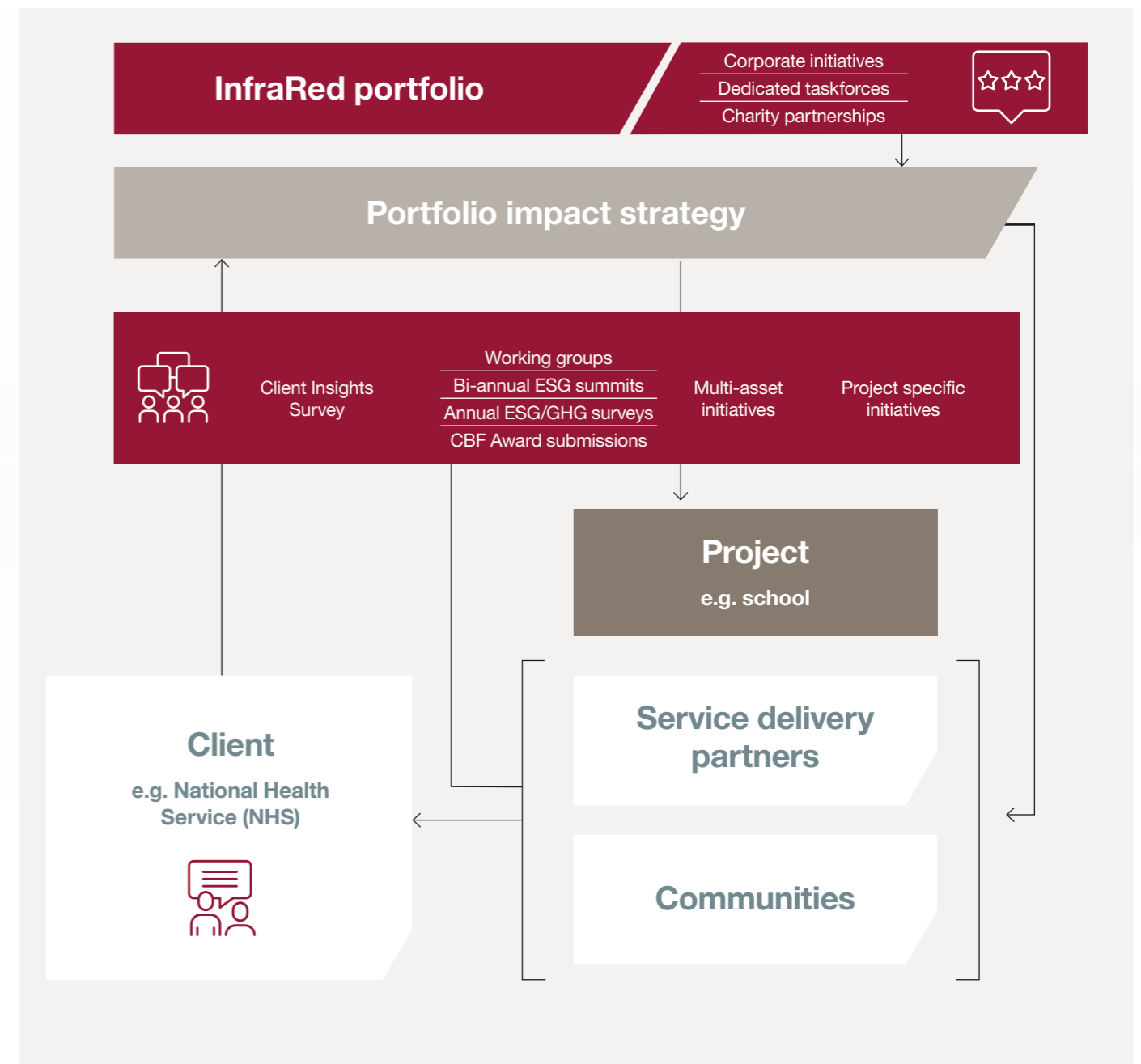
- ▶ Continue to use the **Creating Better Futures Awards** to encourage projects to showcase their efforts to implement initiatives.
- ▶ Identify additional projects where we can support the implementation of the portfolio impact initiatives identified on page 26.

## Portfolio impact strategy

Around the world, millions of people use or interact with the assets InfraRed manages.

InfraRed's investments deliver intrinsic social benefits by providing essential services to communities. Through our portfolio impact strategy, InfraRed's objective is to help drive positive social outcomes for our clients that go beyond the requirements of contracts. We do this by leveraging our own resources as well as our business relationships and charitable partnerships.

The objective of our portfolio impact strategy is to identify impactful initiatives that can be scaled across multiple projects in the portfolio. We do this by engaging with our portfolio companies and their clients to understand the challenges their communities face. This enables us to prioritise initiatives which we believe will address the most pressing needs of our clients and their stakeholders. We continue to evolve our portfolio impact strategy in response to ongoing monitoring of initiatives being delivered and experiences from our portfolio companies and clients.



# Strategy in action

InfraRed draws from multiple sources to identify scalable and transferable portfolio impact initiatives.

For example, InfraRed monitors ESG initiatives implemented at our projects via our annual ESG survey and CBF Awards. These forums enable us to consolidate ideas from over 240 portfolio companies on an annual basis providing a comprehensive database of ESG initiatives.

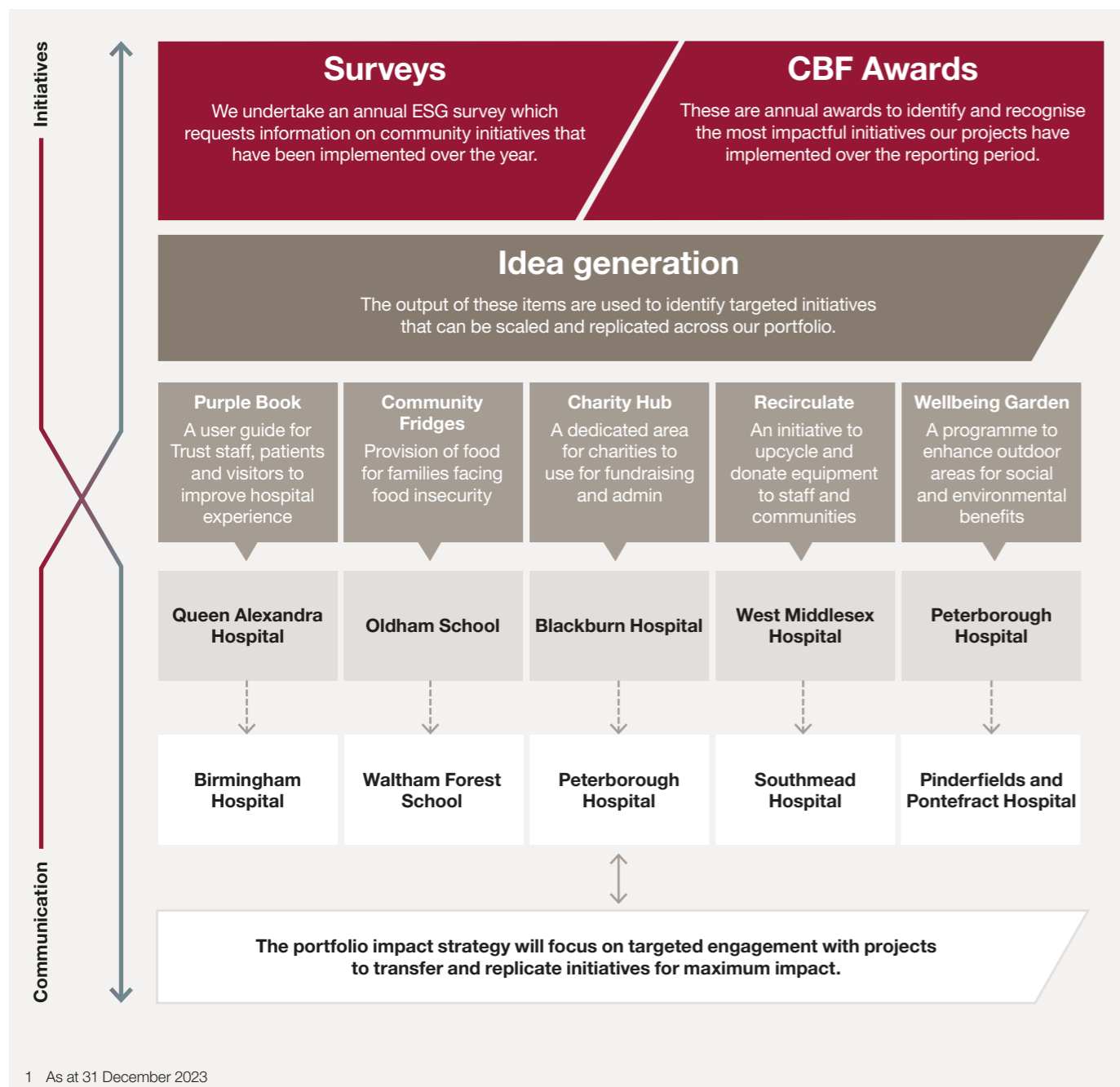
In recent years, InfraRed has also undertaken supplementary Client Insight Surveys directly with our public sector clients in the healthcare and education sectors.

These surveys have given us a more thorough understanding of the challenges faced by our clients and their communities. Insights collected from these surveys help InfraRed develop initiatives that addresses their needs. The responses saw key themes emerge, particularly around how the cost-of-living crisis was intensifying issues such as food insecurity, digital poverty, and a lack of equipment.

The output of the Client Insights Surveys was used in parallel with the 'Gold Standard' CBF Awards. The objective of the awards is to identify effective initiatives that would address the key themes that emerged from the Client Insights Survey.

# 90%

of AUM reported community engagement initiatives in 2023 (2022 new metric)<sup>1</sup>



## Case study

### Recirculate

Project: Recirculate  
Fund: Across InfraRed

Recirculate is an initiative of our portfolio impact strategy that is being scaled across multiple projects to deliver maximum impact. It aims to generate positive social and environmental impacts by upcycling and donating equipment. The concept was created during Covid, when InfraRed partnered with Vercity and Equans to renovate donated bikes in prison workshops for essential workers in NHS hospitals and other community members. The prisoners gain valuable work experience and, in many cases, receive formal bike mechanic qualifications to support employability on release. The project also diverts waste from landfill, as when a bike cannot be renovated it may still be used for spare parts. Demonstrating the impact of the initiative, over 300 bikes have been donated and renovated for the following purposes:

- 229 were given to NHS key workers at various hospitals including Peterborough, West Middlesex, Central Middlesex, North Middlesex, John Radcliffe, Broomfield, Southmead, and Lewisham.
- 68 children's bikes were donated to Gunthorpe School in Peterborough and Children Heard + Seen, an Oxford based charity.
- 7 bikes were given to Ukrainian families supported by Equans employees.
- 4 bikes were given to a project with En-field Council.
- 2 bikes were given to social workers working with Central Middlesex Hospital.
- 2 bikes were given in response to special requests.

Owing to its success, the scope was expanded to include other equipment such as laptops, desks, projectors, and a vacuum cleaner. To date 140+ items beyond bikes have been donated to schools, hospitals, and partner charities. The team is now working on developing a platform designed to advertise equipment and connect a wider base of donors and recipients.



## Case study

### Community fridge

Project: Multiple  
Fund: Across InfraRed

Our Client Insight Survey in 2022 identified that food insecurity was one of the most significant challenges faced by our UK school portfolio. We were also aware that one of InfraRed's school projects, Oldham Schools, was pioneering a 'community fridges' initiative to tackle this issue head-on. The concept is to source food from local supermarkets and make it available to children and parents of the school on-site. The Community Fridge initiative quickly became a cornerstone of Oldham School's community, providing sustenance to those in need while breaking the stigma relating to food banks.

InfraRed recognised that this initiative was highly relevant given the impacts of the cost-of-living crisis were being felt by many communities within the UK and abroad. As a result, we were eager to promote the success achieved at Oldham Schools and support the implementation of community fridges at other companies within our portfolio. We have since seen this be progressed at other schools, such as Waltham Forest School and other non-educational projects. For example, last year InfraRed supported North Middlesex Hospital with implementing a fresh food box distribution hub. This enabled the hospital to help address concerns around food insecurity among its staff.

InfraRed is continuing to identify opportunities to replicate this across more portfolio companies.

# Recognising excellence

Our Creating Better Futures Awards are judged against the four priorities of our sustainability strategy: Climate; Environment; People; and Communities, and the most impactful projects are awarded a 'Gold Standard' status.

To evaluate the initiatives, we focus on the following criteria:

**Innovation:** using innovative means to drive change and enhance the positive outcomes created for key stakeholders.

**Community need:** how the initiative has effectively addressed challenges faced by the project's local communities and end-users.

**Collaboration:** working in partnership especially between public and private sector to generate positive outcomes.

**Efficiency:** how effectively the initiative has maximised the impact achieved relative to the resources allocated.

InfraRed leverage the output of the awards to identify initiatives that can be replicated across our portfolio.

This year we had 38 submissions across the four categories and 13 projects were awarded the 'Gold Standard' status.

**39** **13**



submissions  
(2022: 36)

projects awarded  
the 'Gold Standard'  
(2022: 13)

RES  
**Apprenticeships for turbine technicians**  
Fund: TRIG





Central Middlesex Hospital  
**Wellbeing initiatives for staff**  
Fund: HICL

Affinity Water  
**Bidwell water savers**  
Fund: HICL




Concesión Ruta al Mar Antioquia Bolivar  
**Internet connectivity for communities**  
Strategy: InfraRed Value-add




Deutsche Giganetz  
**Smart meter retrofitting**  
Strategy: InfraRed Value-add




West Middlesex Hospital  
**Tablet donations to address language barriers**  
Fund: HICL




Tyne Tunnel  
**Local transport community support system**  
Fund: IRIYF




Redbridge & Waltham Forest LIFT  
**Loxford community café**  
Fund: HICL




RSME  
**Efficient water recycling system**  
Fund: HICL




Peterborough Hospital  
**Wellbeing and biodiversity garden**  
Fund: IRIYF




LiveOak Fiber  
**Habitat for humanity**  
Strategy: InfraRed Value-add




High Speed 1  
**Increasing waste recycling rates**  
Fund: HICL




Pinderfields & Pontefract Hospitals  
**Wellbeing and biodiversity garden**  
Fund: HICL






# People

## Promoting fair and safe work as well as diverse, equitable and inclusive workplaces

At InfraRed we are committed to fostering an open, supportive, and inclusive team culture within our business. From actively seeking talent from diverse backgrounds to implementing inclusive policies like gender neutral parental leave, we are focused on making progressive improvements whilst maintaining fairness for everyone. We do this through our approach of attract, retain, and develop.

We have also implemented strategies to promote the fair and safe treatment of people involved either directly or indirectly in the development and operation of our portfolio companies.

### IN THIS SECTION

**Fostering a diverse and inclusive workplace**

**Health, safety and wellbeing**

**Promoting technologically responsible supply chains**

#### 2023 PROGRESS

**We implemented a number of initiatives to promote diversity, equity, and inclusion (DEI) within our business, including supporting the development of InfraRed Women's Network.**

**We developed a programme of initiatives to support resilience with our projects, including raising awareness on cyber risk management.**

#### 2024 OBJECTIVES

▶ Continue to progress diversity, equity and inclusion and health and wellbeing initiatives at InfraRed to support progress against our targets.

▶ Work with our portfolio companies and their suppliers to enhance risk management processes, including cyber security.

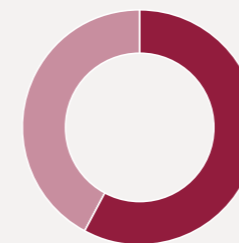
## Fostering a diverse and inclusive workplace

At InfraRed, we firmly believe that building a business of individuals with different perspectives, experiences and approaches leads to broader generation of ideas and a more informed decision-making.

Therefore, enhancing diversity of thought and fostering an inclusive culture is fundamental to both InfraRed's performance and the attractiveness of our value proposition to employees.

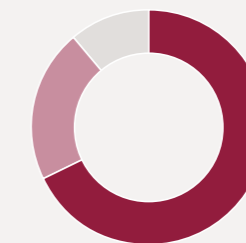
### OUR DIVERSITY TARGETS AND PROGRESS<sup>1</sup>

STAFF PROFILE BY GENDER %



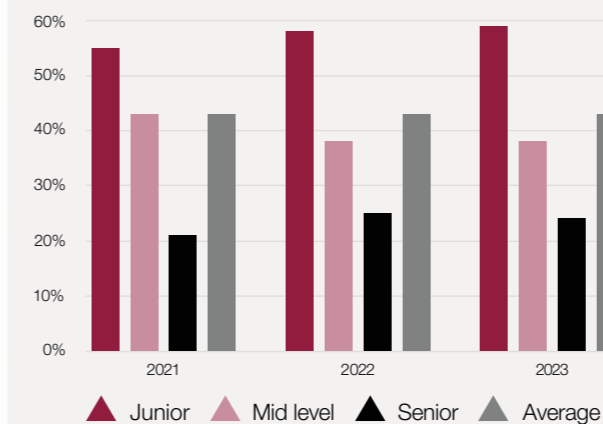
Men	58
Women	42

STAFF PROFILE BY ETHNICITY %

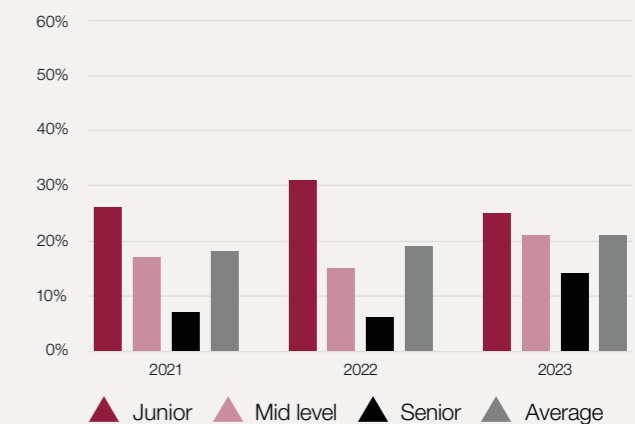


White	68
Ethnic minority	21
Do not wish to disclose	11

WOMEN AT INFRARED YEAR ON YEAR 2021 – 2023



% OF PEOPLE FROM AN ETHNIC MINORITY AT INFRARED 2021 – 2023



**33%**

of the senior team targeted to be women by 2028

**24%**

of senior team members are women in 2023<sup>2</sup> (2022 25%)



Our workforce reflects the ethnic mix of the societies in which our people are located

**21%**

of our staff members are from ethnic minorities (2022 19%)

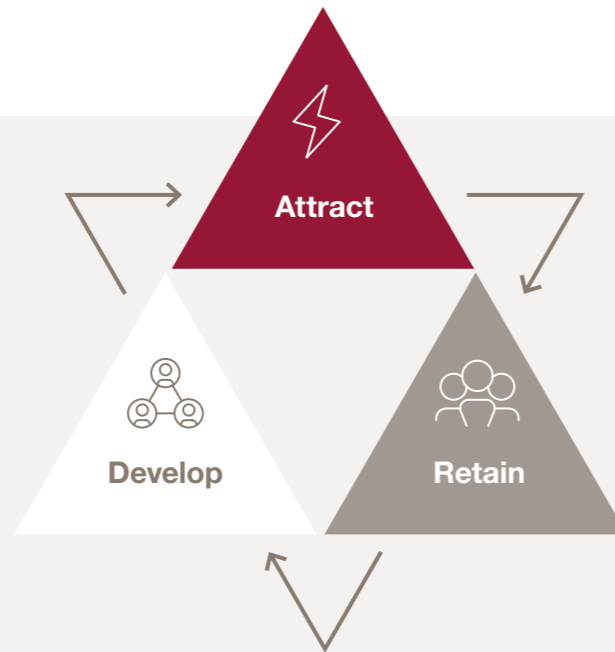
<sup>1</sup> As at 31 December 2023

<sup>2</sup> InfraRed defines senior level to include Managing Director and Partner

Fostering a diverse and inclusive workplace continued

### Our DEI approach

InfraRed's approach to fostering DEI is built around a three-pillar framework to attract, develop, and retain diverse talent. Having set diversity targets in the previous reporting period, we have spent the past year focused on embedding targets throughout the business. We have continued to implement initiatives that foster an inclusive workplace in order to support progress against these targets.



### Key initiatives

#### Attract

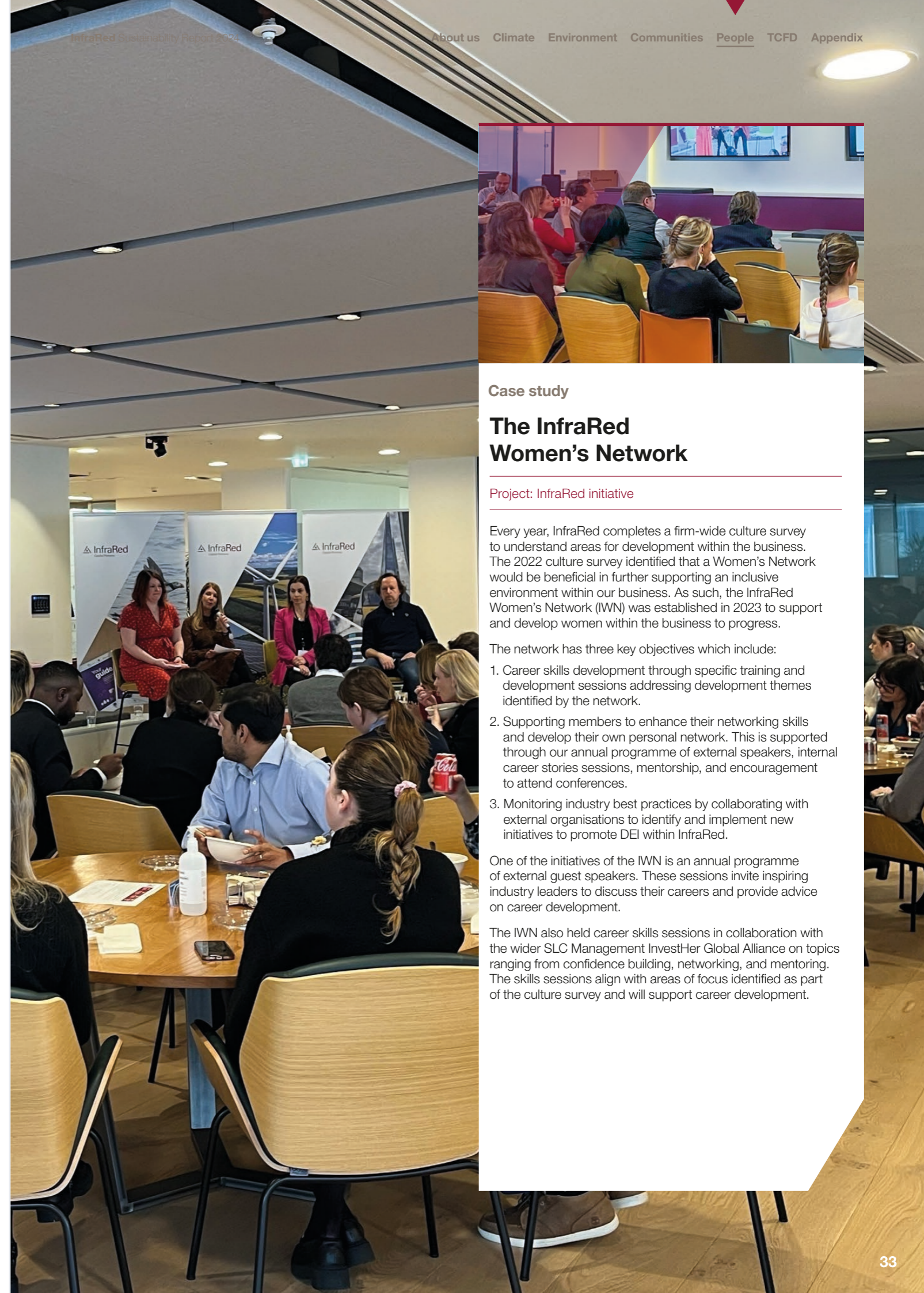
- Inclusive language is used in all our job adverts.
- Balanced shortlist of candidates required for all roles.
- Specialist partners engaged to actively seek out candidates from under-represented backgrounds.
- Pre-defined recruitment criteria and interview frameworks are utilised to minimise the risk of unconscious bias during the hiring process.
- Hiring managers are required to attend mandatory training on inclusion and unconscious bias.
- Internship programme introduced in the Investments Team in 2023 with six interns participating across the UK and US. Based on the success of the programme, it will be run again in 2024 with four interns joining in the summer.

#### Retain

- Active DEI Committee and Women's Network.
- Gender-neutral parental leave and salary sacrifice nursery scheme.
- Online diversity and inclusion training for all staff.
- Regular cultural surveys and informal discussions to gather staff feedback.
- A calendar of cultural events to promote an inclusive workplace and provide the opportunity to generate awareness and celebrate diverse occasions relevant to our staff.
- Active social committee and internal clubs including running and cricket.
- Return to work Transition Coaching Programme which offers external personal coaching sessions to all parents (men and women) and others returning to work after a period of extended absence.
- An internal speaker series hosted throughout the year to demonstrate the breadth of career opportunities within the company and provide different viewpoints on how to navigate a career.
- Webinars and workshops delivered to promote and support the wellbeing and mental health of staff.

#### Develop

- Dedicated talent management and bi-annual performance reviews providing staff with an opportunity to discuss their performance and progression.
- Enhanced roles and opportunities for mobility within the business.
- Career development initiatives including 360 degree feedback, professional development plans, mentoring, and coaching programmes.
- Blended learning and development approach that incorporates both in-person and online offers for individuals and teams. Sessions include skills building such as management & leadership programmes and communicating & presenting.
- Enhanced promotion of mentorship options available to staff, including a formal InfraRed program and an informal programme accessed through the SLC Management's InvestHer Global Alliance (which provides connections across InfraRed's affiliates within the wider SLC Management group).
- Resources available to support managers have meaningful career conversations and support the development of junior staff. Provides greater visibility of career progression and opportunities within the business.
- Training provided to line managers on how to integrate new staff members into the business.



### Case study

## The InfraRed Women's Network

Project: InfraRed initiative

Every year, InfraRed completes a firm-wide culture survey to understand areas for development within the business. The 2022 culture survey identified that a Women's Network would be beneficial in further supporting an inclusive environment within our business. As such, the InfraRed Women's Network (IWN) was established in 2023 to support and develop women within the business to progress.

The network has three key objectives which include:

1. Career skills development through specific training and development sessions addressing development themes identified by the network.
2. Supporting members to enhance their networking skills and develop their own personal network. This is supported through our annual programme of external speakers, internal career stories sessions, mentorship, and encouragement to attend conferences.
3. Monitoring industry best practices by collaborating with external organisations to identify and implement new initiatives to promote DEI within InfraRed.

One of the initiatives of the IWN is an annual programme of external guest speakers. These sessions invite inspiring industry leaders to discuss their careers and provide advice on career development.

The IWN also held career skills sessions in collaboration with the wider SLC Management InvestHer Global Alliance on topics ranging from confidence building, networking, and mentoring. The skills sessions align with areas of focus identified as part of the culture survey and will support career development.

## Health, safety and wellbeing

InfraRed aims to safeguard and promote the health, safety, and wellbeing of our employees, clients, delivery partners, and other stakeholders. To ensure the highest standards of health, safety and wellbeing are upheld at a company level and for each project, we closely monitor compliance with our standards through Board meetings and our ESG survey.

Across our portfolio, InfraRed's Asset Management Team continued to proactively manage health and safety considerations in order to maintain strong performance across our health and safety metrics. Going forward, the team will continue to focus on maintaining full compliance and increasing the percentage of our portfolio that undergoes health and safety inspections by InfraRed Asset Managers and other independent parties.



### Case study

## Workforce impact

Project: Tyne Tunnel  
Fund: IRIYF

The Tyne Tunnel 2 (TT2) toll road is one of the busiest in the north-east of England, with c. 55,000 vehicles passing through it every single day. The business has always placed a great deal of importance on being a good neighbour in its community by supporting charities and community groups.

TT2 has been focused on providing employment opportunities for people with autism. The business discovered that employees with autism are particularly well adapted to roles that require concentration and accuracy such as image processing.

The company took this into consideration when expanding its customer service team. Working with the North East Autism Society, TT2 hired autistic employees to review pictures from automatic number plate recognition cameras and match them to the payment system.

TT2 is now looking to expand the scheme further and is in the process of identifying additional opportunities that will benefit both potential neurodivergent employees and the business.

**96%**  
of our AUM have a health and safety policy  
(2022 95%)<sup>1</sup>

**91%**  
of AUM have had a health and safety site visit completed by an InfraRed Asset Manager  
(2022 85%)<sup>1</sup>

**97%**  
of AUM have fire risk assessments in place where required  
(2022 99%)<sup>1</sup>

<sup>1</sup> As at 31 December 2023

## Promoting resilient supply chain management

### Policies and procedures

InfraRed looks to ensure that our portfolio companies and their suppliers adhere to the highest standards of corporate conduct. Our Asset Management Team has worked diligently with our portfolio companies to ensure that the appropriate policies are implemented at the project and subcontractor level. We monitor compliance with this via our annual ESG survey. InfraRed continues to increase the rigour and scope of the assessment to ensure that these policies are of a high standard and effectively implemented. For example, in 2023 InfraRed's Technology Team undertook a project with a third-party cyber specialist to understand its approach and exposure to cyber risk management at the project level, and where applicable, to introduce enhancements to existing processes.

### Cyber security

InfraRed depends on precise and comprehensive data that is readily available to authorised personnel only. Our priority is to safeguard the information of our projects, employees, investors, and the wider company. Our Cyber Risk Management practice is at the forefront of our risk management framework and embedded throughout all of our business processes.

Our framework for cyber security is based on a comprehensive set of policies, standards, and best practices and is aligned with the Cyber Essentials Plus process, a UK Government-backed cyber security scheme that provides guidance to help organisations of all sizes measure their defences against common forms of cyber attacks.

### Artificial intelligence (AI)

Businesses that are able to adapt and integrate AI will have an edge over competitors due to AI's ability to provide actionable data insights, bring operational efficiencies, improve information availability, and ultimately bring about better outcomes. InfraRed sees the AI opportunity as a powerful tool for progress, albeit one that can open the door to a variety of business risks that must be thoroughly considered prior to implementation. InfraRed is progressively bringing in AI systems where there is a clear business case for doing so. InfraRed's Technology Team are investigating secure AI solutions available in the market to focus on operational efficiencies. The intention is ultimately to assist individuals to focus on more value-add activities.

<sup>1</sup> As at 31 December 2023

### CYBER SECURITY HIGHLIGHTS FOR 2023

InfraRed undertook a project to assess our approach and exposure to cyber risk management at the project level, and where applicable, to introduce enhancements to existing processes.

In 2023 we completed the following:

- Updated a Cyber Policy template for portfolio companies to abide by
- Produced a 'Cyber Guidance' document for Asset Managers
- Developed a comprehensive quantitative questionnaire designed to rigorously assess cyber risk management strategies across the portfolio.
- Created a questionnaire which will be considered as part of the pre-investment process and adopted in cases where projects are not able to complete the full quantitative assessment.

### CYBER SECURITY OBJECTIVES FOR 2024

- InfraRed will implement a tailored cyber risk management training to all Asset Managers.
- InfraRed will issue the newly developed quantitative questionnaire to the portfolio companies to assess cyber risks across the portfolio.
- InfraRed will renew the UK Government-backed Cyber Essentials Plus certification.



**84%**  
of AUM reported having a cyber security policy in place  
(2022 new metric)<sup>1</sup>

**88%**  
of AUM reported that their IT systems are externally reviewed, tested, or certified every 12 months  
(2022 new metric)<sup>1</sup>

<sup>1</sup> As at 31 December 2023

# Looking forward

DELIVERED IN 2023

2024 OBJECTIVES

## Climate

We developed a framework requiring new investments to satisfy Net Zero Investment Framework (NZIF) criteria over timelines based on sector and business maturity.	Increase net zero alignment percentage by supporting companies in setting targets and implementing decarbonisation plans.
We committed new capital to climate solutions including battery portfolios, and an AI-powered home energy management business.	Engage with portfolio companies on the findings of the climate impact assessment and assess the effectiveness of mitigation measures.

## Environment

We monitored biodiversity initiatives through our annual ESG survey such as the wellbeing garden which is a key project of the portfolio impact strategy.	Continue to monitor the progress of the Task Force on Nature-related Financial Disclosures (TNFD) framework and ISSB to understand requirements for disclosing biodiversity impacts.
The Asset Management Team supported our projects to implement waste and water reduction initiatives.	Work with portfolio companies to build and share learnings for reduction initiatives and, where possible, develop reduction plans for water consumption and waste generation.

## Communities

We increased the number of responses to our Creating Better Futures awards; helping to further promote impact initiatives being implemented across our portfolio.	Continue to use the Creating Better Futures Awards to encourage portfolio companies to showcase their efforts to implement initiatives.
We used the outputs of the Client Insights Survey, ESG Survey and Creating Better Futures Awards to refine a list of key initiatives to scale across the portfolio.	Identify additional projects where we can support the implementation of the portfolio impact initiatives identified on page 26.

## People

We implemented a number of initiatives to promote diversity, equity, and inclusion (DEI) within our business, including supporting the development of InfraRed Women's Network.	Continue to progress diversity, equity and inclusion and health and wellbeing initiatives at InfraRed to support progress against our targets.
We developed a programme of initiatives to support resilience with our projects, including raising awareness on cyber risk management.	Work with our portfolio companies and their suppliers to enhance risk management processes, including cyber security.

# TCFD

## Introduction

It is increasingly clear that climate change can adversely affect infrastructure assets. Companies are more than ever confronted with the impacts of climate change such as intensified extreme weather events and rising sea levels. InfraRed is of the firm belief that actively engaging in and contributing positively to climate action serves not only our investors and clients but also the broader array of stakeholders effectively.

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are an established framework for consistent, comparable, and clear reporting on a company's approach to climate change and assessing its potential impact on the company. InfraRed commenced reporting in line with the recommendations at the fund level in 2020 and for the first time at the portfolio level as part of this year's sustainability report.

## Governance

At a corporate level, InfraRed's Sustainability Team manages the company's approach to sustainability, which includes climate change and net zero considerations. The team works with the wider business to integrate these considerations into the investment and management processes. This is overseen by InfraRed's Management Committee, which has overall responsibility for the management of InfraRed's sustainability approach.

Each fund's Investment Committee has responsibility for managing climate-related risks and opportunities with respect to the fund. The Investment Committees undertake a formal review of all project-specific risks on a quarterly basis, which would include any climate-related considerations as appropriate.

InfraRed's Asset Management Team oversees the management of climate-related risks and opportunities associated with a project. The Asset Management Team ensures the timely reporting of project-specific risks and opportunities related to climate change to the fund's investment committee via the quarterly review process.

InfraRed also implements a number of portfolio-wide initiatives to manage climate-related risks and opportunities. For example, in the course of 2023 and 2024, InfraRed undertook climate change impact assessments of the portfolio using external climate scenario models incorporating the latest science.

# Strategy

InfraRed engages climate change specialist advisers on a periodic basis to conduct a detailed climate change impact assessment of our assets under management<sup>1</sup>. The scenarios allow physical climate attributes to be modelled such as temperature and sea-level rise, in addition to flooding and extreme weather.

The results of the assessment provide InfraRed with an in-depth view of the relevant climate-related risks and opportunities associated with each of the investments in the portfolio and how these accumulate at a fund and portfolio level. All new investments have been subject to a climate change impact assessment as part of InfraRed's pre-investment processes since November 2021.

The process and methodology undertaken to analyse potential physical and transition risks are set out below.

## Physical Risk Assessment

The primary impact of climate change on InfraRed is likely to materialise for its portfolio companies through increased operating costs or reduced revenues. In many cases, physical mitigation measures already exist such as in the portfolio companies design, operational procedures, access to contractual protection from

increased costs, and comprehensive insurance policies. Such risks are likely to be exacerbated under a 4°C scenario, whereas under a 1.5°C scenario portfolio companies are more likely to be impacted by transition risks.

Under current climate scenarios, the most material risks identified were from storms, solid mass and ground subsidence (gradual or sudden sinking or settling of the ground surface), wildfires, and droughts. Beyond 2040, based on a 4°C scenario, there is increased exposure to physical risks such as floods and droughts.

For existing projects, the climate change assessment allows us to understand the key risk exposures at the portfolio level and project level. The outputs enables us to engage with projects on a more targeted basis to prioritise resources to the most material risks. Over the coming year, our intention is to work with the portfolio companies to review the risks identified and ensure these are appropriately integrated into risk registers and risk management processes.

### 1 Portfolio Physical Risk Assessment

Location based quantitative and qualitative physical risk assessment of InfraRed's portfolio based on three scenarios:

Scenario	Assumed global temperature increase from pre-industrial times by the end of the century	Representative Concentration Pathways (RCP)
Hothouse world	>4°C	8.5
Middle of the road	2-3°C	4.5
Net zero by 2050 scenario	1.5°C	1.9/2.6

As part of this assessment, we undertook a special project approach for assets with complex locations, such as our fibre assets. This involved a deep dive into several assets based on sector to understand the potential physical risks. The output was communicated through workshops for validation by the projects.

### 2 Impact Assessment

Assessment of acute and chronic hazard causing downtime and reduction in capacity using several proprietary vulnerability models developed by WTW that are specific to the asset classes.

### 3 Modelling

Modelled current and future physical risk from climate change on the portfolio in financial terms relating to both damages and potential losses and assumed a short-term (present until 2030) and a long-term (beyond 2040) time horizon.

### 4 Transition Risks

As part of the assessment, we also identified the transitional risks that are likely to arise based on our portfolio.

#### Key outputs

- An overall level of exposure to physical risks based on current and future conditions.
- The potential financial exposure of physical climate risks.
- The key transition risks and opportunities by sector.

#### Next steps

- We will use the output of the assessment to engage with assets on risk mitigation processes.
- We will include an update of operational procedures and processes at project level if required.

## Transition Risk Assessment

Transition impacts under a 1.5°C scenario include increased public transport use, a reduction in overall journeys and car sharing, financial risks due to the increased energy prices and volatility and migration of customers. Given our investments in hospitals, it should also be noted that there could be a financial risk associated with more patients experiencing climate-related illnesses.

A transition to a low carbon economy also presents several opportunities such as the need for related investment such as rapid charging or retrofitting of energy efficiency solutions. A key focus of InfraRed's investment strategy is to support sustainable modern economies by investing in the energy transition, and a 1.5°C scenario is likely to increase the number of related investment opportunities.

Physical climate-related risk	Potential impact	Potential materiality
<b>Heat stress</b>	Potential consequences include reduced work capacity of employees, and additional costs associated with maintenance of infrastructure, cooling of machinery, working areas or buildings.	4°C: low
<b>Drought</b>	Potential impacts could affect processes that use water and cause increased costs of raw materials passed on by suppliers, higher maintenance frequencies, potential disruptions of operations also caused by shortage in water supply as well as impacts on energy from hydropower sources.	1.5°C: very low
<b>Floods (all types)</b>	Potential to create business and infrastructure disruptions (loss of revenue), damage to buildings, machinery, and equipment as well as risks to employee safety, depending on the mitigation plans in place.	4°C: low
<b>Storms</b>	The effects of storm typically include more regional impact compounding into an aggregation effect of losses caused by physical damage and business interruption across assets located in the path of a severe storm event.	1.5°C: moderate
<b>Solid mass / ground movement</b>	Impacts could include cracks and displacement in foundations and fabric of facilities which could incur engineering and remediation costs.	4°C: moderate
<b>Fire weather</b>	Impacts could include wider disruptions in the region and higher probability of localised fires.	1.5°C: low
<b>Biodiversity</b>	This could be seen as a very high exposure as both businesses and adaptation actions must not do any significant harm to wildlife and species.	4°C: moderate

We also did an in-depth study of the hazards affecting various renewable energy projects in the TRIG portfolio which have been outlined in the table below.

Sector	Findings	Mitigation
<b>Solar PV</b>	Most of the solar exposure by value is in Spain. However, the majority of assets are located in the UK, France and Réunion. Wildfire risk is material for seven assets located in Spain and France. Exposure to drought and heat stress is highest for assets in Spain, with precipitation risk affecting those located in Réunion. Solar projects with co-located storage, located in France and Réunion, are at greatest risk to precipitation. Drought and heat stress remain at low to moderate exposure.	Whilst wildfire risk is fully covered by insurance, there are further adaptation measures that have been implemented. Managers have also worked with projects to improve and better document resilience to fire risk. Financial value at risk for precipitation exposure is considered immaterial and risk of drought is also not material given its limited impact on the asset outputs. The impact of marginal increases in temperature on the efficiency of panels has been modelled, with immaterial findings on value at risk.
<b>Battery Storage</b>	All assets are located in the UK. The greatest physical climate risk exposure is to heat stress, with an average moderate exposure by 2050. All other hazards are expected to remain very low or low to 2050.	The impact of heat stress on the efficiency of batteries has been modelled at an asset level, with immaterial findings on value at risk.
<b>Onshore Wind</b>	All risks are expected to remain low to 2050, other than wildfire risk and heat stress. Wildfire exposure is material for four assets for which we have assumed full erosion of value in this scenario. Heat stress, which increases wear and tear of turbines is expected to become a high climate-related risk by 2050.	We have determined that insurance currently in place, which covers all of these risks, represents the best protection as we have both revenue protection as well as finance available to repair the asset such that TRIG can continue to significantly contribute to climate mitigation
<b>Offshore Wind</b>	Many hazards are not applicable, such as drought and wildfire. These six assets, located in North Sea near both the UK and Germany, are at greatest risk to extreme wind exposure.	In cases of excessive wind, turbines are shut down, thereby mitigating risk of damage.

<sup>1</sup> Willis Tower Watson undertook the climate change risk assessment across the portfolio, excluding TRIG. The assessment for TRIG was completed by Cervest

## Risk management

### How we identify risks

At the investment due diligence phase, the assessment of climate-related risks (physical or transition) and the potential impact (positive or negative) are mandatory requirements. In the majority of cases, InfraRed engages an external adviser to undertake a climate risk assessment for potential new investments.

InfraRed also undertakes climate change risk assessment of its existing portfolio on a regular basis. Over the course of 2023 and 2024, the entirety of InfraRed's portfolio was assessed with the assistance of external advisers and specialised climate scenario modelling software using the latest science. The process assessed the physical and transition risks across the portfolio to identify areas with a high potential for impact.

### How we manage our risks

For new investments, the output of climate impact assessments is factored into the investment process and where relevant, climate risks are incorporated into the post-investment action plans. For example, for a greenfield battery investment in 2022, the climate change risk assessment identified that the proposed development site was exposed to an increased flooding risk over the longer term. As a result, the height of the foundations for the batteries was raised to improve the resilience of the asset to future physical-related climate risks.

For existing projects, InfraRed's Sustainability and Asset Management Teams engaged with portfolio companies to communicate the findings of the climate change impact assessment. The teams also support projects to respond to the findings by discussing climate-related risks and opportunities at the board level, updating risk registers, and developing risk mitigation plans to ensure climate resilience going forward.

InfraRed's Asset Management Team ensures the timely reporting of project-specific risks relating to climate change to the relevant fund's investment committee on a quarterly basis or as required.

InfraRed also produces a climate resilience guidance document that outlines the expected risk management strategies for the most material weather events, including flooding, windstorm, wildfire and extreme heat. InfraRed is in the process of updating this guidance document to reflect the findings of the most recent assessment and feedback received from portfolio companies on their approach to managing climate risks.

The ongoing management of climate change impacts is monitored via portfolio company board meetings, our annual ESG survey, and asset-specific action plans for new investments.

## Metrics and targets

InfraRed has disclosed the combined Scope 1, 2 and 3 greenhouse gas emissions of its portfolio for the year. These can be found in the 'Climate' section of this report. The accurate measurement and disclosure of emissions forms an important part of InfraRed's wider net zero strategy.

92% of portfolio companies provided emissions-related data in 2023. Of those that did not provide data, estimations were made based on typical energy intensities drawing from external databases. Where actual data is not available, estimations are used, and a plan is put in place to increase data quality in future reporting periods.

InfraRed encourages and supports the portfolio companies to set their own net zero targets and associated decarbonisation plans. The net zero progress at a portfolio company level is monitored through the yearly ESG survey and reported in this report.

As part of our membership of the Net Zero Asset Managers Initiative we have committed to align 70% of our AUM to net zero trajectories by 2030; regularly engage with at least 90% of our portfolio companies and supply chain on reducing their emissions; and finally, to have 50% of our AUM invested in climate solutions such as electrified transport and clean energy by 2025. These targets have been verified by NZAM and progress against the targets is monitored and disclosed in our annual sustainability report.

## Appendix: framework alignment

<p><b>EU Sustainable Finance Disclosure Regulation (SFDR)</b></p>	<ul style="list-style-type: none"> <li>– Compliant with Level 1 requirements which came into effect on 10 March 2021.</li> <li>– Compliant with Level 2 requirements which came into effect on 1 January 2023 by incorporating the relevant PAI indicators into its ESG survey.</li> <li>– All funds have been classified as Article 8.</li> </ul>
<p><b>EU Taxonomy</b></p>	<ul style="list-style-type: none"> <li>– InfraRed has mapped its funds’ activities against the categorisation criteria prescribed by the EU Taxonomy for Sustainable Activities.</li> </ul>
<p><b>International Sustainability Standards Board (ISSB)</b></p>	<ul style="list-style-type: none"> <li>– The new UK Sustainability Disclosure Standards (SDS) are expected to be based on the International Sustainability Standards Board (ISSB).</li> <li>– We are working to understand time frames and how it will affect our reporting.</li> </ul>
<p><b>Net Zero Asset Managers Initiative</b></p>	<ul style="list-style-type: none"> <li>– InfraRed has committed to reaching net zero across our entire portfolio by or before 2050.</li> <li>– Our initial target disclosure was submitted in November 2022.</li> </ul>
<p><b>Principles for Responsible Investment</b></p>	<ul style="list-style-type: none"> <li>– InfraRed has been a signatory to PRI since 2011 and has reported under this framework since 2014.</li> <li>– Our Infrastructure business has maintained the highest possible rating since the 2014 assessment period.</li> <li>– InfraRed has maintained an A+ rating for Strategy and Governance since the 2015 assessment period.</li> <li>– InfraRed received a 4-star rating for the newly introduced Confidence Building Measures (CBM) module introduced in the 2023 assessment period.</li> </ul>
<p><b>Science Based Targets</b></p>	<ul style="list-style-type: none"> <li>– InfraRed’s net zero approach is aligned with SBTi methodology.</li> </ul>
<p><b>Sustainable Development Goals (SDGs)</b></p>	<ul style="list-style-type: none"> <li>– InfraRed contributes to several of the United Nations (UN) Sustainable Development Goals (SDGs).</li> <li>– Our contribution to the SDGs can be found earlier in this sustainability report and outlines our direct and indirect alignment.</li> </ul>
<p><b>Task Force on Climate-related Financial Disclosures (TCFD)</b></p>	<ul style="list-style-type: none"> <li>– InfraRed, HICL and TRIG have been TCFD supporters since 2020.</li> <li>– Physical and transition risks have been assessed for all assets in the InfraRed portfolio and reported as part of TCFD disclosures.</li> <li>– Both HICL and TRIG have been voluntarily reporting under TCFD since 2020, ahead of this becoming mandatory for listed funds in 2021.</li> <li>– InfraRed is incorporating TCFD disclosures in unlisted fund reports.</li> </ul>
<p><b>Task Force on Nature-related Financial Disclosures (TNFD)</b></p>	<ul style="list-style-type: none"> <li>– InfraRed is tracking the TNFD framework releases and is currently working to develop a strategy to more effectively measure and reduce our impacts on biodiversity.</li> </ul>
<p><b>UK Sustainability Disclosures Requirements (SDR)</b></p>	<ul style="list-style-type: none"> <li>– We have assessed our portfolio and have identified our UK-domiciled funds that fall within the scope of the SDR.</li> <li>– At this time, we have chosen not to apply a sustainable investment label to our funds, but we will continue to monitor the FCA’s approach to labels.</li> <li>– We are working with our compliance teams to ensure that we are complying with the anti-greenwashing rule as part of our SDR requirements.</li> </ul>
<p><b>The Corporate Sustainability Reporting Directive</b></p>	<ul style="list-style-type: none"> <li>– InfraRed has undertaken an assessment of the portfolio to understand which assets will be impacted by the Corporate Sustainability Reporting Directive.</li> </ul>
<p><b>Sustainability Accounting Standards Board (SASB)</b></p>	<ul style="list-style-type: none"> <li>– InfraRed uses the SASB standard to inform materiality considerations when completing due diligence for new investments.</li> </ul>
<p><b>Partnership for Carbon Accounting Financials (PCAF)</b></p>	<ul style="list-style-type: none"> <li>– InfraRed discloses Scope 1 and 2 emissions, and material Scope 3 emissions in line with the PCAF standard.</li> </ul>
<p><b>GHG Protocol</b></p>	<ul style="list-style-type: none"> <li>– InfraRed discloses Scope 1 and 2 emissions, and material Scope 3 emissions in line with the relevant standards and guideline of the GHG protocol.</li> </ul>

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## Find out more

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