INPP SUSTAINABILITY REPORT

First edition, July 2021

INTERNATIONAL
PUBLIC
PARTNERSHIPS

Front cover
Gold Coast Light Rail, Australia
Photo credit: TransLink, Department of Transport and Main Roads

Inside front cover
BeNEX, Germany
Photo Credit: ODEG

View our Company website
https://www.internationalpublicpartnerships.com

INTERNATIONAL PUBLIC PARTNERSHIPS

INVESTING IN THE FUTURE

Our purpose is to deliver long-term benefits for all stakeholders by investing responsibly in public and social infrastructure.

COMPANY OVERVIEW

WE ARE RESPONSIBLE INFRASTRUCTURE INVESTORS

Our purpose is to deliver long-term benefits for all of our stakeholders by managing and investing responsibly in public and social infrastructure.

We aim to provide our investors with long-term, inflation-linked returns, by growing our dividend and creating the potential for capital appreciation[1]. We support all our stakeholders through responsible investment and active asset management, which meet societal and environmental requirements both now and into the future.

PORTFOLIO OVERVIEW

130

Investments in infrastructure assets and businesses across a variety of sectors[2]

£2.8 billion

Market capitalisation[5]

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE HIGHLIGHTS

>£1.3 billion

Capital allocated to Green Revenue Sectors[3]

A+

UN-backed Principles for Responsible Investment ('PRI') Strategy and Governance, and Infrastructure Modules

RETURNS TO INVESTORS

8.8% p.a.

Annualised Total Shareholder Return since Initial Public Offering ('IPO')[4]

2.5% p.a.

Average annual dividend growth since IPO[1]

1 There can be no assurance that these targets will be met or that the Company will make any distributions at all. Whilst we generally have good forward-visibility of cash flows generated by the Company's investments, the current Covid-19 pandemic creates additional uncertainty. The value of shares and any dividend payments can fall as well as rise. Dividend payments are not guaranteed. Any information relating the to past performance of an investment is not a guide to future performance.
2 The majority of assets and businesses benefit from availability-based or regulated revenues.
3 As per FTSE Green Revenues Classification System https://research.ftserussell.com/products/downloads/FTSE_Green_Revenues_Classification_System.pdf.
4 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.
5 As at 31 December 2020.
6 The Company's top ten investments by investment at fair value. We have linked each investment with the primary SDG it is supporting. For more information on how the Company's investments are supporting the SDGs, please refer to page 8.

TOP 10 INVESTMENTS[6]

Cadent - UK

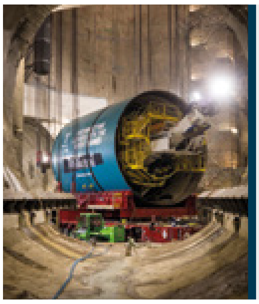
Cadent owns four of the UK's eight regional Gas Distribution Networks ('GDNs') and in aggregate provides gas to approximately 11 million consumers. Cadent is providing essential energy infrastructure for the UK and is working towards distributing cleaner fuels, such as green hydrogen, in support of the UK's Net Zero goals.

Primary SDG supported: 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Reliance Rail - Australia

The Reliance Rail investment involved the financing, design, delivery and now ongoing maintenance of 78 next-generation, electrified, 'Waratah' train sets serving Sydney in New South Wales, Australia.

Primary SDG supported: 11 SUSTAINABLE CITIES AND COMMUNITIES



Tideway - UK

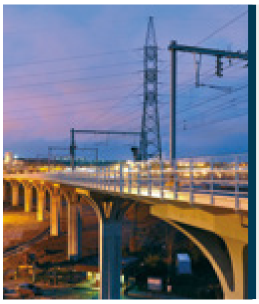
The Tideway project involves the design, build and operation of a 25 km 'super sewer' under the River Thames. The London Tideway Improvements projects, of which the Thames Tideway Tunnel is the last component, will work to reduce the number of sewage discharges into the River Thames, from over 50 to four or fewer in a typical year, improving river water quality and biodiversity.

Primary SDG supported: 6 CLEAN WATER AND SANITATION

BeNEX - Germany

BeNEX is both a rolling stock leasing company and an investor in train operating companies ('TOCs'), providing over 90 million passenger journeys annually in normal times as an alternative to more polluting forms of transport.

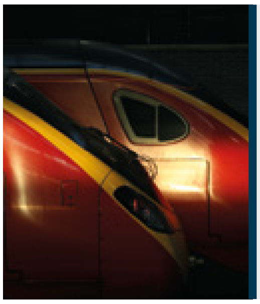
Primary SDG supported: 11 SUSTAINABLE CITIES AND COMMUNITIES



Diabolo - Belgium

Diabolo integrates Brussels Airport with the national rail network allowing passengers to access high-speed trains, such as Amsterdam-Brussels-Paris and NS Hispeed (now NS International) trains. As a 100% electric rail system, Diabolo is supporting lower carbon journeys.

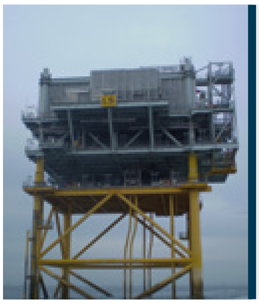
Primary SDG supported: 11 SUSTAINABLE CITIES AND COMMUNITIES



Angel Trains - UK

Angel Trains is a rolling stock leasing company comprising over 4,800 vehicles. Angel Trains has invested over £5 billion in new rolling stock and refurbishment since 1994, and is the second largest investor in the industry after Network Rail.

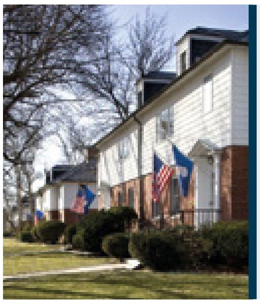
Primary SDG supported: 11 SUSTAINABLE CITIES AND COMMUNITIES



Lincs OFTO - UK

The project connects the 270MW Lincs offshore wind farm, located 8km off the east coast of England, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 100km in length. Lincs OFTO is a key component in an energy system that delivers renewable energy to an estimated 240,000 homes.

Primary SDG supported: 7 AFFORDABLE AND CLEAN ENERGY



US Military Housing - USA

The US Military Housing project is a mezzanine debt investment in seven operational Public-Private Partnerships ('PPP') military housing projects, relating to a total of 19 operational military bases in the US and comprising c.21,800 individual housing units.

Primary SDG supported: 11 SUSTAINABLE CITIES AND COMMUNITIES

Ormonde OFTO - UK

The project connects the 150MW Ormonde offshore wind farm, located 10km off the Cumbrian coast, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 41km in length. Ormonde OFTO is a key component in an energy system that delivers renewable energy to an estimated 100,000 homes.

Primary SDG supported: 7 AFFORDABLE AND CLEAN ENERGY

Robin Rigg OFTO - UK

The project connects the 180MW Robin Rigg East and West offshore wind farms, located 12km off the coast of Cumbria, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 25km in length. Robin Rigg OFTO is a key component in an energy system that delivers renewable energy to an estimated 117,000 homes.

Primary SDG supported: 7 AFFORDABLE AND CLEAN ENERGY

FOREWORD

We maintain a good understanding of the opportunities and challenges faced by the Company's investments.

Dudgeon OFTO.
Photo credit: Jan Arne Wold/Equinor

MIKE GERRARD
CHAIR

Welcome to INPP's first Sustainability Report. I and my fellow Board members welcome this opportunity to present the Company's approach to sustainability including our Environmental, Social and Governance ('ESG') framework. Since its IPO in 2006, INPP has understood the importance of responsible investment and has been guided by this core principle in all its activities, which we hope you will find evident from the practices and examples described in this report.

Infrastructure investment is fundamentally a long-term business, which delivers benefits across generations as well as across wide sections of society. The nature and scale of infrastructure investments also mean that their potential impacts on the environment are key determinants of how assets are designed, constructed and operated. An appreciation of these fundamentals has long been central to working practices within the sector and, for this reason, infrastructure should be seen as well-established home-turf for ESG principles and practices.

Accordingly, we believe that for infrastructure investments to be successful, they must deliver benefits beyond robust financial returns and positively contribute to a more sustainable, prosperous and equitable society. Financial returns are the reward for risks being well managed and, for infrastructure investment, these risks include a broad range of implementational factors that fall naturally under ESG policies, so underlining the central role which ESG considerations play within our investment framework. To strengthen this framework, we increasingly seek to measure the environmental and social outcomes of our activities; and, while this report is able to offer some preliminary data on these outcomes, we fully expect that the richness and usefulness of this data will increase over time.

As long-term investors, it is essential that we maintain a good understanding of the opportunities and challenges faced by the Company's investments; and, to this end, our Investment Adviser has made a significant commitment of resources to ensure that, through their award-winning approach, INPP remains an ESG leader within the sector.

The essential role of infrastructure

Throughout the pandemic, the Company has continued to facilitate the provision and delivery of essential public services, as well as protect the health and safety of staff and users of our infrastructure assets. While the impact of the pandemic has been profound, it does not diminish the significance of, or distract our attention from, the other issues of our time especially climate change, ecosystem degradation and the challenges of inequality.

Historically, infrastructure investment has been central to the wellbeing and resilience of society, and this will continue perhaps the more so because of the extent of these current issues. Through our work with Tideway, a 25 km 'super sewer' that is set to assist in cleaning up the River Thames in London, we are reminded of how Sir Joseph Bazalgette's original sewer system changed Victorian London by freeing the city from recurring cholera epidemics. The challenges that today's societies face are no less significant, the solutions no less complex, and the opportunity for positive change as great as ever.

While government funding costs are at an historical low, the calls upon governments to become 'bigger' and provide an ever-increasing range of public services continue unabated. Governments around the world cannot meet all this demand from their own resources and there is a broad recognition that private sector capital will continue to play an integral role in supporting economic recovery and delivering the investment that society needs. The Company recognises the importance of clearly communicating to society the benefits of private sector capital in supporting these ambitions.

This is particularly relevant for the climate change challenge, which will require a fundamental shift in the types of infrastructure that serve society, in order for Net Zero targets to be met.

Recent progress

While the Company has always aligned its investment decision making with sustainability goals, the Company is pleased to announce formally that it has strengthened the alignment of its investment strategy with the objectives of the Paris Agreement. Although, this does not fundamentally change the Company's approach to investment, we will now have a greater formal emphasis on:

- Enhanced screening and due diligence processes to ensure new investments are aligned, or can directly support, the transition to Net Zero;
- Fuller deployment of emerging policy and frameworks, such as the UK ten-point plan and EU Taxonomy, to help guide investment decision making; and
- Increased cooperation with our public counterparties to reduce emissions from existing investments, and to ensure that all assets continue to help deliver on international commitments.

The Company has also resolved to adopt the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') and will be providing enhanced disclosures in due course.

As part of our culture of continuous improvement, the Board also determined last year that the Company's approach to wider ESG issues would be the focus of the 2020 annual internal process review. The review was assisted by a specialist consultant and has resulted in new initiatives, including the formation of an ESG Committee of the Board. The ESG Committee's remit is to focus attention on this subject and to continue enhancing the Company's actions and disclosures in this area.

I hope that you find this update on our commitment to sustainability goals and wider ESG considerations both informative and useful.

We are grateful for the support of all our stakeholders and are confident that, through our continued close alignment, the infrastructure sector will play an ever more central role in delivering a sustainable future for society. It is an important time to be at the forefront of infrastructure investment and we are motivated by the opportunity to drive positive change and support the continued sustainable growth of the Company.

2020 SUSTAINABILITY HIGHLIGHTS

Robust financial performance will be delivered by investing in infrastructure that supports a sustainable, prosperous and resilient society.

Signatory of: PRI Principles for Responsible Investment

Investment Adviser UN-backed Principles for Responsible Investment ('PRI')
A+ Strategy and Governance Module
A+ Infrastructure Module

SUSTAINABLE DEVELOPMENT GOALS

Supporter of the SDGs

PARIS2015 COP21·CMP11

Supporter of the Objectives of the Paris Agreement

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Supporter of the TCFD

Hampton-Alexander Review FTSE Women Leaders

FTSE 250 Top 10 Best Performers' for gender diversity in the Hampton-Alexander Report 2020

ESG Investing Winner: Awards 2021

Investment Adviser 'Best Corporate Sustainability Strategy'

>£1.3 billion

Capital allocated to Green Revenue Sectors[1]

1 As per FTSE Green Revenues Classification System https://research.ftserussell.com/products/downloads/FTSE_Green_Revenues_Classification_System.pdf.

Dublin Criminal Courts
Ireland

3 GOOD HEALTH AND WELL-BEING

>544,000

Patients treated in healthcare facilities developed and managed by the Company

4 QUALITY EDUCATION

>195,000

Students attended schools developed and managed by the Company

6 CLEAN WATER AND SANITATION

37,000,000

The three components of the London Tideway Improvements will work to reduce annual waste water discharges into the River Thames by 37 million cubic metres

7 AFFORDABLE AND CLEAN ENERGY

>1,300,000

Homes powered by renewable energy transmitted through offshore transmission investments

8 DECENT WORK AND ECONOMIC GROWTH

>14,000

Jobs supported across all investments

11 SUSTAINABLE CITIES AND COMMUNITIES

>151,000,000

Passenger journeys through sustainable transport investments

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The Company supports the 2030 Agenda for Sustainable Development adopted by the UN Member States in 2015. Alignment with the SDGs is a key part of the Company's approach to ESG integration. The Company contributes towards the SDGs in two main ways: the positive impact investments have on sustainable development and our focus on managing investments sustainably.

IMPACT

The Company's investments support the targets set by the SDGs. Examples include:

Good Health and Wellbeing
The Company has investments in 37 health facilities, including the award-winning Royal Children's Hospital in Melbourne providing access to quality essential healthcare services.

Quality Education
Good infrastructure is at the base of quality education. By investing directly in 267 education facilities, and managing them sustainably, the Company can support effective learning environments for all.

Clean Water and Sanitation
The Thames Tideway Tunnel is the largest infrastructure project undertaken within the UK privatised water industry.

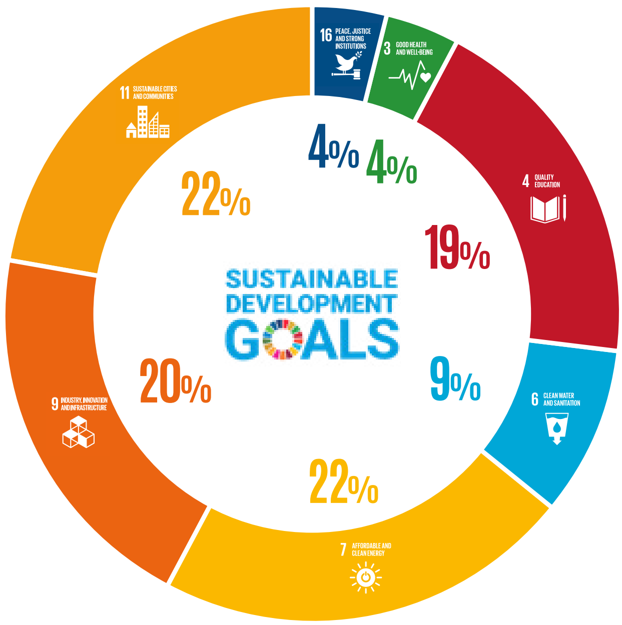
Affordable and Clean Energy
Through the Company's investments in offshore transmission investments, we are supporting the provision of affordable and clean energy.

Industry, Innovation and Infrastructure
Investing in resilient infrastructure is at the heart of what we do. The Company's £2.8bn portfolio is invested into quality, reliable, sustainable and resilient infrastructure[1].

Sustainable Cities and Communities
The Company's rail investments provide safe, affordable, accessible and sustainable transportation.

Peace, Justice and Strong Institutions
Through the provision of high-quality judicial buildings, the Company is supporting effective, accountable, and transparent institutions at all levels.

The chart below shows the alignment of the Company's portfolio with the core SDGs described adjacent, by investments at fair value.



1 Market Capitalisation.

SUSTAINABLE MANAGEMENT

Overall, the Company's investments positively impact society. However, there are also potential adverse impacts from any investment and these need to be managed responsibly.

To reduce adverse impacts, the Company aims to manage all investments sustainably. Alongside relevant performance standards and regulation, the Company draws on the SDGs to help guide its approach to the management of its investments. These are outlined below.

Good Health and Wellbeing
By ensuring all investments robustly manage the health, safety and wellbeing of their end-users and workforce, the Company can support SDG 3.

Gender Equality
The Company requires all investments to implement a strong diversity and inclusion policy. By ensuring investments consider inclusion of all kinds, the Company can support SDG 5.

Clean Water and Sanitation
Through the responsible use and management of water resources, the Company's investments can support the goals of SDG 6.

Affordable and Clean Energy
By considering energy efficiency measures and the purchase or production of renewable energy, we can actively support SDG 7.

Decent Work and Economic Growth
By ensuring that our investments provide long-term, sustainable employment and promote skills development, the Company can actively support SDG 8.

Reduced Inequalities
Through the implementation of diversity and inclusion policies, the Company's investments can provide employment opportunities for all and ensure they are inclusive to all end-users.

Responsible Consumption and Production
By seeking out reusable and recyclable equipment and incorporating circular principles into lifecycle management of assets, the Company's investments can actively support SDG 12.

Climate Action
By strengthening the resilience and adaptive capacity of investments to the physical risks of climate change, the Company can actively support SDG 13.

Life on Land
By actively considering and managing the impact of new and existing infrastructure on biodiversity and ecosystems, the Company can actively support SDG 15.

Industry, Innovation and Infrastructure
By upgrading and retrofitting infrastructure assets to make them sustainable, with greater adoption of clean and environmentally sound technologies, the Company can actively support SDG 9.

01

THE COMPANY'S APPROACH

Diabolo Rail Link whilst under construction in 2009
Belgium

UNDERSTANDING THE BIGGER PICTURE

Our purpose is to deliver long-term benefits for all stakeholders by investing responsibly in public and social infrastructure.

We aim to provide our investors with long-term, inflation-linked returns, by growing our dividend and creating the potential for capital appreciation.

We support all our stakeholders through responsible investment and active asset management, which meet societal and environmental requirements both now and into the future.

To deliver on its purpose, the Company recognises the need to continually assess potential impacts of its investments and operations. To support it in this aim, the Company draws on its Investment Adviser's award-winning Sustainability and Innovation Programme, 'Amber Horizons'.

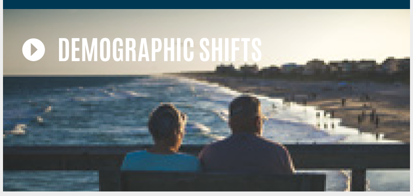
AMBER HORIZONS

Using the best sources of information, Amber regularly undertakes in-house research to keep an informed view of emerging trends that could also lead to new investment opportunities or have the potential to impact the performance of the Company's existing investments. These processes involve researching current ESG issues, but also extend to emerging technology trends due to environmental and social drivers. Examples of key trends being monitored and researched by Amber include:

TECHNOLOGY

ENVIRONMENT

SOCIETY



The Company takes the insights gained through this research and integrates them into the core aspects of its business.

Governance and business strategy
Current and emerging ESG trends are built into business decision making and governance.

Investment integration and stewardship objectives
Material ESG and technology trends are integrated into investment decision making and management through a clear integration framework and ESG Stewardship Objectives.

Stakeholder engagement
Material ESG and technology trends are integrated into the Company's approach to stakeholder engagement.

GOVERNANCE AND BUSINESS STRATEGY

In support of its purpose, the Company is committed to responsible growth that is beneficial to its shareholders, communities, society and wider stakeholders.

The Company's approach to sustainability is focused on managing existing investments and on future opportunities, where, through a robust governance framework, it aims to capture opportunities and mitigate risks arising from urbanisation, globalisation, environmental impacts, demographic shifts, technology and climate change.

Sustainability and ESG governance

The Board is committed to high standards of governance and has put in place a framework for corporate governance, which it believes is appropriate for an investment company that is a member of the FTSE 250 and FTSE All-Share Indices.

The Board is responsible to shareholders for the overall direction and oversight of the Company, for agreeing its strategy, monitoring its financial performance, and setting and monitoring its risk appetite. This includes ESG and this section summarises the Company's approach to ESG governance. For more information on the Board's approach to all corporate governance matters, please refer to the Company's Annual Report, which can be found here[1].

The Role of the Board and Committees

The Board sets the strategy for the Company and makes decisions on changes to the portfolio (including approval of acquisitions, disposals and valuations). Through Committees, and the use of external independent advisers, it manages the governance and risks of the Company. The Board has a majority of independent directors – currently six of the seven directors are independent. The Board is committed to maintaining the appropriate balance of skills, knowledge and experience among its members to ensure strong leadership of the Company. When appointing Board members, its priority will always be based on merit, but will be influenced by the strong desire to leverage diversity in its broadest sense. As part of its broader approach to diversity and inclusion, the Company was pleased to be listed as one of the FTSE 250's 'Top 10 Best Performers' for gender diversity in the Hampton-Alexander Report 2020.

INTERNATIONAL PUBLIC PARTNERSHIPS

BOARD

The Board has overall responsibility for ESG and ensuring it is fully integrated into all aspects of the investment strategy.

INPP ESG COMMITTEE

The ESG Committee provides a forum for discussion, support and challenge, with respect to ESG. This includes the policies adopted by the Company in relation to both investments and divestments and by its Investment Adviser regarding its asset management activities and reporting on such matters to the ESG Committee and board. All members of the Board sit on the ESG Committee.

INPP AUDIT AND RISK COMMITTEE

The Company's Audit and Risk Committee oversees the Company's approach to ESG disclosures and ensures all risk management frameworks consider material ESG risk (e.g. climate change).

INPP ESG Policy

The Company has adopted the ESG Policy of its Investment Adviser, drawing on relevant elements. This includes the selection and implementation of relevant ESG Standards, Frameworks and regulation.

INPP Risk Framework

The Company uses a risk management framework for identifying, evaluating and managing significant risks faced by the Company. The Company's approach to sustainability risk sits alongside other requirements.

AMBER INFRASTRUCTURE GROUP

EXECUTIVE COMMITTEE

Amber's Executive Committee, the majority of whom sit on the Board of Amber, is responsible for the stewardship of Amber and oversees the management of its business and affairs.

AMBER ESG STEERING COMMITTEE

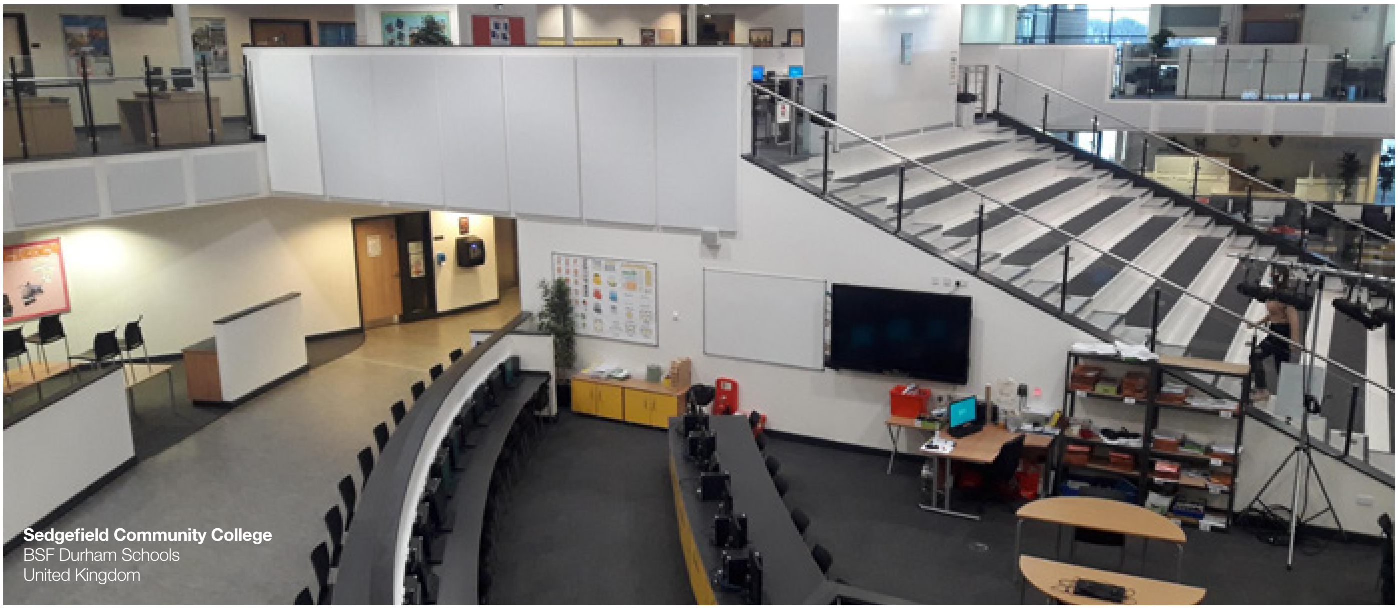
The Companies Investment Adviser has an established ESG Steering Committee which is chaired by its Chief Operating Officer. The Committee's primary role is to integrate and strengthen its ESG considerations within investment and asset management activities at a corporate level.

Amber ESG Policy

Amber's global ESG Policy defines its objectives and approach to embedding ESG in its services and operations. It covers all of Amber's operating entities, and employees at all levels are responsible for complying with the Policy.

Amber Risk Framework

Effective risk management is a fundamental part of Amber's governance structures. Amber aims to foster a culture that critically identifies and analyses risk in each of its funds under management throughout the fund lifecycle.



Sedgefield Community College
BSF Durham Schools
United Kingdom

The Board has overall responsibility for ESG and ensuring it is fully integrated into all aspects of the investment strategy. To support it in this role, the Board established a new ESG Committee in March 2021. The ESG Committee provides a forum for discussion, support and challenge, with respect to ESG. This includes the policies adopted by the Company in relation to both investments and divestments and by its Investment Adviser as regards the Investment Manager's asset management activities and reporting on such matters to the ESG Committee and Board. The ESG Committee meets quarterly and full Terms of Reference can be viewed here[2].

In addition to the ESG Committee, ESG responsibilities are applied through the following committees:

- **Investment Committee.** The Company's Investment Committee ensures ESG has been appropriately considered through the investment and divestment processes and provides a robust challenge to the Investment Adviser on such processes.
- **Audit and Risk Committee.** The Company's Audit and Risk Committee oversees the Company's approach to ESG disclosures and ensures all risk management frameworks consider material ESG risks (e.g. climate change).
- **Management Engagement Committee.** The Company's Management Engagement Committee reviews the effectiveness of ESG integration by the Investment Adviser.

Role of the Investment Adviser

The Company's Investment Adviser, Amber Infrastructure Limited ('Amber') is responsible for implementing the Company's ESG policies into the Company's activities on a day-to-day basis. This includes the integration of ESG considerations through investment origination and management of the Company's Investments.

Amber's Executive Committee is responsible for the stewardship of its business and affairs. The Executive Committee discharges its sustainability responsibilities directly through its internal Risk Committee, ESG Steering Committee and Corporate Social Responsibility ('CSR') Sub-Committee.

Amber's ESG Steering Committee is chaired by its Chief Operating Officer. The Committee's primary role is to integrate and strengthen its ESG considerations within investment and asset management activities at a corporate level. The Investment Adviser is supported by a dedicated Head of ESG, who was appointed in 2018.

Amber's ESG Steering Committee also has a direct interface with the Company's ESG Committee, ensuring the Company is able to monitor the ESG performance of the portfolio, and is briefed on emerging ESG risks and opportunities, such as climate change, to inform the Company's strategy.

For more information, please refer to Amber's Sustainability Report, which can be found here[3].

ESG Policy

The Company has adopted the ESG Policy of its Investment Adviser. The policy reflects the Company's philosophy, objectives and approach to ESG. In support of the Company's purpose, the objectives outline the Company's aim to be a forceful driver in three key areas:

1. **Drive sustainable growth.** The Company will use ESG drivers as an opportunity to create investment opportunities in new markets and generate commercial opportunities.
2. **Integrate ESG considerations into all aspects of our business.** The Company will identify and integrate ESG factors into all aspects of its investment, development and management decision making and analysis to protect and enhance value.
3. **Advance environmental and social progress.** The Company will actively work towards improving its investments' environmental and social performance by focusing on material ESG issues and sustainable development goals.

The global ESG policy and strategic priorities of the Company are incorporated into its business through the ESG Integration Framework of its Investment Adviser, which is summarised on the Investment Adviser's website.

1 https://www.internationalpublicpartnerships.com/media/2433/inpp-2020-annual-report.pdf.
2 https://www.internationalpublicpartnerships.com/media/2391/inpp-esgc-tor-march-21.pdf.
3 https://www.amberinfrastructure.com/media/2344/34931_amber_sr2020_web.pdf.

GOVERNANCE AND BUSINESS STRATEGY CONTINUED

Sustainability and ESG frameworks
To deliver the ESG Policy, the Company draws on several frameworks and benchmarks to provide direction. These frameworks are reviewed on an annual basis to ensure that the Company remains at the forefront of sustainable investment, operations and reporting.

Ambition
The Company believes that investing in infrastructure that supports a sustainable, prosperous, equitable and resilient society will maintain robust financial performance for its shareholders. It is supportive of the 2030 Agenda for Sustainable Development adopted by the UN Member States in 2015. Alongside the research of its Investment Adviser into emerging trends and technologies, the Company draws on the SDGs to help guide its approach to sustainability.

SUSTAINABLE DEVELOPMENT GOALS

ESG integration
To benchmark its ESG integration performance, the Company's Investment Adviser became a signatory of the PRI in August 2019. All of the Company's investment-related activities by the Investment Adviser are in line with commitments to the Principles.

Reporting is compulsory for all PRI signatories. It is one of the explicit commitments that signatories make when signing the Principles. Upon joining the PRI, signatories have a one-year grace period whereby the first reporting cycle is voluntary. The Company's Investment Adviser decided to by-pass this grace period, and the Company is pleased to report that its Investment Adviser obtained an A+ ranking for both the Strategy and Governance and the Infrastructure modules in 2020.

Signatory of: PRI Principles for Responsible Investment

Climate change
Climate change presents both transitional and physical risks to the Company's investments. As such, it continues to be a high priority for the Company. The Company has aligned its investment activity with the objectives of the Paris Agreement and it has resolved to align with the recommendations of the TCFD. During 2020, the Company's Investment Adviser commissioned an external third party to review the Company's current practices and make recommendations as to how it can enhance its approach and disclosures according to the TCFD Guidelines.

The Company is actively developing a carbon footprint across all of its investments to establish a baseline and will be developing ways to enhance its consideration and disclosure of transition and physical risks of climate change. This baseline is focusing on Scope 1 and 2 emissions initially, and will incorporate Scope 3 emissions where available. Please refer to pages 24 and 37 for more information of work that has been undertaken and what is planned for 2021/2022.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

PARIS2015 COP21·CMP11

Infrastructure performance standards
The Company recognises its biggest impact on sustainable development is through its investments, which are wide-ranging in their nature. The Company's priority is to ensure it focuses on material issues for each sector in which it invests and it draws on international industry practice to help identify what is important for each sector.

In 2019, the Company incorporated the International Finance Corporation ('IFC') performance standards and World Bank Environmental, Health and Safety Guidelines as part of its ESG minimum requirements. The Company also draws on several sustainability benchmarks of underlying investments, including BREEAM[1], LEED[2], S&P Global Ratings[3] and GRESB Infrastructure[4].

Emerging regulatory frameworks
The Company is mindful and supportive of several emerging regulatory frameworks in relation to sustainable finance, particularly the EU Sustainable Finance Disclosure ('SFDR') and EU Taxonomy for Sustainable Activities ('EU Taxonomy'). As a Guernsey-based investment company listed on the London Stock Exchange, the Company is not required to make any specific disclosures at the time of publishing this report. However, the Board is committed to supporting its shareholders and upholding the highest levels of transparency, as evidenced by this report. Furthermore, the Board appreciates the importance of considering sustainability risks and opportunities as part of its investment process.

However, the Board is also mindful that the underlying detail of the SFDR regulation and its full scope has not been fully finalised and so the Board requires further detail before it considers providing appropriate SFDR disclosures. It is also conscious of the UK's emerging approach to similar non-financial disclosures, including the recently announced Sustainability Disclosures Requirements ('SDR'), and so is monitoring this area closely. The Board is hopeful that the EU will release the final detailed Regulatory Technical Standards this year, which will inform the Company's approach to ESG objectives, KPIs and Targets, further discussed on page 18. The Company has committed to enhancing its data collection to ensure compliance with Level 2 disclosures, which it will use to harmonise the disclosures made on pages 26–35.

Risk management
The Board is ultimately responsible for risk management. Oversight of the risk framework and management process is delegated to the Audit and Risk Committee. The risk framework has been designed to manage, rather than eliminate, the risk of failure to meet business objectives. No system of control can provide absolute assurance against the incidence of risk, misstatement or loss. Regard is given to the materiality of relevant risks in designing systems of risk management and internal control. While responsibility for risk management ultimately rests with the Board, the aim is for the risk management framework to be embedded as part of the everyday operations and culture of the Company and its key advisers.

The Company's approach to sustainability risk sits alongside other requirements to which we are subject under applicable law and the Company's internal policies and procedures, such as the requirement to have robust risk management policies and procedures.

The Company's approach to integrating sustainability risks and opportunities into its investment process is described in the following section. For more information on the Company's approach to risk management, please refer to the Company's Annual Report, which can be found here[5].

1 https://www.breeam.com/.
2 https://www.usgbc.org/leed.
3 https://www.spglobal.com/esg/solutions/.
4 https://gresb.com/infrastructure-asset-assessment/.
5 https://www.internationalpublicpartnerships.com/media/2433/inpp-2020-annual-report.pdf.

Royal Children's Hospital
Australia

INVESTMENT INTEGRATION

Integration of the Company's strategic sustainability objectives and ESG drivers into investment decision making is an essential part of its investment process, as summarised below.

RESEARCH AND INNOVATION	+/- SCREENING	DUE DILIGENCE	ACTIVE MANAGEMENT	MONITORING AND REPORTING
Research current and emerging trends relevant to infrastructure to inform new investment opportunities and products.	Negatively and positively screen all investment opportunities to inform investment decision making and due diligence requirements.	Undertake due diligence, and develop environment and social action plans post-investment.	Actively manage all investments in line with Amber and fund requirements.	Monitor and report ESG performance in line with fund requirements and contribution to SDGs.

Research and innovation

The Company's Investment Adviser undertakes targeted research that examines the potential for new investment opportunities. The future-focused insights that its award-winning 'Amber Horizons' programme provides, complements the Investment Adviser's culture of primary investment origination. This approach ensures that the Company is positioned to take advantage of new investment sectors that meet its risk-return and ESG requirements and create value over the long term.

Screening and due diligence

The consideration of ESG risks and opportunities is a formal element of the investment origination process. Following a review against the Company's exclusion criteria, every investment opportunity undergoes a detailed screening and due diligence process, which considers both potential negative and positive impacts. In line with international industry practice, potential investments are categorised as follows:

- **Category A** – Investments with potential to cause adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented in the absence of mitigation;
- **Category B** – Investments with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and
- **Category C** – Investments with minimal or no adverse environmental and social risks and/or impacts.

This categorisation then drives the level of due diligence undertaken, including assessment against emerging and future trends that could impact the long-term viability of the investment.

The Company also positively screens each investment to identify those that are directly contributing towards the SDGs, or through the Company's involvement, could transition to become an environmentally or socially positive investment.

As part of this process, each investment will have a detailed Environmental and Social Action Plan prepared for implementation post-investment. The outcomes of due diligence are included in the investment process, which presents all material issues to the relevant Investment Committee ahead of final decision making.

Active management

The Company seeks influence in all investments, whether through absolute holding or a comprehensive set of consent rights over reserved matters. Members of the Company's Investment Adviser's investment teams work closely with asset management representatives to manage risk, drive operational and financial best practice, monitor performance and to optimise returns to investors and our wider stakeholders.

The way the Company manages an investment varies according to investment type, summarised below:

Public-private partnerships

The Company actively manages material ESG factors through its Investment Adviser's specialist asset management team and oversight of third-party contractors. This applies to both construction and operational assets.

Operating businesses and regulated investments

The Company actively engages through its Investment Adviser's Board Director positions, supported by its specialist asset management team at an operational level (rather than solely at a governance level) to ensure material ESG issues are being dealt with appropriately by management.

Senior debt

Engagement on material ESG risks is typically concentrated in the screening and due diligence phase.

Governance arrangements are guided by the type of investment and ownership structure, as opposed to the sector, which typically drives the management of environmental and social aspects.

All investments must meet the Company's minimum ESG requirements and work towards the Company's Sustainability Policy aims. Please refer to page 18 for more details on the Company's approach to ESG Stewardship of its investments.

Monitoring

The Investment Adviser's asset management team is responsible for monitoring assets and reporting to the Company's Investment Adviser's ESG Steering Committee. The Investment Adviser's ESG Steering Committee then formally reports to the Company's ESG Committee on a quarterly basis. Reports are produced to inform the Board of any underlying issues on the assets that may require additional time and resource to resolve.

All asset managers follow a 'no-surprise' approach and include any matters that could adversely impact on health and safety, reputation, valuation or distributions, escalating in real time if required. It should be noted that the Company does not place any limits on escalating issues it deems important to the long-term viability of an investment, including ESG.

External reporting

The Company is committed to enhancing its approach to ESG disclosures in line with emerging best practice and regulation. This report represents a step forward and builds on ESG disclosures within the Company's annual reporting. As this is an evolving field, the Company regularly engages with its shareholders to understand what is important to them.

INVESTING IN CLEANER, HEALTHIER TRANSPORT SYSTEMS

Rail is already a naturally low carbon mode of transport. The environmental impact of rail transport should reduce even further with the continuing roll-out of electric, hydrogen and hybrid trains.

In normal times, BeNEX supports over 90 million passenger journeys per annum. Following the EU's announced intention to become Net Zero by 2050, the German Government unveiled a record-breaking 10-year, €86 billion investment programme for the German rail network. The commitment establishes rail travel as central to the Government's ambitious plans to combat climate change.

BeNEX, Germany
Photo Credit, ODEG

ESG STEWARDSHIP OBJECTIVES

By investing in the 'right type' of infrastructure, the Company believes its investments can significantly support the targets set out by the SDGs. For each investment sector, the Company has identified which SDGs its investments are positively supporting. The core benefits to society are described under the Impact section on pages 26–35.

Equally, the Company recognises that infrastructure can negatively impact the environment and local communities and is committed to reducing material impacts and embracing opportunities for improvement as part of its aim to deliver long-term benefits. This section explains the Company's approach to sustainable management of its investments, which is fully integrated into the investment process described on page 16.

The diagram below demonstrates the sequential approach the Company takes towards driving the sustainability performance of its investments. These policy objectives are applied throughout the investment process described in the previous section to help guide investment decision making and approach to asset management.

1. EXCLUDE

Selected investment opportunities must avoid unacceptable impacts from an ESG perspective.

2. MINIMUM REQUIREMENTS

Each investment must meet the Company's minimum ESG requirements to ensure they demonstrate good governance and minimise environmental and social risks.

3. IMPROVE

Where possible, investments are managed in line with the Company's sustainability aims to ensure they go beyond minimising negative impacts and focus on creating long-term performance.

Exclude

At the screening stage, the Company will assess whether a potential investment is compliant with its exclusion criteria, summarised below.

The Company will not invest in infrastructure projects or associated businesses that do not demonstrate the ability or willingness to manage current and future ESG risks effectively, unless as a result of its involvement, the Company will be able to significantly improve its ESG credentials.

This means the Company will not invest in businesses or sectors relating to arms, tobacco, pornography, gambling, alcohol or any other sectors that have the potential to lead to human rights abuses. Equally, the Company will not invest in any infrastructure assets or associated businesses that have an unacceptable impact on the environment. The Company has aligned its investment activities with the objectives of the Paris Agreement and will not invest in any infrastructure projects or associated businesses that do not have the potential to support/align with a low carbon future.

Finally, the Company will not invest in infrastructure or associated businesses that have a track record of;
- Corrupt practices;
- Poor governance and ethics practices; or
- Poor safety or environmental management.

Except for the exclusions stated above, the Company does not typically exclude infrastructure companies, sectors or asset types based on any particular activity or ESG exposure. Instead, the Company prefers to engage with the investments in its portfolio and use its position to influence positive change. Sustainability is a long-term problem that requires long-term solutions.

Minimum requirements

The following minimum requirements must be applied across all investments to ensure a solid foundation of governance is applied and that there is no significant harm to environmental and social receptors. Compliance with these requirements is assessed at the due diligence stage of the investment process. Where minimum requirements are not met, the Company, through its Investment Adviser, will work directly with its investments to ensure they meet the requirements.

Robust corporate governance

All investments are actively managed in a way that reflects the Company's commitment to the highest standards of corporate governance.

Governance arrangements are guided by the type of investment and ownership structure, but the investment must demonstrate a minimum set of policies, processes and practices. This includes, but is not limited to, policies and procedures for:
- Conflicts of Interest
- Anti-corruption and Financial Crime Mitigation
- Transparency, Diversity and Accountability
- Sustainability and Compliance
- Data Protection and Cyber Security
- Health and Safety

Good international environmental and social practice

Each investment must meet applicable local, national and international environmental and social legislation, or the International Finance Corporation ('IFC') Performance Standards (whichever is the most stringent). Given the regions in which the Company invests, local regulation typically means the Company's investments must meet high ESG standards, particularly around environmental impact assessment, health and safety, and human and labour rights.

Improve

The Company's minimum requirements ensure a solid foundation of robust corporate governance and avoidance of negative environmental and social impacts. To help drive the sustainability performance of its investments, the Company has also established a set of discrete sustainability aims to guide its approach to active management. These are considered at the due diligence stage of the investment process and are incorporated into the Company's approach to active management.

The Company's active management sustainability policy aims are described below.

SUSTAINABILITY POLICY AIMS

CLIMATE CHANGE

13 CLIMATE ACTION

Aim
Ensuring investments are as resilient as possible to the physical risks of climate change.

ENERGY AND GREENHOUSE GASES

7 AFFORDABLE AND CLEAN ENERGY

Aim
Reduce carbon emissions to work towards alignment with the goals of the Paris Agreement to limit global warming to well below 2°C and, ideally to 1.5°C.

NATURAL RESOURCES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Aim
Reduce consumption of natural resources, work towards elimination of waste to landfill and move towards a circular economy.

POLLUTION AND AIR QUALITY

3 GOOD HEALTH AND WELL-BEING

Aim
Reduce all types of net pollution and work towards maintaining and improving air quality.

BIODIVERSITY AND ECOSYSTEMS

15 LIFE ON LAND

Aim
Consider biodiversity and enhance it where possible.

DECENT WORK

8 DECENT WORK AND ECONOMIC GROWTH

Aim
Encourage the promotion and creation of sustainable permanent employment for local communities.

COMMUNITY

10 REDUCED INEQUALITIES

Aim
Ensure investments are accessible to the widest group of users and available to serve local communities.

DIVERSITY AND INCLUSION

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Aim
Support investments to create an open and inclusive working environment.

HEALTH AND SAFETY

3 GOOD HEALTH AND WELL-BEING

Aim
Encourage a zero-harm culture across all investments.

TECHNOLOGY AND INNOVATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Aim
Work with investments to consider material future technology-driven opportunities and risks.

These active management sustainability aims have been developed to target areas the Company believes it can meaningfully influence through good stewardship. Naturally, this will vary between the types of investments within the Company's portfolio, and it may not always be possible or desirable to implement them across all investments.

Where possible, the Company draws on recognised third party benchmarks ('designated index') to serve as a proxy for assessing whether an investment meets or manages material sustainability credentials. The Company is pleased that 48%[1] of its portfolio is now aligned with a designated index, including BREEAM[2], LEED[3], S&P Global Ratings[4] and GRESB Infrastructure[5].

1 Percentage of portfolio NAV.
2 https://www.breeam.com/.
3 https://www.usgbc.org/leed.
4 https://www.spglobal.com/esg/solutions/.
5 https://gresb.com/infrastructure-asset-assessment/.

STAKEHOLDER ENGAGEMENT

The Company takes a proactive approach to identifying and engaging with key stakeholders.

It achieves this through a combination of Board engagement and oversight and leveraging the Investment Adviser's expertise and networks. The Company believes robust stakeholder engagement is a critically important component to delivering its purpose. It is for this reason that stakeholder engagement is considered at a strategic level by the Board.

SHAREHOLDERS

Consistent and growing returns

The Company aims to provide our shareholders with long-term, inflation-linked returns, by growing its dividend and creating the potential for capital appreciation. Through engagement with its shareholders, the Company aims to inform its strategic objectives and to ensure that investors views on topical issues are understood by the Company. This approach is intended to maximise shareholder buy-in to current objectives and performance whilst also helping shape future plans for the portfolio.

The key mechanisms for the Company's engagement with shareholders include:

- Regular and timely updates on performance, including through the annual and half-yearly reporting cycle
- The Company's AGM
- Shareholder days
- One-to-one meetings or calls with the Board's Chair and other Directors
- One-to-one meetings or calls with representatives from the Company's Investment Adviser
- Other Group engagement with representatives from the Company's Investment Adviser
- The Company's website

During Covid-19, the Company's approach to engaging with its shareholders has had to adapt. Instead of face-to-face meetings, the Company and its Investment Adviser have hosted presentations and meetings with shareholders over digital platforms to ensure they are kept informed on the Company's activities.

PUBLIC SECTOR & OTHER CLIENTS

A trusted partner

Through its investments the Company aims to provide the public sector and other customers with a highly reliable, robust service. The Company's ability to deliver contracted services and maintain strong relationships with its clients through its Investment Adviser is vital for the long-term success of the business. Through close engagement with its clients, the Company aims to meet high levels of satisfaction and quickly respond to any potential issues and emerging challenges. Equally, through its Investment Adviser, the Company engages in dialogue with regulators and governments to what is practical and useful in terms of ESG reporting and compliance.

The key mechanisms for engagement with clients include:

- Regular meetings (where possible in person and/or virtually) between the Investment Adviser and public sector clients including local authorities and regulators
- Active asset management, which provides monitoring of the facilities management arrangements on compliance with maintenance obligations
- Asset managers directly engaging with the client on a day-to-day basis

The Company's Investment Adviser has been proactively engaging with the Company's public sector clients to provide them with support during Covid-19, where possible. This includes ensuring that investments remain open where necessary, and in some cases repurposed.

COMMUNITIES

Strengthening communities

The Company strives to make its investments an integral part of the communities they serve. Engaged communities can play an important role in successful delivery of new assets and their long-term operations. As part of its approach to active asset management, the Investment Adviser ensures critical services are delivered with a focus on the end-user, ensuring that the community is at the heart of all that we do. Feedback that our investee companies receive from their stakeholders – including communities and customers – informs the Company's ESG understanding and policies. This approach is intended to help communities thrive and create robust environments for our investments to flourish.

The key mechanisms for community engagement include:

- Active asset management providing facilities for community use
- Local Education Partnership agreements
- Supporting community initiatives

Throughout the pandemic, the Company has been seeking to support those who have been negatively impacted by Covid-19. The Company, through its Investment Adviser, has been supportive of its supply chain engaging with the communities in which they and the Company's investments operate.

KEY SUPPLIERS

An engaged supply chain

The Company has an ambition to work with a high-quality, sustainable supply chain with a focus on long-term value for its stakeholders. The performance of its service providers, their employees, and investment supply chain is crucial for the long-term success of the Company and it takes a progressive approach to engaging with main suppliers. A key component of this is ensuring our Investment Adviser is proactively maintaining an engaged supply chain for our investments.

The key mechanisms for engagement with key suppliers include:

- Annual Management Engagement Committee review
- Ad hoc engagement
- Quarterly Board meetings and reporting
- Investment Adviser managing investment supply chain

Throughout the pandemic, the Board has ensured that its direct supply chain's safety and wellbeing has been appropriately managed and prioritised. This has been monitored through pre-existing channels, such as quarterly Board meetings.

02

2020 RESPONSIBLE INVESTMENT PERFORMANCE

Highfields School
BSF Wolverhampton Schools,
United Kingdom

2020 PERFORMANCE

The Company has been actively working to deliver its ESG Policy Objectives, with the following highlights for 2020 summarised below.

DRIVE SUSTAINABLE GROWTH

OBJECTIVE

The Company will use ESG drivers as an opportunity to create investment opportunities in new markets and generate commercial opportunities.

2020 PROGRESS

In 2020, the Company made the following sustainable investments. All these investments contribute towards SDG 9, through the provision of quality, reliable, sustainable and resilient infrastructure. In addition, the Company is preferred bidder for an additional three OFTO investments. These additional OFTOs would transmit renewable electricity to an additional 1.4 million homes. Please refer to pages 26–27 for more detail.

Diabolo
Value: £9.1 million
Sector: Transport

BSF Essex Project
Value: £6.7 million
Sector: Education

BSF Bradford and Lewisham Projects
Value: £3.6 million
Sector: Education

BSF Blackburn and Darwen Projects
Value: £1.1 million
Sector: Education

National Digital Infrastructure Fund
Value: £9.5 million
Sector: Digital

2020 PERFORMANCE CONTINUED

INTEGRATE ESG CONSIDERATIONS INTO ALL ASPECTS OF OUR BUSINESS

OBJECTIVE

The Company will identify and integrate ESG factors into all aspects of its investment, development and management decision making and analysis to protect and enhance value.

2020 PROGRESS

ESG Committee
As noted on page 13, the ESG Committee was established in March 2021, comprising the full Board and is chaired by Ms Bond. The ESG Committee will meet quarterly and will support the Board in managing the Company's ESG performance and provide a forum for discussion and challenge on ESG policies with respect to investments and divestments.

Investment Adviser achieved A+ for Strategy and Governance, and Infrastructure Modules
Reporting is compulsory for all PRI signatories. It is one of the explicit commitments that signatories make when signing the Principles. Upon joining the UN PRI, signatories have a one-year grace period whereby the first reporting cycle is voluntary. Our Investment Adviser decided to by-pass this grace period, and the Company is pleased to report Amber obtained an A+ ranking for both the Strategy and Governance and the Infrastructure modules.

Taskforce on Climate-related Financial Disclosures alignment
Climate change presents both transitional and physical risks and opportunities to the Company's investments and long-term strategy. As such, it continues to be a high priority for the Company and as noted on page 14, the Company has resolved to align with the recommendations of the TCFD. During 2020, the Company commissioned an external third party to undertake a review of its current practices and make recommendations as to how we can enhance our approach and disclosures in accordance with the TCFD Guidelines.

Climate built into risk management processes
Risks are monitored through the lens of the Company's risk management matrix. Through its Investment Adviser the Company has introduced additional requirements for assessing transitional and physical risks of climate change as part of ongoing asset management and assessment of new investment opportunities.

ESG review
In conjunction with the bi-annual review, the Company has assessed the alignment of its investments with its updated exclusion criteria and minimum requirements. Following this review, the Company is pleased the portfolio meets these minimum requirements and is focused on improving the sustainability performance of its portfolio.

ADVANCE ENVIRONMENTAL AND SOCIAL PROGRESS

OBJECTIVE

The Company will actively work towards improving the environmental and social performance of its investments by focusing on material ESG issues and sustainable development goals.

2020 PROGRESS

Paris Agreement alignment
To reduce risk and maximise long-term opportunity, the Company has resolved to align its investment activities with the objectives of the Paris Agreement. Whilst the Company will maintain independence for investment decision making, it will increasingly draw on internationally recognised policies and frameworks to guide investment decision making and management of its investments.

Covid-19
The Company has been successfully working with our Investment Adviser to avoid disruptions caused by Covid-19. The wellbeing of the people who deliver, manage and operate the Company's infrastructure assets, and the communities they serve, has remained our priority during the last 12 months. As always, we are focused on helping our clients achieve their service requirements through disciplined long-term investing.

Enhanced data capture
Drawing on its sustainability policy aims, emerging regulation and wider best practice, the Company is in the process of collecting enhanced ESG data from across the portfolio.

Active management
Through its Investment Adviser, the Company has increased its focus on driving sustainability performance improvements across its portfolio. This comprises a specific focus on its social infrastructure and rail investments, where it has identified opportunities for improvement. Please refer to the following sector-specific sections for more detail.

Thames Tideway Tunnel, UK
Photo credit: Tideway

Performance data

The Company is firmly focused on managing material ESG risks and opportunities at the asset level. This allows the Company to target and manage material ESG issues, which can vary considerably across a diverse portfolio of investments. The Company's Investment Adviser monitors over 30 indicators to assess portfolio performance against its minimum requirements and active management sustainability aims through its bi-annual survey.

The Company is working towards producing a harmonised suite of portfolio level indicators that will support its shareholders in monitoring progress and provide them with disclosures required by TCFD, SFDR and expected UK-specific requirements. To support the Company in developing these overarching disclosures, it is working towards ensuring over time that 100% of its investments:

- Monitor energy, water and waste and providing appropriate metrics;
- Implement a robust Diversity and Inclusion Policy and developing appropriate metrics; and
- Implement a robust Health and Safety Policy and monitoring and disclosing Accident Frequency Rate.

These are disclosed on the following pages, along with selected sector-specific indicators across five asset categories: social infrastructure, waste water, transport, energy transmission and gas distribution.

ENERGY TRANSMISSION

Ormonde OFTO
UK

As the impacts of a changing climate become more apparent and the solutions more urgent, it has never been more important to transition towards efficient, sustainable energy systems.

Impact

Offshore wind generation is a success story for the UK. Long-term government support has underpinned innovation and investment in the sector, helping to drive down costs while contributing to decarbonisation of the economy. In 2020, the UK Government announced its ten-point plan for a Green Industrial Revolution. The plan includes a target to quadruple offshore wind power by 2030 to 40GW. With seven OFTO investments and a further three at preferred bidder stage, the Company is well placed to support the UK Government's Net Zero ambitions. The Company's OFTO investments have a transmission capacity of 1.5GW, which transmits the equivalent amount of energy to 1.3 million homes. The additional three OFTO projects, of which the Company is preferred bidder, would transmit renewable electricity to an additional 1.4 million homes. By investing in OFTOs, the Company is directly supporting SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), with the following key benefits.

Reduced Greenhouse Gas emissions

Sustainable energy is a critical component to transitioning towards a global low carbon economy.

Increased resilience

Switching to renewables helps to diversify energy supply and reduce dependence on imported fuels.

Cleaner air

Sustainable energy and energy efficiency projects result in lower fossil fuel-generated electricity, improving local air quality.

Cost savings

Through the implementation of energy efficiency projects, end-users can realise cost savings due to reduced energy usage.

2020 Impact

7 AFFORDABLE AND CLEAN ENERGY

1.3 million

Homes powered by renewable energy transmitted by OFTOs

7 AFFORDABLE AND CLEAN ENERGY

1.5 GW

Transmission capacity

Sustainable management

Environment

As part of ISO 14001 accredited Environmental Management Systems, each investment monitors water, energy usage and waste.

Considering the environment OFTOs operate in, the Company must have a clear view of how resilient they are to extreme weather events. All OFTO assets have been designed to meet <1 in 200-year waves. Onshore substations are designed to meet Planning Policy Guidance 25 and have <1 in 100 flood risk. In 2020, there had been no flood damage at any onshore substation and no more weather-related damage beyond what would be regarded as in the normal course of business. Across all the sites, the OFTOs are mandated by environmental legislation to record the quantity of Fluorinated gases ('F Gases') held within the equipment. This includes Sulphur Hexafluoride ('SF6'), which is used across the energy transmission sector. Any leaks of SF6 are immediately identified by Supervisory Control and Data Acquisition ('SCADA') systems.

Social

100% of OFTO investments are covered by a robust ISO 18001 health and safety system. Transmission Capital Partners[1] implements several training initiatives, with all staff receiving ongoing training which is relevant to their role. The Company is pleased to report that its OFTO investments had an Accident Frequency Rate of 0 for 2020.

Since the outbreak of Covid-19, the Company's Investment Adviser has positively engaged with Ofgem and is coordinating with OFTO projects outside of the Company's portfolio to explore potential shared resource pools in the event of failure response being compromised by organisational resource constraints.

1 https://www.transmissioncapital.com/.

CASE STUDY

Project – OFTO Portfolio
Sustainability aim – Encourage a zero harm culture across all investments.

Whilst the positive impact of the Company OFTO investments is clear, it's imperative that they are managed safely. The Company, through its Investment Adviser, directly manages the OFTO investments. This enables it to directly manage its approach to health and safety.

The asset management framework is governed by the ISO 9001 (Quality) and OHSAS 18001 (Health and safety) management system that is used to control and measure all activities discharged by TCS. High-level procedures covering all aspects of operational activities and performance monitoring ensure a robust and fully auditable management system is in place.

Throughout 2020, the Company is pleased that its OFTO investments managed to achieve zero harm to employees and contractors.

Sustainable management

Environment

100%
OFTO Investments monitor energy

100%
OFTO Investments monitor waste

100%
OFTO Investments monitor water usage

6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Social

100%
OFTO Investments operate under a health and safety policy and management system

0
Accident Frequency Rate

100%
OFTOI Investments operate under a Diversity and Inclusion policy

33%
Female employees

3 GOOD HEALTH AND WELL-BEING

TRANSPORT

Diabolo Rail Link
Belgium

Well-planned and coordinated transport infrastructure is fundamental to the economic and social wellbeing of a community. It is also becoming increasingly important to combat climate change and has been identified as a crucial part of Net Zero carbon strategies emerging internationally.

Impact

Well-planned and coordinated economic infrastructure is critical to the economic and social wellbeing of a community. Public modes of transport are an increasingly important way to combat climate change and have been identified as a key part of Net Zero carbon strategies emerging internationally.

In normal times, the Company's rail investments move c.230 million passengers annually (over 627,000 people daily). This is roughly the equivalent to moving the entire population of Glasgow city every day. During 2020, as a result of Covid-19, this reduced to c.150 million.

Although rail is already an existing low carbon form of transport, the Company recognises that there will be a growing shift towards cleaner trains, and it will fully support investments to make this transition. By investing directly in sustainable transport, the Company can support SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities), with the following key benefits:

Reduced emissions

Rail transport presents a low carbon journey option, especially if the rail is electrified and energy efficient.

Connected communities

Railways can help combat the trend to loneliness and play an important role in connecting families, friends and communities.

Healthier

Improved public transport services and provision for active travel within urban areas promote positive social and economic impacts, including healthier lifestyles.

Employment growth and opportunities

Well-functioning rail systems are critical enablers of employment, as well as being large employers in their own right.

2020 Impact

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

151 million
Passenger journeys

11 SUSTAINABLE CITIES AND COMMUNITIES

825 million
Train km travelled

11 SUSTAINABLE CITIES AND COMMUNITIES

5,100
Train units

8 DECENT WORK AND ECONOMIC GROWTH

>2,290
Full time equivalent employees

Sustainable management

Environment

The Company identified that its rail investments provide an opportunity for improvement in sustainable management. Since acquiring 100% of BeNEX the Company's Investment Adviser has been closely engaging with the BeNEX board on developing a strategic approach and has been working with it to appoint a third party to undertake a strategic review of its approach to sustainability. In addition, 100% of the Company's investments now have an overarching ESG or sustainability policy.

Reliance Rail received its 2020 GRESB Infrastructure Benchmark Report with a five-star rating and score of 94 out of a possible 100. This score ranks Reliance Rail 12th out of 406 GRESB Infrastructure assessments and first out of all rail companies.

The product management team within Angel Trains has developed a decarbonisation road map which focuses on new propulsion technologies that eliminate classic diesel propulsion or reduce its impact in terms of emissions and fuel usage. In 2020, Angel Trains invested in new Class 720 Aventra electric rolling stock for the East Anglia region of the UK, which has helped increase the percentage of electric trains under ownership of the Company from 64% to 69%.

Social

Health and safety is the highest priority for the Company's investments in rail, with 100% of investments holding a robust health and safety policy and management system. The AFR for the Company's rail investments is 2.2. Improving this performance is a priority for the Company, and it is pleased there has been better performance over the course of the year.

All of the Company's rail investments have taken measures to make travel as safe as possible during the pandemic, enabling communities to stay connected where it is safe to do so. As an example, Gold Coast Light Rail has implemented the following measures:

- Cashless services are operating to reduce cash handling.
- Daily sanitising of all services and regular cleaning of hard surfaces and customer touch points on board services and at stations.
- Running increased services to help maintain social distancing.
- Transport signage promoting distancing where possible and information and messaging adapted regularly based on health advice and customer feedback.

1 Calculated by pro-rating the valuation of the relevant investments by value attributable to electric trains.

Sustainable management

Environment

100%
Rail Investments monitor energy

60%
Rail Investments monitor water

40%
Rail Investments monitor waste

89%
Composition of train fleet that is electric[1]

Social

100%
Rail Investments operate under a health and safety policy and management system

2.2
Accident Frequency Rate

100%
Rail Investments operate under a Rail Diversity and Inclusion Policy

CASE STUDY

Project – Angel Trains HyDrive project
Sustainability aim – Reduce carbon emissions to work towards alignment with the goals of the Paris Agreement.

Whilst rail is a low carbon mode of transport, there is an opportunity to improve environmental performance further and help support Net Zero ambitions. Angel Trains has developed HyDrive, an innovative, intelligent and flexible hybrid drive system for rail vehicles. It will result in smarter trains through intelligent management of energy to enable maximum energy recovery and an efficient range extender engine running to give maximum overall system efficiency. Trains will be quieter through the use of smaller, modern range extender engines with less noise and vibration and battery only running in stations and other urban areas. Air quality will also be improved through the use of the latest emissions-compliant engines that operate at their most efficient point to provide cleaner emissions, with zero emissions in stations when running on battery alone.

In doing so, Angel Trains will be able to preserve the value of existing assets, while also supporting vital changes needed to improve air quality and reduce the impact on climate.

WASTE WATER

Thames Tideway Tunnel
Photo credit: Tideway
United Kingdom

Environmental infrastructure provides cities and towns with water supply, waste disposal, and pollution control services. These municipal works serve two important purposes: they protect human health and safeguard environmental quality.

2020 Impact

>37 million cubic metres
Waste treated when operational

25 km
Tunnel length

3 acres
New public space following construction

>2,470
Full-time employees

Impact

The London Tideway Improvements projects, of which the Thames Tideway Tunnel is the last component, will work to reduce the number of sewage discharges from over 50 to four or fewer in a typical year. This will mean that up to 37 million cubic metres[1] of untreated sewage will be collected before it enters the river, cleaning up the river for future generations of Londoners. This will bring a number of environmental benefits, such as allowing the river to sustain a rich, diverse array of wildlife.

While the main benefit of the tunnel when built is to prevent pollution and improve biodiversity in the tidal River Thames, during the eight-year construction period, the project has been, and continues to be, delivered in a sustainable way. By investing directly in Tideway, the Company can directly support three SDGs: SDG 6 (Clean Water and Sanitation), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities), with the following key benefits.

Clean water and sanitation

London's Thames Tideway improvements will significantly reduce polluting discharges in a typical year by about 37 million cubic metres. The tunnel will intercept the majority of sewage before it enters the river, cleaning up the Thames for future generations of Londoners. This will also help to prevent fish being killed and allow the river to sustain a rich and biodiverse array of wildlife.

Increased resilience

Climate change means London will experience wetter winters, with more instances of intense rainfall. By providing additional capacity to deal with sewage overflows driven by heavy rain, Tideway will also help increase London's resilience to climate change.

Sustainable city

A modernised sewerage network underpins the capital's general economic prosperity. A key economic legacy objective is to contribute to the rejuvenation of London's river economy, both recreationally and commercially, supporting the Mayor of London's environmental and transport strategies.

Sustainable management

Environment

100%
Monitor Energy, Water and Waste

53 tCO_2e
Scope 2 GHG emissions

101,810 tCO_2e
Scope 3 GHG emissions

90%
Beneficial reuse of excavated material

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

Social

100%
Health and Safety policy

0.35
Accident Frequency Rate

100%
Diversity and Inclusion policy

55%
Female employees

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Decent work and economic growth

Tideway has set targets for the workforce employed on the project, including local employment, apprentices and ex-offenders. Since the start of the project, Tideway has employed 21% of the workforce from within the 14 boroughs it is working in.

The expected environmental and economic benefits of the project remain as per the original development consent order until the tunnel is built and starts operations. Tunnelling is expected to be completed in 2022 and handover to Thames Water for start of operations is expected in 2024.

Sustainable management

Environment

While the main benefit of the tunnel when built is to prevent pollution and improve biodiversity in the tidal River Thames, the project is addressing several sustainability areas. These include bringing more women into engineering and construction and using the river for transportation of more than 90% of construction materials and spoil thereby reducing the number of road vehicle journeys.

These environmental and social planning requirements and legacy commitments are partially delivered through a robust environmental management system, which ensures progress is made against specific material issues. For example, by considering carbon reduction opportunities, such as moving the excavated material by barge, Tideway has been able to reduce its base-case carbon footprint by 19% – a total of 199,000 tonnes. Tideway is the first infrastructure project to capture comprehensive emissions data which shows that a 1,000-tonne tug results in a 90% reduction in carbon dioxide per tonne km compared with the modern standard HGV, along with significant air quality improvements. Tideway has a legal commitment to use at least 85% of the excavated material beneficially. In 2020, Tideway achieved 90% beneficial reuse, with >100,000 tonnes of main tunnel material sent for habitat creation in East London.

In 2020, Tideway has achieved a score of 74/100 for its environmental, social and governance performance from one of the world's top ratings agencies, S&P Global Ratings[1]. S&P Global Ratings looked at a variety of environmental and social factors, as well as those relating to the company's governance, in its evaluation.

CASE STUDY

Project – Tideway More by River
Sustainability aim – Reduce all types of pollution and work towards improved air quality.

Through Tideway's More by River strategy, the project ensures they transport as many materials as possible by river, keeping lorry movements off London's roads to limit pollution, congestion and to protect road users.

The project's use of river transport is on a scale unprecedented in the UK in modern times. Tideway has committed to transport 90% of tunnel spoil – about 4.2 million tonnes – by river. This requires a major modernisation of the fleet of commercial boats operating on the river, and Tideway has been a key partner in a new training centre for river boat operators called the Thames Skills Academy ('TSA'). The partnership with the Port of London Authority, Transport for London and the Company of Watermen and Lightermen is setting new standards for health and safety training for those working on the river.

Social

Tideway has an award-winning approach to health and safety, including being awarded Health, Safety and Wellbeing Initiative of the Year at the British Construction Industry Awards, the Ground Engineering Awards 2018. Overall, the programme accident frequency rates have remained below other large infrastructure projects working at similar phases of construction. In 2020, there were 167 volunteer mental health first aiders across the project. Tideway is one of The Times Top 50 Employers for Women, a Stonewall Diversity Champion, a signatory of the 'Ban the Box' campaign, and Disability Confident Committed Employer. In 2020, Tideway recorded 2,514 sustained FTE jobs, with 55% of the workforce being female.

1 https://www.spglobal.com/ratings/en/research/pdf-articles/20200408_esg-evaluation-tideway.

GAS DISTRIBUTION

Cadent
United Kingdom
Photo credit: Cadent

Natural gas is one of the mainstays of global energy. Where it replaces more polluting fuels, it improves air quality and limits emissions of carbon dioxide. Since 2010, coal-to-gas switching has saved around 500 million tonnes of CO_2. Natural gas is also a potential complement to renewable energy in that it can provide cover for the intermittency of power generated by renewables when the wind isn't blowing or the sun isn't shining.

Impact

As the largest gas distribution network in the UK, Cadent provides an essential service that transports gas to over 11 million homes, offices and businesses; reliably, efficiently and securely.

Following the UK's commitment to achieving Net Zero carbon by 2050, the Company recognises that the UK cannot continue using fossil fuels in the way it does today and still meet its carbon emissions reduction targets. The UK Government's ten-point plan clearly states the integral role of hydrogen and Carbon Capture and Storage ('CCS') in its Net Zero strategy. This echoes the strong recommendations from the Committee on Climate Change, which advised the UK Government on the importance of hydrogen and CCS in decarbonising heat[1].

By investing in Cadent, the Company is directly supporting two SDGs: SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation and Infrastructure), with the following key benefits:

Supporting the clean energy transition

We appreciate that switching between unabated use of fossil fuels will not provide a long-term answer to climate change on its own. Cadent is providing leadership to the provision of networks ready to transport low carbon fuels such as biomethane and green hydrogen.

Affordable energy

Today, natural gas presents an affordable energy option to help keep homes warm in winter and businesses operating.

Safe and reliable network

Delivering a reliable and resilient network to keep the energy flowing safely and reliably to customers.

Drive employment

Cadent provides sustainable employment opportunities to over 4,900 staff nationwide.

2020 Impact

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
5.7 million GJ/day
Maximum energy throughput

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
131,000 km
Length of pipeline

11 SUSTAINABLE CITIES AND COMMUNITIES
>11 million
Homes and businesses connected to gas

8 DECENT WORK AND ECONOMIC GROWTH
>4,900
Full-time equivalent employees

CASE STUDY

Project – Cadent HyDeploy
Sustainability aim – Reduce carbon emissions to work towards alignment with the goals of the Paris Agreement.

HyDeploy is a pioneering hydrogen energy project designed to help reduce UK CO_2 emissions and reach the Government's Net Zero target for 2050.

As the first-ever live demonstration of hydrogen in homes, HyDeploy aims to prove that blending up to 20% volume of hydrogen with natural gas is a safer and greener alternative to the gas we use now. It is providing evidence on how customers don't have to change their cooking or heating appliances to take the blend, which means less disruption and cost. It is also confirming initial findings that customers don't notice any meaningful difference when using the hydrogen blend.

We see this as a significant step towards supporting the transition to clean forms of hydrogen, and decarbonisation of heat.

Sustainable management

Environment

100%
Monitor Energy, Water and Waste

20,044 tCO_2e
Scope 1 GHG emissions

6,103 tCO_2e
Scope 2 GHG emissions

95%
Waste diverted from landfill

35
Biomethane connections

7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

Social

100%
Health and Safety policy

0.06
Accident Frequency Rate

100%
Diversity and Inclusion policy

21%
Female employees

3 GOOD HEALTH AND WELL-BEING · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH

Sustainable management

Environment

The Company believes that gas distribution networks will have an important role to play in transitioning the UK to a Net Zero carbon economy of low carbon fuels including biomethane and clean hydrogen, in line with the Committee on climate change recommendations. It is important to us that any investments we make into gas distribution – or any other conventional energy investment – are making strides to reduce carbon and support the transition to a low carbon economy.

As a business, the most significant impacts Cadent has on the environment are leakage from the networks they operate, excavation waste, vehicle emissions and waste from direct activities. Cadent has made progress against each of these, with 95% waste diverted from landfill in 2019/20 (86% in 2018/19). In 2019/2020, Cadent achieved a 68% reduction in operational Greenhouse Gas ('GHG') emissions, meaning they are ahead of schedule to achieve their longer-term target to reduce GHG emissions by 80% (from 1990 levels) by 2050.

Cadent is undertaking important research and demonstration projects to support the transition to a sustainable energy system, in the home, for industry, and for transport. These innovative projects mean Cadent is positioning itself to play a key role within the changing energy landscape. For example, Cadent's partnership with CNG Fuels delivered the first commercial high pressure compressed natural gas ('CNG') refuelling station at Leyland in Lancashire. This supports HGV fleets for Waitrose, John Lewis and others, significantly reducing their transport emissions.

Social

Cadent has a robust approach to health and safety and is committed to driving improvements. Over the last decade, Cadent has improved its employee Accident Frequency Rate, achieving 0.06 in 2020. Cadent has a workforce of over 4,900 employed in sustained roles. Recruitment is supported by a robust diversity and inclusion policy. However, female representation at Board and senior leadership levels are 18% and 15%, respectively. This imbalance is partially symptomatic of the industry, where 83% of the energy and utility sector's workforce are male. Nonetheless, the board of Cadent is committed to achieving an overall improved gender balance across its business.

Cadent is taking steps, beyond business as usual, to help keep the public safe and supporting the NHS during Covid-19. Key measures include:

- Several of Cadent staff volunteered to use their pipe-laying skills to install oxygen pipes at the Nightingale hospital in Birmingham.
- Cadent is encouraging its staff to help in any way they can such as delivering groceries or supporting food banks. Cadent has continued to deliver the emergency response service for suspected gas leaks as well as its programme of essential maintenance in order to keep the public safe, warm and able to cook with gas.

SOCIAL INFRASTRUCTURE

Sedgefield Community College
BSF Durham Schools,
United Kingdom

Social infrastructure is pivotal to the development of sustainable communities. While the provision of housing, clean water and electricity are vital for meeting basic human needs, other services such as schools and healthcare facilities are equally important for ensuring the long-term wellbeing of people.

Impact

Social infrastructure forms the foundation of healthy and resilient communities. This sector comprises the buildings that provide services to a community, such as education and healthcare facilities, and buildings related to justice, emergency and civic services. In addition to providing essential services, they also contribute to economic growth, employment and social cohesion. Covid-19 has emphasised how important this sector is and how crucial equitable access is to a well-functioning society.

By investing directly in social infrastructure, the Company is supporting four core SDGs: SDG 3 (Good Health and Wellbeing), SDG 4 (Quality Education), SDG 9 (Industry, Innovation and Infrastructure) and SDG 16 (Peace, Justice and Strong Institutions) with the following key benefits.

High standards of maintenance

Investment revenues are generally dependent on underlying physical assets remaining available for use and continuing to meet specific performance standards, resulting in high-quality assets for our public sector clients.

Strong partnerships

The Company's social infrastructure project companies work closely with public sector clients to deliver critical services and facilities to the communities they serve.

Placemaking

Many of the social infrastructure investments that the Company invests form key social hubs for local communities, providing critical services for the whole community.

Sustainable management

Environment

During 2020, 92% of social infrastructure investments were managed by facilities management companies with an Environmental Management System, with no reportable environmental incidents. The Company identified that 94% of social infrastructure investments monitored their energy usage, with 66% having energy-saving targets. 33% of schools generated electricity onsite using renewable sources. In addition, 83% of assets in the portfolio built in accordance scored 'very good' or higher against internationally recognised sustainability certification, BREEAM. 31% of social infrastructure investments monitored waste at the site level.

During Covid-19, efforts have been made to maximise energy efficiency of buildings. For example, due to the limited number of teaching staff and pupils, the heating controls were optimised to ensure only occupied rooms were heated.

Social

Health and safety continues to be a core value for the Company and its Investment Adviser, particularly as Covid-19 remains prevalent in the countries in which the Company invests. All investments must ensure that workers avoid or limit exposure to Covid-19 as much as possible. The Company's Investment Adviser has implemented and/or supported measures to facilitate this, including rotating shifts, remote work, enhanced protections, training or cleaning,

CASE STUDY

Project – Royal Children's Hospital, Australia
Sustainability aim – Investments actively considering future technology driven risks and opportunities.

Melbourne's Royal Children's Hospital ('RCH') has been providing outstanding care for Victoria's children and their families for over 150 years. The new hospital was built in 2011, bringing together six levels of clinical, research and education facilities over 200,000 square metres within the 4.1 hectare site. Inspired by the quality of light, the textures and forms of its parkland setting, the new RCH delivers a patient and family-focused healing environment based on the latest evidence and research-based design principles.

Innovative features incorporated into the design include a meerkat enclosure, interactive gaming screen, sculptures, an aquarium, and a children-only activity room. These types of features present the hospital, not as a frightening or intimidating place for the children who are the recipients of care, but as an exciting hub of activity with things to do and friends to meet.

2020 Impact

4 QUALITY EDUCATION
>195,000
Pupils

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
13
Police stations and judicial buildings

3 GOOD HEALTH AND WELL-BEING
>540,000
Patients

8 DECENT WORK AND ECONOMIC GROWTH
4,900
Full-time equivalent employees

adopting occupational safety and health guidance, and closing locations, where necessary. The AFR for the Company's Social Accommodation investments is 0.61.

The Company's Investment Adviser has been proactively engaging with its public sector clients and supply chain to provide support, where possible. This includes ensuring that investments remain open where necessary, and in some cases are repurposed. Across the portfolio, the Company has large spaces, such as sports halls, that have been made available for broader use while the asset itself has either been closed or not fully occupied. The Company's social infrastructure investments have continued to be available to the local community where possible, with over 21,800 additional community hours being provided over the course of the year.

Sustainable management

Environment

94%
Social infrastructure investments monitor energy

31%
Social infrastructure investments monitor waste

88%
Social infrastructure investments monitor water usage

83%
Social infrastructure investments BREEAM Very Good or Higher

41
Biodiversity enhancement initiatives

6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 15 LIFE ON LAND

Social

100%
Social infrastructure investments operate under a health and safety policy and management system

0.61
Accident Frequency Rate

96%
Social infrastructure investments operate under a Diversity and Inclusion policy

>21,800
Additional community hours provided by social infrastructure investments

3 GOOD HEALTH AND WELL-BEING · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES

03

LOOKING AHEAD

Thames Tideway Tunnel, UK
Photo credit: Tideway

JULIA BOND
CHAIR
ESG COMMITTEE

ESG issues have always been at the heart of the Company's approach to sustainability, but the Company recognizes that ESG has evolved considerably over recent years and has moved to the forefront of the agenda for investors and broader society. In recognition of this evolution, the Board established an ESG Committee this year, which I am delighted to currently chair.

As noted earlier in this report, the remit of the ESG Committee is to provide a forum for discussion, support and challenge with respect to ESG matters. This includes the adoption of policies by the Company in relation to both investments and divestments, as well as those of its Investment Adviser in regards to their asset management activities and reporting.

As an international investor, with investments spanning several geographies and sectors, the Company will be subject to various emerging regulations and evolving views on best practice. We remain committed to aligning our disclosures with regulatory and shareholder demand and we are delighted with the number of shareholders who have engaged with our Investment Adviser's ESG specialists.

Feedback from these meetings has been instrumental in progressing our approach, including in developing this first Sustainability Report and shaping the work plan for the ESG Committee, which includes a roadmap of activity and workstreams as outlined below.

Regulatory alignment and disclosures
This report represents a step forward in disclosure of the Company's approach to sustainability and ESG. The Company recognises that emerging regulation, such as the EU Sustainable Finance Disclosure Regulation ('SFDR'), will affect many of its shareholders. Although the Company is not directly required to report against SFDR at the time of writing this report, the Company will ensure its disclosures are aligned, once detailed SFDR Regulatory Technical Standards have been finalised, in order to support its shareholders.

Climate Change
As noted earlier in this report, the Company has recently resolved to formally align its investment activities with the objectives of the Paris Agreement. Work is underway to enhance the level of information sought by the Company's Investment Committee. This will include greater consideration of emerging frameworks, such as the EU Taxonomy, to guide its investment decision making.

The Company is now working through a series of actions to expand and improve its consideration of climate risk and opportunities across its activities. This includes a plan to develop climate change disclosures in line with the recommendations of the TCFD.

Construction
The Board is aware that the construction of infrastructure can involve processes that create embodied carbon, which needs to be considered within the life-of-asset measurement of greenhouse gas emissions. This is of course an industry-wide challenge. The Company is closely monitoring government policy developments as well as the progress being made to reduce embodied carbon within construction supply-chains such as for cement and steel. Drawing on the experience of the Company's investments, including Tideway, we will be exploring how best to minimise these impacts.

Asset management
The Company's Investment Adviser is working through a range of actions to enhance the sustainability performance of its social infrastructure investments. Over the course of 2021, this will include initiatives to improve the portfolio's energy and natural resources performance, and sharing this good practice across the Company's investments.

Diversity and inclusion
The Company is proud to have been listed as one of the FTSE 250's Top 10 Best Performers for gender diversity in the Hampton-Alexander Report 2020. The Board remains committed to leveraging diversity in its broadest sense and this will continue to be a key input in our succession planning and appointment process.

Policies, KPIs and targets
As indicated on page 14, the Company is committed to evolving its disclosures and will continue to review appropriate portfolio and investment level KPIs and targets, in support of its sustainability policy and objectives, as well as align with emerging regulatory frameworks.

As we progress this work, the interests of all our stakeholders will remain at the core of our decision making and our overall approach to stewardship. We'd like to thank Amber for their ongoing commitment to sustainability and we look forward to further engaging with investors on this important topic.

We are motivated by the challenge presented by the 2030 Sustainability Agenda and recognise the opportunities it presents. Whilst there is much to be done, we are confident that our approach will continue to provide returns for our shareholders and support a healthier, more resilient society.

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