

Sustainability

Statement from the Chair of the Sustainability committee



Dawn Crichard
Chair of the Sustainability committee

I am pleased to present the sustainability report for the Company for the year ended 30 September 2024. As Chair of the Sustainability committee, I am excited to share the progress the Board has made against the Company's ESG objectives as described in the 2023 annual report, as well as our plans for the future.

This year, the Company introduced a formal ESG policy, which formalises its ESG processes. The Investment Adviser also obtained B Corp certification, formalising its sustainable and long-term business model, and providing a rigorous framework against which to benchmark its sustainable activities. The Investment Adviser improved its PRI score for the second consecutive year, highlighting its commitment to continual improvement in its ESG focus and reporting. Both achievements complement the Company's Green Economy Mark from the LSE, which was awarded in 2020 in recognition of the Company's contribution towards driving a greener economy.

Infrastructure has a positive purpose and the Company's assets have a strong social and environmental impact. The Board aims to enhance the integration of ESG criteria in the Company's operations, ensuring that the portfolio not only addresses the current needs of stakeholders, but is also able to adapt to future challenges and needs. The Company finances infrastructure which benefits end users in society and its portfolio contributes to the generation of renewable energy. The Board is committed to creating a positive social and environmental impact through the Company's investments.

With the election of the new Government in July 2024, it is evident there may be greater opportunity for private investment in the renewable energy infrastructure sector.

The new Government has pledged to work with the private sector to double onshore wind, triple solar power and quadruple offshore wind by 2030, with increased spending across the renewable energy infrastructure sector. The Company's investments in financing renewable energy assets are pivotal to this journey, with 62% of the portfolio generating 1,320 GWh of renewable energy this year, sufficient to power 488,842 average households¹.

The Company's investments in the supported living sector provide support for vulnerable adults, helping those in the community that need it the most. These properties blend specially adapted residences with purpose-built facilities, facilitating the delivery of high-quality supported living services.

PPP/PFI assets in the Company's portfolio are integral to the functioning of UK society, and provide long-term partnerships with the public sector. Within this sector, the Company's investments span education, healthcare, waste, leisure and housing. Highlights include investments secured against 49 schools which offer 26,196 school places and 40 healthcare facilities providing beds for 1,649 patients.

There is no doubt that investing in clean energy infrastructure is key to protecting our planet from climate change. The Company aims to build a sustainable and positive future through its investments in renewable energy, supported living and PPP/PFI projects. This is a future that combines social responsibility with environmental stewardship.

1. Source: Ofgem, average gas and electricity usage.

ESG policy

The Company has strong ESG credentials, demonstrated through the positive impact of its portfolio. The Company invests in assets that are integral to society, including those that contribute to a greener economy. As a result, the Company aligns with certain SDGs, which promote sustainable development globally through social, economic and environmental initiatives.

This year, the Company implemented an ESG policy to formalise its ESG processes and ensure its responsible investment practices align with the Investment Adviser's Responsible Investment policy.

The ESG policy addresses three key areas, outlined below:

Investment policy

The Company seeks investment opportunities which generate sustainable returns whilst simultaneously having a positive environmental and social impact. This is achieved through positive and negative ESG screening, detailed ESG due diligence and comprehensive ongoing monitoring and engagement.

Corporate governance

The Board is committed to undertaking its activities in a carbon-neutral manner, utilising carbon offsetting measures where necessary.

The Board seeks to govern the Company in accordance with all applicable laws, rules and regulations, as well as corporate governance best practice.

The Board has established a Sustainability committee responsible for developing, implementing and monitoring the Company's ESG policies and procedures.

The Board aims to fully comply with the recommendations of the TCFD and consider other similar initiatives.

Activities of key service providers

The Company seeks to influence its main service providers to ensure they are following best practice regarding ESG matters.

The ESG policy is split into seven sections, covering screening, ESG due diligence, monitoring and engagement, corporate governance, modern slavery, corporate ESG initiatives and ESG frameworks.

The ESG policy can be found on the Company's website.

Sustainability continued

Q&A with Dawn Crichard, Chair of the Sustainability committee

Q How does the Company approach climate change risk, and what specific measures has it taken to reduce the carbon footprint of its portfolio?

A The Company includes climate change risks within the emerging risks category of its risk management framework. Climate change risks are both physical and transitional, and the Board considers climate change risks a long-term issue. The impact of climate change on the Company's portfolio is monitored by the Board, the Sustainability committee and the Investment Adviser. This includes monitoring and assessing the impact of changing Government policies on the investment portfolio and the Company as a whole. The Investment Adviser, on behalf of the Company, carries out an annual climate risk assessment for each underlying portfolio asset to assess the actual and potential impact of climate-related risks across the portfolio. The analysis considers both physical and transition risks for each asset and is supported by expert third party consultants.

The carbon impact of infrastructure contributes to a significant proportion of the UK's national emissions from a construction, operation and maintenance perspective. In many cases, the UK's existing infrastructure was not originally designed and constructed with global warming in mind.

The Investment Adviser has sought to encourage energy efficiency projects at portfolio assets where there are opportunities to do so; for example, the Company's 'SolarCatcher' initiative supported the installation of solar panels and electric vehicle charging points at schools in England to help reduce energy costs and incentivise increased electric vehicle uptake among employees.

As the Company is a debt provider that doesn't own or control 94% of assets in the portfolio, there are certain limitations in the Company's influence on portfolio assets. As such, the Company is limited in its capacity to reduce the carbon emissions of its assets but it can influence them by supporting energy-saving schemes.

Q What steps has the Sustainability committee taken to promote diversity, equity and inclusion ("DEI")? How does it maintain progress in these areas?

A The Board considers DEI an important factor in ensuring all Board members have the right balance of skills, experience and independence to make informed and knowledgeable decisions. The right blend of perspectives is critical to ensuring the success of the Company. The Board monitors the DEI criteria of the companies it invests in through its annual data collection project.

The Board maintains 49% gender diversity of SPV company boards, increasing from 36% in the previous year. The Board and the Investment Adviser recognise that gender diversity is a challenge in the investment industry, and that a concerted and collaborative effort is required to make the financial services sector more open and attractive for women at all levels of seniority. As such, the Investment Adviser supports the Young Women Into Finance Scholarship programme, a not-for-profit social organisation dedicated to the eradication of gender bias for new graduates entering the finance industry.

The Investment Adviser also participated in the 10,000 Black Interns programme this year for the second year, which offers paid internship opportunities across more than 25 sectors, along with training and development opportunities.

This commitment to paid internships reflects the Investment Adviser's passion for inspiring change and helping young people achieve a career in the investment industry.

Q What are the Board's expectations regarding ESG reporting and transparency from portfolio companies? How does the Investment Adviser ensure companies are meeting these standards and the data they provide is reliable?

A The Investment Adviser carries out an annual data collection project to collect material ESG metrics from the underlying portfolio. The process involves the Investment Adviser's portfolio management team liaising with each asset operator to obtain relevant ESG data on the underlying portfolio assets. In addition, key relevant ESG indicators are monitored by the Investment Adviser's portfolio management team. The Investment Adviser seeks to engage with equity owners and/or operators of projects to understand the ESG factors relevant to those projects or properties, and, where possible, use influence as a lender of capital or investor to manage exposure to ESG risks.

This year, GHG emissions verified data was 74%, compared to 53% in the prior year. This increase in supporting evidence for Scope 1, 2 and 3 suggests that, with the support of the Investment Adviser, underlying assets are becoming more familiar with the data collection project. Changes in carbon footprint data are monitored over time and reported on in the annual report.

For the second year, the Company utilised the services of Aardvark, an independent external ESG certification service who provide independent and impartial auditing and certification services. Aardvark reviewed the outputs from the data collection project, verifying the calculated carbon emissions were correct and provided limited assurance. As part of this, Aardvark reviewed primary evidence supporting the data collection and, where this was absent, they reviewed the reliability of secondary data. Aardvark have also made recommendations on how the Company can improve its data collection so that it can prepare for a reasonable assurance process in future.

The Company engaged Terra Instinct, a sustainability advisory firm, to perform a gap analysis on the Company's TCFD disclosures and climate risk assessment. The gap analysis examined the Company's current approach to the disclosures and climate risk assessment, identifying specific areas for recommendations on how it could be improved.

In addition, new investments provide the opportunity to include data requirements as part of the loan documentation.

Q How does the Sustainability committee and the Investment Adviser ensure that the Company is capitalising on Government policy initiatives that support increased investment in sustainability?

A Government policy supporting infrastructure investment is likely to grow with the new Government's ambitious decarbonisation targets. The new Government has ambitions to accelerate the deployment of renewable energy, which is expected to involve a massive overhaul of the UK renewable energy sector and is set to increase incentives for private investment in renewable energy infrastructure. As an experienced infrastructure provider, the Company is well placed to capitalise on Government policies that incentivise this investment.

As such, increased Government policy support in this area may incentivise the Company to expand into new areas for investment, and as part of this, the Sustainability committee works with the Investment Adviser to incorporate and monitor sustainability considerations into the investment process. In addition, the Investment Adviser is an experienced investor in new and existing green technologies and opportunities. This experience enables the Company to react quickly to new Government initiatives and the Board regularly reviews and monitors these opportunities.

Q What metrics or benchmarks does the Board use to measure the success of its ESG policies over time?

A As the Company invests in infrastructure that is integral to society, the Company's activities align with certain SDGs, as outlined by the UN. When developing the Company's focus areas, the Board considered the SDGs that have the highest materiality to the Company and sector and the SDGs that it may have an impact on, as well as those that have the highest impact on stakeholders. The SDGs are important to investors and there is a strong business case for investing in sectors aligned with the SDGs. The Company reports its alignment with the SDGs to highlight its responsible investment efforts. This reporting is key to building trust, transparency and accountability with stakeholders. The Investment Adviser also reports its responsible investment activities to the PRI through its annual assessment process. The PRI reporting process is the largest global reporting project on responsible investment. This year, the Investment Adviser improved its PRI assessment score, scoring an average of 80 points out of 100, with scores higher than the median in each category. Refer to page 64 for more information.

Sustainability continued

ESG integration

Governance

Reporting

2023

The Sustainability committee reviewed and updated the Company's Modern Slavery statement.

Blackcraig Wind Farm achieved a GRESB rating of four green stars and 90 out of 100 points.



The Company continued to develop its data collection project, and collection of ESG metrics and targets.

The Company appointed an external consultant to review carbon emissions data.



The Investment Adviser achieved its aim of carbon neutrality by 2023.

The Investment Adviser considered the application of the SFDR to the Company and undertook training on the topic.

The Investment Adviser expanded its Responsible Investment report to include additional information under TCFD.

2024



The Investment Adviser achieved B Corp certification with a score of 99.4.

Biodiversity and DEI considerations were added to the ESG due diligence process, as well as a climate risk assessment for all new investments.

Engaged Terra Instinct to perform a gap analysis on the Company's climate risk assessment.

Expanded TCFD reporting to include all physical risks in a 2°C global warming scenario.

The Company formalised and published an ESG policy, which encompasses all aspects of responsible investment.

The Investment Adviser began a process which ensures each potential asset undergoes a credit risk assessment that incorporates ESG risk.

Continued to work with Aardvark to review the data collection project and verify the calculated carbon emissions data, working towards reasonable assurance in the future.

2025 (and further)

The Company and Investment Adviser to apply lessons learnt and best practice across the portfolio where appropriate.

Work with borrowers to understand where the Company can support them in their diversity ambitions.

The Company to consider further initiatives to reduce carbon emissions across the portfolio and at the Investment Adviser.

The Company to consider further ESG metrics and targets and improve data collection coverage and quality.

The Company to continue its project to obtain reasonable assurance over its carbon emissions data.

Continue to embed ESG considerations into the investment process more broadly, utilising third party consultants as appropriate.

The Company to consider publishing a separate Human Rights policy.

The Investment Adviser to continue reviewing responsible investment practices to improve its B Corp score over time.

Continue to prepare to report under new ISSB standards that are applicable to the Company.

Consider recommendations from the ESG consultants with a view to implementing in future years.

The Company and the Investment Adviser have made considerable progress with integrating ESG considerations across the Company.

Awareness

<p>The Company broadened its TCFD reporting to include a partial 2°C warming scenario under strategy c) disclosures.</p>	<p>The Company expanded its climate risk assessment to include opportunities and a partial 2°C climate scenario.</p>	<p>The Investment Adviser introduced biodiversity considerations into its investment process and ran biodiversity training for staff members.</p>	<p>The Investment Adviser funded three ESG-focused internships to support the work on the Company's ESG strategy and to assist with the data collection project.</p>	
<p>The Investment Adviser reviewed the potential biodiversity impact for two portfolio assets and undertook training on biodiversity net gain opportunities.</p>				
<p>Analysed the UK's SDR and investment label rules.</p>	<p>Engaged Terra Instinct to perform a gap analysis on the Company's TCFD disclosures.</p>	<p>The Investment Adviser continued its involvement with the 10,000 Black Interns programme and the Young Women Into Finance programme.</p>	<p>The Investment Adviser participated in a mid-term review by Investors in People to review its status.</p>	<p>The Investment Adviser expanded its charity of the year scheme to include more charities and continued to offer paid volunteering days to employees.</p>
<p>Terra Instinct undertook analysis to prepare the Company for future reporting under the ISSB published standards.</p>				
<p>Consider material and relevant specific ESG targets for the Company under TCFD metrics and targets c) disclosures.</p>	<p>The Company to continue developing its climate risk assessment in line with best practice recommendations.</p>	<p>The Company to implement biodiversity net gain reporting for portfolio assets.</p>	<p>The Company to produce a separate ESG report.</p>	<p>Improve the coverage of the Company's data collection project.</p>
<p>Assess the feasibility of making the data collection process a half-yearly exercise and develop training in this area.</p>	<p>Consider reporting under SDR when the Company is brought into scope.</p>	<p>Continue to work with partners to offer further internships with the Investment Adviser.</p>	<p>The Investment Adviser to introduce a formal recruitment policy which incorporates DEI criteria where possible.</p>	

2023

2024

2025 (and further)

Sustainability continued

Responsible Investment

Investment process

The Investment Adviser has been a signatory to the PRI since 2019. The PRI, established in 2006, is a global collaborative network of investors working together to put the six principles of the PRI into practice. The Investment Adviser recognises that applying these principles better aligns its investment activities with the broader interests of society and has committed to their adoption and implementation. ESG considerations are integrated into the Company's investment decisions and are led by the investment team.

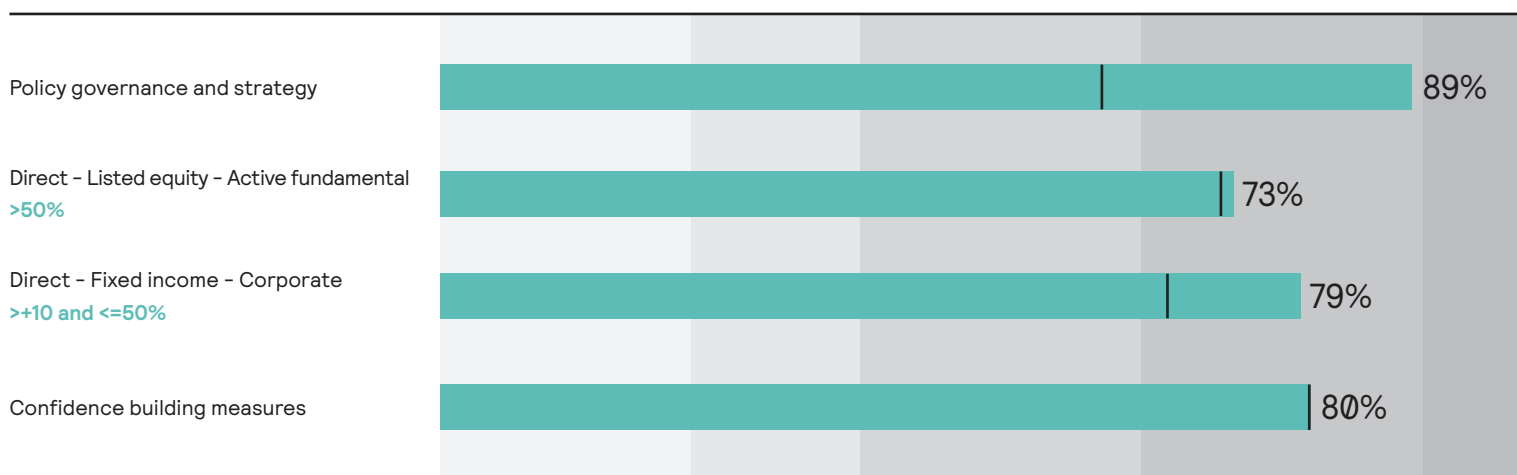
As part of its responsibilities as a signatory to the PRI, the Investment Adviser is required to report publicly on its responsible investment activities each year. In turn, it receives a PRI assessment report. The assessment uses the reported information of signatories and outlines how signatories' responsible investment practices compare year-on-year, across asset classes, and with peers at a local and global level.

This year, the Investment Adviser improved its PRI assessment score, scoring an average of 80 points out of 100 and four out of five stars for each category. Areas of improvement from this year's score were policy, governance and strategy, which improved by a total of nine points, and fixed income, which also increased by nine points. This was an improvement on 2022's score of an average of 76 points.

The Investment Adviser continued to score higher than the median in each category. The chart below provides further information on the Investment Adviser's results.

Investment Adviser PRI scorecard - year to 31 December 2023

AUM coverage	0%	25%	40%	65%	90%
Module score star score	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★



PRI median
 Module score

Responsible Investment policy

The Investment Adviser's Responsible Investment policy is integrated into investment management processes and incorporates pre-investment, active ownership and governance processes, as detailed below.

Pre-investment**Deal screening**

Investment management processes positively screen for investments that promote sustainability, conform with the Investment Adviser's values and benefit society, including, but not limited to, the areas of climate change mitigation and adaptation, energy transition, critical infrastructure, decarbonising transportation, affordable living, social housing, education and healthcare.

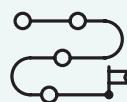
The screening excludes investments which focus on non-medical animal testing, armaments, alcohol production, pornography, tobacco, coal production and power, and nuclear fuel production. Investments with ongoing or persistent involvement in human rights abuses are also excluded.

**ESG due diligence processes**

Prior to a new investment being approved, the relevant investment team assess how the investment fares against key relevant ESG criteria and includes an assessment of ESG characteristics in every investment proposal submitted to the Company's Investment committee for approval.

The assessment typically covers ESG-related risks and opportunities, and, to the extent applicable, relevant policies and procedures, alignment with industry or investment-specific standards and ratings, and compliance with relevant ESG-related regulation and legislation.

This year, the Company added biodiversity to the ESG due diligence process, as well as DEI. A climate risk assessment was also added for all new investments.

Active ownership**Monitoring and engagement**

Following execution and investment, key relevant ESG indicators are monitored by the Investment Adviser's portfolio management team. The Investment Adviser seeks to engage with equity owners and/or operators of projects to understand the ESG factors relevant to those projects or properties, and, where possible, use influence as a lender of capital or investor to manage exposure to ESG risks.

**Reporting**

The Investment Adviser reports on an annual basis, with its Responsible Investment report published each year. The Responsible Investment report sits alongside a PRI report, which summarises the Investment Adviser's responsible investment activities.

The Investment Adviser applies the recommendations of the TCFD in its own reporting and encourages the application of the TCFD framework in its funds, in line with reporting requirements.

Governance and responsibilities

The Investment Adviser operates a Responsible Investment committee which comprises senior personnel from across the business, including two representatives from the team that provide investment advice to the Company. The committee is responsible for all aspects of the Investment Adviser's Responsible Investment policy, including oversight of ESG initiatives, reporting, regulatory compliance, staff training and making recommendations to the board of the Investment Adviser.

The Investment Adviser has a clearly defined governance structure with detailed processes that cover business operations, including investment management and portfolio monitoring and reporting.

In addition to its board, the Investment Adviser employs a team of professionals with in-depth experience in the investment industry and asset classes.

The Investment Adviser's approach to stewardship and engagement is based on the Principles of the UK Stewardship Code 2020 and is in line with its philosophy on responsible investing.

Sustainability continued

Responsible Investment continued

Portfolio governance

Governance at the Company level is clearly managed and articulated to achieve the Company's investment strategy, including managing risks and creating a positive environmental and social impact. The Investment Adviser engages with the underlying assets' boards to enhance governance at the portfolio level. Investment documentation issued by the Company includes standard provisions to ensure effective governance within investee companies including compliance by these companies with applicable environmental, health and safety, anti-money laundering, know your customer and employment requirements.

During the year, the Investment Adviser continued to develop its climate risk assessment process for each underlying portfolio asset. The process assesses the actual and potential impacts of climate-related risks and opportunities across the portfolio and considers both physical and transition risks and transition opportunities for each asset. Further information can be found on pages 74 to 79.

The directors and employees of the Investment Adviser sit on the boards of, and control, the SPVs through which the Company invests. The Company has delegated the day-to-day operations of these SPVs to the Investment Adviser through the Investment Advisory Agreement. The Company collects diversity data on new investment opportunities and the Investment Adviser includes diversity data in its responsible investment checklist, collecting data from potential borrowers that approach the Company. Diversity data is also collected from borrowers as part of the data collection project.

The Board and the Investment Adviser value relationships with borrowers, ensuring time is spent building and maintaining these relationships. Engagement takes the form of regular interaction with the borrowers by the portfolio management teams, including periodic site visits to the underlying assets and their managers. Site visits are an important aspect of the portfolio management role and have both technical and commercial benefits. They allow the Investment Adviser to assess the performance of both asset and contractor and investigate any important project issues that arise.

Furthermore, site visits give the Investment Adviser the opportunity to understand the operations and relationships important to each project and its long-term success. Where the Company is exposed to RPs that have been graded as non-compliant in respect of governance, the Investment Adviser has been working with the RPs to improve processes, people and systems in seeking to address the RSH's governance concerns. Refer to pages 40 and 41 for further information.

In the financial year, 22 site visits were conducted, representing 25% of the portfolio by value and 24% of all SPV companies, including visits to the UBB Waste project (refer to page 39), and renewables and PPP/PFI assets in various UK locations.

SDR

During the year, the Company analysed the new Policy Statement on Sustainability Disclosure Requirements ("SDR") and investment labels. This Policy Statement sets out the UK FCA's final rules on anti-greenwashing, a new labelling regime, naming and marketing rules, product and entity-level disclosures, as well as distributor obligations. As the Company is domiciled in Jersey, it is a non-UK AIF and is therefore unable to use a sustainability label at present. If HMT extends the SDR regime to overseas funds, the Company will consider the implementation of a label. The Company is currently in compliance with the anti-greenwashing rules issued under SDR.

Data collection project

This year, the Investment Adviser continued to improve its data collection project to collect material ESG metrics from the underlying portfolio for the twelve month period to 30 June 2024¹.

The process involves the Investment Adviser's portfolio management team liaising with each asset operator to obtain relevant ESG data on the underlying portfolio assets. The data points that are considered material by the Investment Adviser are detailed in the table on page 67.

This year, environmental coverage increased from 72% in the prior year to 77% this year. This was primarily due to an increased response rate from borrowers.

Several challenges continued to be faced in respect of the availability of the data requested, insofar as the Company is a debt provider and does not own or control 94% of assets in the portfolio.

In the drive for increased transparency in reporting across the industry, the Company has actively sought to improve its data collection project by obtaining limited assurance of its carbon footprint data for the second consecutive year. The Company continued its engagement with Aardvark, an external ESG certification service who provide independent and impartial auditing and certification services. Aardvark reviewed the outputs from the data collection project, verifying the emissions calculations and data for covering Scope 1 and 2 with the inclusion of Scope 3 as far as is practically possible. It was found that a total of 74% of the assets by value had emissions calculations that were supported by primary or secondary evidence.

1. Period chosen to facilitate data inclusion in the annual report.

This was a marked improvement from the previous reporting year where just 53% of the portfolio-level emissions were supported by primary and/or secondary evidence. As part of this, Aardvark reviewed where the use of estimated data for the missing data would be useful or potentially inaccurate.

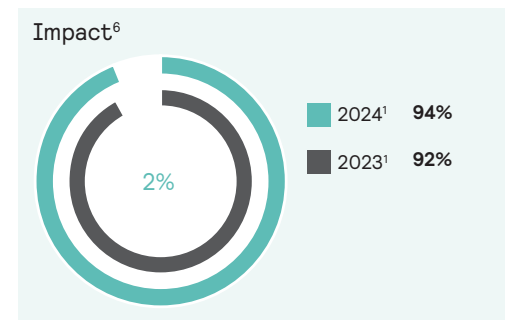
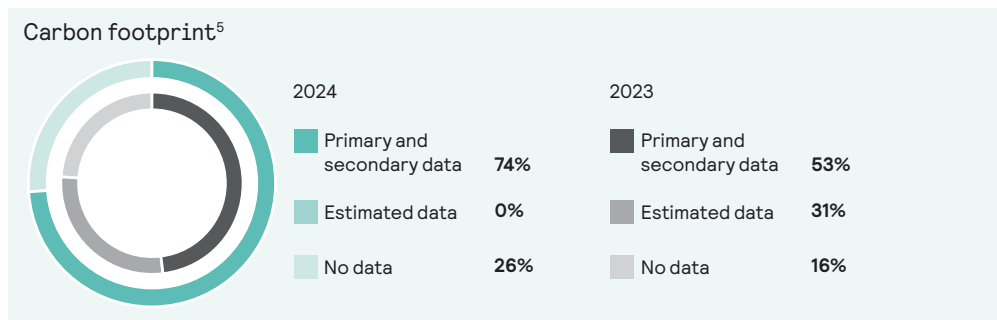
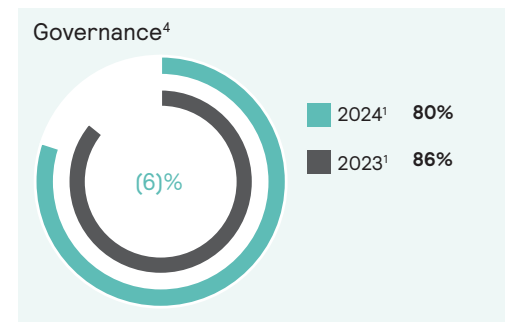
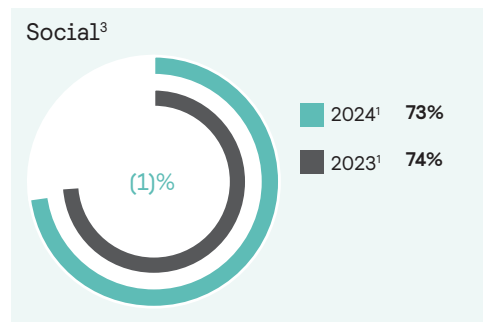
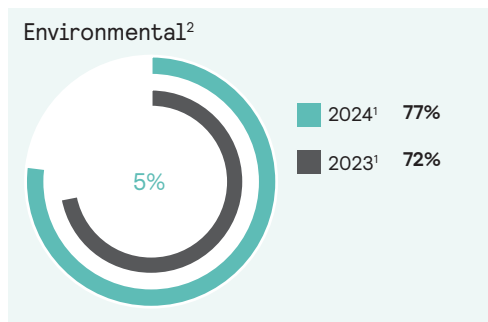
The Company continues to prepare for a reasonable assurance process in the future, with the assistance of Aardvark, who have provided valuable feedback regarding the Company's carbon emission metrics over the last two years, supporting ongoing enhancement.

Whilst 26% of the emissions data cannot be verified at this stage, the reporting and verification process by Aardvark has led to the development and identification of further steps the Company can take to improve this process in future reporting periods.

The Company also worked with Terra Instinct, an independent external consultant, to advise on the data collection project. This included advice on the ESG data collection approach based on industry frameworks.

They also conducted an independent review of the Company's TCFD disclosures for any significant inconsistencies and provided recommendations for areas where additional data could be presented.

Portfolio data coverage¹



1. Percentage of data entries for applicable KPIs per ESG area weighted by portfolio value.
2. Air pollutants emitted, water consumption, waste generated/disposed, energy conservation strategies and net habitat gain or loss.
3. Total FTEs, hours worked, satisfaction surveys, absenteeism rates, H&S metrics, community benefit fund contribution and key engagement initiatives with local community/stakeholders.
4. Gender diversity, Board reporting, ISO alignment/certification, green building certificates, governance and regulatory policies in place and audited accounts.
5. Fuel combusted, imported energy use, water, waste, biogenic emissions, mitigated emissions (landfill), renewable energy and biogas exported, buildings' EPC ratings and energy efficiency plans.
6. People housed, school places, hospital beds and renewable energy and biogas exported.

Sustainability continued
Responsible Investment continued

Corporate ESG initiatives

The Board promotes a positive dialogue with its key service providers regarding social and environmental areas. All key service providers, including the Investment Adviser and the Administrator, regularly report on their efforts and progress in areas such as diversity, the environment and social impact. Service provider initiatives include policies such as promoting paid rather than unpaid internships, charitable donations, volunteering days and encouraging low carbon office environments as well as business travel.

B Corp

In April 2024, the Investment Adviser was awarded a B Corp certification. This involved the Investment Adviser undergoing a 'B Impact Assessment', which measures a company's entire ESG performance. To achieve certification, B Corps must score at least 80 points, with the assessment evaluating a company's practices and outputs across five categories: governance, workers, community, the environment and customers. The Investment Adviser started the process in 2022 and received B Corp certification in April 2024, with a score of 99.4.

Carbon emissions

The Company and the Investment Adviser run their operations on a carbon-neutral basis to support the transition to net zero. As part of its corporate social responsibility, the Board supports the local Jersey charity, Jersey Trees for Life as well as using their scheme to offset its carbon emissions from flights to and from the UK. Whilst not a verified carbon offsetting assurance scheme, the offsetting benefits Jersey Trees for Life, which is the only charity that is dedicated solely to the protection and preservation of trees in Jersey. The charity's aim is to encourage the protection, preservation and planting of trees, and to foster an appreciation of trees through community education for their amenity, ecological preservation and social importance.

The Investment Adviser's premises in London hold a BREEAM 'Excellent' rating, meaning it scored over 70% in a BREEAM assessment, which measures the sustainability performance of buildings. The Investment Adviser encourages the use of public transport and minimisation of flight travel in its business travel policy and operates an electric vehicle scheme and a bike to work scheme.

The Investment Adviser fully offsets its carbon emissions by contributing to a portfolio which is run by provider Climate Impact Partners, whose aim is to reduce one billion tonnes of CO₂ by 2030.

Whilst the Board and the Investment Adviser do not consider offsetting to be by any means a perfect solution to the impact its activities have on the environment, both parties believe it is a useful starting point. The aim is to reduce emissions with the intention of continuing to investigate and follow best practice in this area.



Investors in People

In 2022, the Investment Adviser was awarded an 'Investors in People' accreditation. The Investment Adviser has committed to working with Investors in People over a three year time frame, with the aim of improving its accreditation level over that time. It encourages everyone in the business to reach their potential and provides regular training to staff, including funding for specific industry qualifications. The Investment Adviser also operates a range of measures to support the physical and mental health of its employees, including a private healthcare package and guidance on healthy working practices.

This year, the Investment Adviser held two training sessions for employees on improving mental health at work. It also offers hybrid working arrangements for all employees.

Investors in People carried out a review of the Investment Adviser's progress this year, which involved conducting a business-wide employee feedback survey and holding focus groups with a sample of 13 employees across the business. The survey had a participation rate of 82%. Feedback from the review indicated a positive shift in transparency across the business, as well as improvements in leadership. The review also provided the Investment Adviser with an action plan which identified areas of improvement and actions that can be taken to implement this over time.



Sustainability continued
Responsible Investment continued

Corporate ESG initiatives continued

Volunteering initiatives

The Investment Adviser operates a volunteering initiative which encourages employees to volunteer for charitable or not-for-profit purposes by giving an additional two days' paid leave plus two days' unpaid leave per year. It continues to operate its charity of the year scheme, and engage with fundraising, events and through volunteering. This year, the charity of the year scheme was split between charities, including Street Child, Guide Dogs, and Trees for Cities. A total of 19 employees participated with more than 102 hours spent volunteering. This provided employees with an opportunity to work as a team and engage with the local community. The total amount raised for charities this year was almost £47,000.

Diversity, equity and inclusion

The Investment Adviser has a formal diversity policy, and holds diversity and equality training for all employees. The Investment Adviser also carries out an anonymous questionnaire to help understand the makeup of its workforce. This means the data can be monitored over time as the Investment Adviser strives for improvements in DEI, while also considering specific areas of focus.

Internships

The Investment Adviser also continued its participation in the 10,000 Black Interns programme this year, which offers paid internship opportunities across more than 25 sectors, along with training and development opportunities.

The Investment Adviser offered two paid internships as part of the programme, with both interns working across the Company. It also facilitated two paid internships for students as part of the Young Women in Finance programme, as well as hosting two students for work experience placement as part of the programme. Young Women in Finance is an organisation dedicated to the eradication of gender bias for new graduates entering the finance industry, with a goal of achieving a 50/50 gender split in graduate recruitment figures by 2030. One other internship was offered to an ESG masters student. The interns worked across teams at the Investment Adviser with a particular focus on the Company's climate risk assessment.



Interns conducting a site visit at Birmingham Biopower Ltd.



19

Employees volunteered



102

Hours spent volunteering

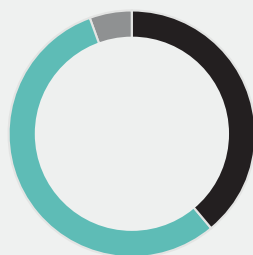


£47,000

Raised for charity

Gender diversity¹

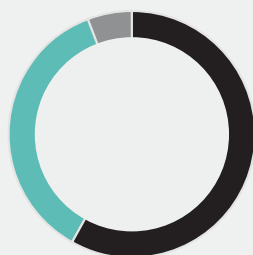
Gender of employees



Female	38.9%
Male	55.6%
Prefer not to say	5.5%

Ethnic diversity¹

Ethnic group



White British	58.3%
Ethnic minority	36.1%
Prefer not to say	5.6%

1. As at 31 March 2024.



A day in the life of an intern

Morning:

As an intern at the Investment Adviser, my mornings are usually occupied with tasks like summarising initial investment opportunities and participating in team calls and meetings. These tasks offer a first-hand glimpse into the world of infrastructure investment, which I find very exciting. Occasionally, I get the chance to visit the Company's assets, which adds a different dimension to my experience.

Skill building:

Financial modelling is a critical skill in finance, and the Investment Adviser has a structured modelling programme in place for interns. This includes a financial modelling exercise that I work on week-by-week. It's a hands-on way to enhance my financial analysis skills and gain practical experience in asset management.

The team:

One of the highlights of my internship is informal coffee meetings with team members. These conversations not only allow me to understand their career paths and roles within Gravis but also provide opportunities to assist with any tasks they might need help with. It's a dual-purpose opportunity – learning and contributing simultaneously.

Regular check-ins:

I have regular catch-up meetings with my supervisor, where we discuss my current work, address any questions or challenges I'm facing, and delve into career-related advice. It's a mentorship opportunity that helps me navigate my internship and future career prospects effectively.

Presentation:

Towards the end of my internship, I was allocated time to work on a presentation for the team. The presentation centred around a regulatory update that had significant implications for asset managers, particularly regarding disclosure requirements.

In the last week of my internship, I presented to the entire infrastructure team in a collaborative session with several questions from the team. This experience was the highlight of my internship, as it offered a practical application of my skills, and allowed me to showcase my contribution to the team's knowledge and efforts in this area. I also introduced myself to the Board of the Company and explained what I had been working on, which included presenting my findings.

Sustainability continued

Governance



Disclose the organisation's governance around climate-related risks and opportunities.

Compliance statement

The Company has voluntarily and partially reported against all four core elements of the TCFD and the eleven recommended disclosures, taking into account the TCFD 'Guidance for All Sectors', as well as the supplemental guidance for the financial sector.

This year, the Company has partially reported against 'Strategy (c)' in respect of different climate-related scenarios, including developing its 2°C or lower scenario, and has included more physical risks and improved its data sources.

The Company has omitted to report against 'Metrics and Targets (c)' as the Company continues to develop and refine its data collection exercise this year, including the use of external consultants. As a debt fund, the Board is committed to a thoughtful process of establishing material, accurate and relevant climate-related metrics and targets. It intends to continue developing its approach in the coming years, including its aim of obtaining reasonable assurance over its ESG metrics.

For this reason, the Company is not in full compliance with the TCFD requirements at this stage. It will continue to work towards full compliance.

A. The Board's oversight of climate-related risks and opportunities

The Board is responsible for setting and monitoring the Company's strategy, which includes consideration of climate-related risks and opportunities.

The Board is informed about relevant climate-related issues as part of the quarterly reporting cycle by the Investment Adviser and the Company's own committees.

The Company's committees contribute as follows:

- Audit and Risk committee: responsible for climate-related disclosures and sustainability risk assessment
- Sustainability committee: developing, implementing and monitoring ESG policies and activities
- Investment committee: considering ESG impacts during the investment due diligence process
- Management Engagement committee: ensuring key suppliers operate in a socially responsible manner

The Sustainability committee formally meets once a year and engages informally with the Investment Adviser and other service providers regularly, including participating in briefings and new initiatives. It formally reports to the Board at each quarterly Board meeting. This quarterly engagement includes relevant training and ESG updates for the Board, both regulatory and Company specific.

The Investment Adviser utilises external consultants as appropriate, and acquires expertise where needed, including through recruitment. This year, the Investment Adviser funded five ESG-focused internships to support the work the Board is doing as part of its ESG processes and to assist the Investment Adviser with the climate risk assessment and ESG policy. The internships enabled the Company to benefit from a fresh, more diverse perspective with enthusiasm and expertise across environmental matters.

B. Describe management's role in assessing and managing climate-related risks and opportunities

The Investment Adviser has over a decade of experience in identifying assets with a core environmental and/or social benefit for the Company. The Investment Adviser's in-house expertise includes a Head of Private Credit who has significant experience in incorporating ESG factors into credit ratings. Members of the investment team also have significant experience in sustainable investing. Responsible investment processes are overseen by the Responsible Investment committee, which reports to the board of the Investment Adviser. Further information is provided on pages 106 to 109.

Climate risks are considered at each stage of the investment process, including the initial deal screening of opportunities and investment due diligence processes. Risk assessment takes the form of both quantitative analysis and qualitative assessments which look at the ESG approach of investee companies.

Environmental impact assessments are carried out where appropriate as part of the due diligence process to identify potential transition and physical short, medium and long-term impacts on costs and viability across service providers and investments.

ESG risks are also incorporated in the credit risk management process. The Investment Adviser identifies relevant ESG risks which could materially impact the credit quality of borrowers. The relevance and materiality of those ESG risks are identified, recorded and assessed. The Investment Adviser assigns an ESG risk (low, medium and high) to each loan to reflect ESG risks potentially impacting the ability and willingness of the borrower to meet its financial obligations on a timely basis. The risk of an asset becoming obsolete because of the energy transition or physical climate risk (such as flooding or drought) or governance without the necessary controls in place, would be categorised as loans with a high ESG risk.

This information is presented to the Investment committee as part of the investment approval process with the Board directly or indirectly addressing climate-related risks and opportunities when evaluating and approving new investments. The Investment Adviser provides fortnightly, ad hoc and quarterly updates to the Board on asset performance, including the response of assets to climate events.

Following execution and investment, key relevant ESG indicators are monitored by the portfolio management teams. The Investment Adviser seeks to engage with investors to understand relevant ESG factors and to manage exposure to risks.

Sustainability continued

Strategy



Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

The Investment Adviser, through its climate risk assessment, has identified, based on current climate conditions, that the portfolio is exposed to physical risks arising from extreme weather events; examples include Storm Eunice in February 2022, which caused damage to solar panels at a solar farm in the portfolio, and increased rainfall leading to flooding at an anaerobic digestion plant in the portfolio, which negatively impacted production at the plant until the end of 2023. However, the overall financial impact of these physical risks to the Company is not material and various mitigants are in place such as comprehensive insurance policies which cover physical damage due to weather-related events. It is recognised, however, that such insurance policies may not always be available at a reasonable cost or at all and physical resilience or protection of assets is kept under review and action is taken when it is appropriate.

The Company defines short, medium and long-term risk time horizons as follows: short term: zero to three years; medium term: four to eight years; long term: more than eight years. When considering materiality, the Investment Adviser considered the financial impact each risk could potentially have on the asset if it were to materialise. Further information can be found on pages 76 to 79.

The main short-term physical risk exposures for the portfolio are water damage and heat stress. However, there are mitigants in place.

For example, the likelihood of these assets experiencing damage at the same time is low due to their geographical dispersion.

The Investment Adviser has also implemented mitigation plans to strengthen the weather resistance of certain assets during the year. These involved improving drainage across anaerobic digestion sites and solar farms in the portfolio to avoid flooding risks. The portfolio assets have general maintenance regimes in place for assets to mitigate the impact of weather, which include applying galvanic paint to prevent rusting on steel structures. In addition, the Investment Adviser switched the fuel supply of a bio-power asset, meaning it can now source fuel from different waste transfer station locations to mitigate the impact of a climate event in one location impacting supply. The Investment Adviser will continue to monitor and review mitigation plans to avoid physical damage to the portfolio assets.

Medium to long term, more frequent extreme weather may place significant pressure on energy infrastructure, including renewables, and could cause damage to components, power lines and transmission grids, including potential disruption to supply chains. Significant impacts may arise in the social infrastructure sector, leading to localised strain on public services, and the potential closure of facilities. Higher temperatures may also impact key components of renewables projects and could also lead to the overheating of buildings, which can adversely impact vulnerable people.

The Company is also exposed to transition risks in the short term from sudden and unexpected changes to Government policy. An example of this is the Electricity Generator Levy in the UK, which taxes certain renewable energy generating assets until 2028.

In the medium to long term, any policy changes to the MEES would impact properties in the social housing sector. The ability to claim MEES exemption caps the maximum exposure to £10,000 per property. Overall, 49% of the social housing portfolio has an EPC rating equal to a C or above, whilst 36% has an EPC rating of D or below, with the remainder either unavailable or unrated. The obligation to improve the energy efficiency of the properties below a 'C' rating sits with the third party RPs under fully repairing and insuring leases, and this will be closely monitored with borrowers.

An increased focus on the ESG aspects of the investment process presents significant opportunities for the Company. At IPO, ESG considerations were not as prominent for investors as they have become in recent years.

Whilst many investment funds and companies are seeking to quantify and reduce their negative environmental and social impact, the Company finds itself in a position where all its investments have a positive environmental or social contribution, meaning sustainability is inherent in the Company's portfolio.

As the UK embarks on the largest transformation of its infrastructure in recent history as part of the transition to net zero, there will be a significant private sector investment requirement to support this, and public sector support will be needed across a range of asset classes. The new Government has pledged to work with the private sector to double onshore wind, triple solar power, and quadruple offshore wind by 2030, with increased spending across the renewable energy infrastructure sector. The new Government's Green Prosperity Plan is set to 'partner with businesses' to invest in 'industries of the future', with the aim of creating 650,000 jobs.

B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

The primary physical impact of climate change on the business will be experienced by the Project Companies the Company lends to: firstly, by increased operating costs or reduced revenues due to physical risks materialising.

In many cases, physical mitigation measures exist and there is a degree of contractual protection built into loan agreements from these increased costs.

Secondly, the credit quality of the Project Companies may deteriorate. For example, extreme weather events might materially increase the cost of insuring some assets, or they might make some assets uninsurable. These impacts, if material, may lead to a reduction in the valuation of the portfolio.

Regarding the Company's strategy, the portfolio benefits from its geographic, technological and market diversification. Conversely, opportunities may arise which enable the Company to deploy capital to a wider range of asset classes, providing further diversification into new sectors and thereby increasing revenues.

For financial planning, one potential transitional impact of climate change arises from the increased deployment of renewable power generation reducing the marginal cost of electricity and impacting revenue. A mitigating factor for this is the increased use of direct PPAs, which will thereby secure steady revenue streams. The Investment Adviser, on behalf of the Company, has successfully implemented a number of these agreements. Further information on the Company's electricity price exposure can be found on pages 52 and 53. Based on the climate risk analysis undertaken, referred to on pages 76 to 79, the Investment Adviser does not currently propose to make any changes to financial forecasts due to climate risk.

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The climate change risk assessment carried out by the Investment Adviser has concluded that the Company's strategy is resilient to both the physical and transition risks associated with climate change. This year, the Investment Adviser increased the scope of its 2°C or lower scenario to include analysis of changes in physical risks. In doing so, it has noted resilience to the identified physical risks associated with climate change, with heat stress the only score that increases in a 2°C or lower global warming scenario. The other physical risk scores remained the same. Transition risks were not included in the assessment, due to difficulty in obtaining independent data points. However, the Investment Adviser will look to include these in future climate risk assessments as it works towards the Company achieving full compliance with TCFD.

The results of the assessment demonstrated that whilst there are physical and transitional risks in the context of the Company's diversified portfolio, the financial impacts were not material. For example, a storm might generate strong winds which could have a negative impact on revenue from wind turbines, causing them to shut down in stormy conditions, but would not necessarily have an adverse impact on other assets in the portfolio, illustrating the resilience of a diversified portfolio.

Sustainability continued

Risk management



Disclose how the organisation identifies, assesses and manages climate-related risks.

A. Describe the organisation's processes for identifying and assessing climate-related risks

The Board of Directors directly or indirectly addresses climate-related risks and opportunities when evaluating and approving new investments, including a climate risk assessment for each new investment.

As part of the Investment Adviser's due diligence process, climate risk assessments are carried out on each portfolio asset where appropriate.

The Investment Adviser also carries out ongoing performance monitoring, including asset site visits by experienced personnel; further information is given on page 66. Fortnightly updates and quarterly detailed reports on asset performance are also provided to the Board.

Climate change has become a key risk faced by infrastructure investors. The Company continues to focus on the potential impacts of climate change and the risk factors associated with rising global temperatures. As such, the Investment Adviser has conducted a detailed portfolio-wide climate risk assessment across each of the 473 individual assets in the portfolio. This risk assessment includes an analysis of the impact of a 2°C or lower global warming scenario.

The risk assessment considers nine risk factors divided between physical and transition risks:

- Physical risks: these are events that are driven by a shift in temperatures and weather patterns. The assessment considers five risks: flood risk; heat stress; water stress; fires and wildfires; severe winds and storms. These events have been chosen based on their materiality to the overall portfolio. Refer to the table below for further detail on materiality.
- Transition risks: these are the risks related to the transition to a low-carbon economy. Four areas were considered: policy or regulatory; technological; market; and reputational risks.

External and internal data points were used to assess assets in the portfolio. Historic weather data was used to inform heat stress, water stress and severe wind. UK Government databases were used to obtain data for flood risk and wildfire data for all available sites in the portfolio. IPCC data was used to determine heat stress, water stress and severe winds in the 2°C warming scenario. The Beaufort wind scale was used to assess the threshold at which wind speeds are considered high. EPC ratings were obtained from UK Government databases.

An asset-by-asset assessment was undertaken internally by the Investment Adviser's portfolio management team to consider the specifics of each investment and to understand the overall exposure to climate change and any mitigating factors. The results from the risk assessment form part of the portfolio management decision-making process and help identify further mitigation strategies, informing whether any changes are required to the underlying financial forecasts of the Company.

The climate risk assessment was completed by evaluating the impact and likelihood of a climate change event happening within the remaining lifetime of each asset, divided between physical and transition risks. The risk assessment scores were calculated by multiplying impact and likelihood metrics to form a total score for each asset.

For physical and transition risk, the impact metric indicates the financial impact each risk could potentially have on the asset. This metric is scored on a scale of 1 to 5, with 5 being the highest and 1 having a lower impact.

Each score indicates a specific financial impact as shown in the table below:

Score	Materiality	Impact
5	Significant	>£5 million
4	Major	£2 million – £5 million
3	Moderate	£501,000 – £2 million
2	Minor	£51,000 – £500,000
1	Negligible	<£50,000

The likelihood score for physical risk is based on past Met Office data to determine the probability of a specific weather event happening, based on the specific location of the asset.

For transition risk, the likelihood score was rated between 0% and 100% based on the probability of a climate event happening within the remaining lifetime of the asset. This probability was converted to a score between 1 and 5 to keep consistency between the physical and transition risk likelihood scores, seen in the table below:

Probability	Score
<5%	1
5% - 15%	2
15% - 25%	3
25% - 35%	4
>35%	5

The impact and likelihood metrics were multiplied with each other to give a score for each risk identified, which led to each physical and transition risk metric being given a total rating out of 25. These individual ratings were then weighted by the portfolio valuation of each asset to give an aggregated score by sub-sector and sector. A final rating between 0 and 225 was obtained by combining total physical and transition risks scores.

The chart on page 78 shows the output of this process, indicating the sectors that are most vulnerable to climate change. The placement of each sector highlights its risk exposure, with a low risk between 0–33%, medium risk between 33–66% and high risk between 66–100%. Each sector is plotted based on the risk percentage for each physical and transition risk.

The chart is based on the weighted average rating for each sector.

Under physical risks, the biggest exposure is to fires/wildfires and water stress. An increase in the frequency of fires/wildfires is most likely to impact the social housing sector, while an increase in water stress is most likely to impact the renewables sector.

Wildfires are becoming a bigger threat in the UK, with England averaging 30,000 wildfires a year, according to data from the Forestry Commission. Water stress is also becoming a bigger issue, with global warming causing higher rainfall in the UK and making rising water levels a bigger threat globally. This year, the Investment Adviser refined its water stress analysis by mapping assets to their water providers to see if they were in an area of stress.

Under transition risks, the portfolio is most exposed to policy/regulatory change, as well as technological change. Within the renewables portfolio, biomass projects account for some 10% of portfolio value and are most likely to be influenced by regulatory and market changes. While the Investment Adviser views the biomass sector as well placed to benefit from the transition to net zero as a form of low-carbon baseload power, uncertainty around the possible participation in the UK ETS along with future power price caps for renewable generators, is reflected in the regulatory and technological risk scores. While the new Government included some provisions in their Autumn Budget for the introduction of the UK ETS, there is still some uncertainty about the impact it will have on portfolio assets.

The Investment Adviser also undertook the analysis of a 2°C or lower global warming scenario on assets in the portfolio. This analysis concluded that the Company’s strategy is relatively resilient to the physical risks associated with climate change.

In the 2°C scenario, the Investment Adviser considered changes in the likelihood of the occurrence of physical climate risks and focused on the impact of a 2°C change in likelihood scores in the physical risk section. Transition risks were not included due to difficulty in obtaining independent data points, as well as the assumption that transition risks will not be impacted in the same way as physical risks in a 2°C warming scenario. The Company recognises it has further to go in achieving full compliance with a 2°C increased temperature scenario because of this and is committed to including transition risk data points in future years.

The likelihood score for heat stress, water stress, severe winds and wildfires in a 2°C temperature increase scenario was based on the probability of each metric occurring, using past Met Office data and UK Government data to determine the probability of a specific weather event and applying a multiplier for each physical risk. This multiplier was based on data from the IPCC, which is the United Nations body for assessing climate change. The Investment Adviser acknowledges this is a different data source than was used in last year’s assessment; however, it considers it a more reliable data source from which to obtain future weather projections.

Sustainability continued

Risk management continued



A. Describe the organisation's processes for identifying and assessing climate-related risks continued

After running the 2°C scenario, it was determined that physical risks mostly remained the same, with the exception of heat stress, which increased by 0.4 rating points. This has led the Investment Adviser to conclude the Company's strategy is relatively resilient to both the physical and transition risks associated with climate change.

The Investment Adviser and the Board recognise that the prioritisation of climate change requires a change of Government approach, primarily through regulation.

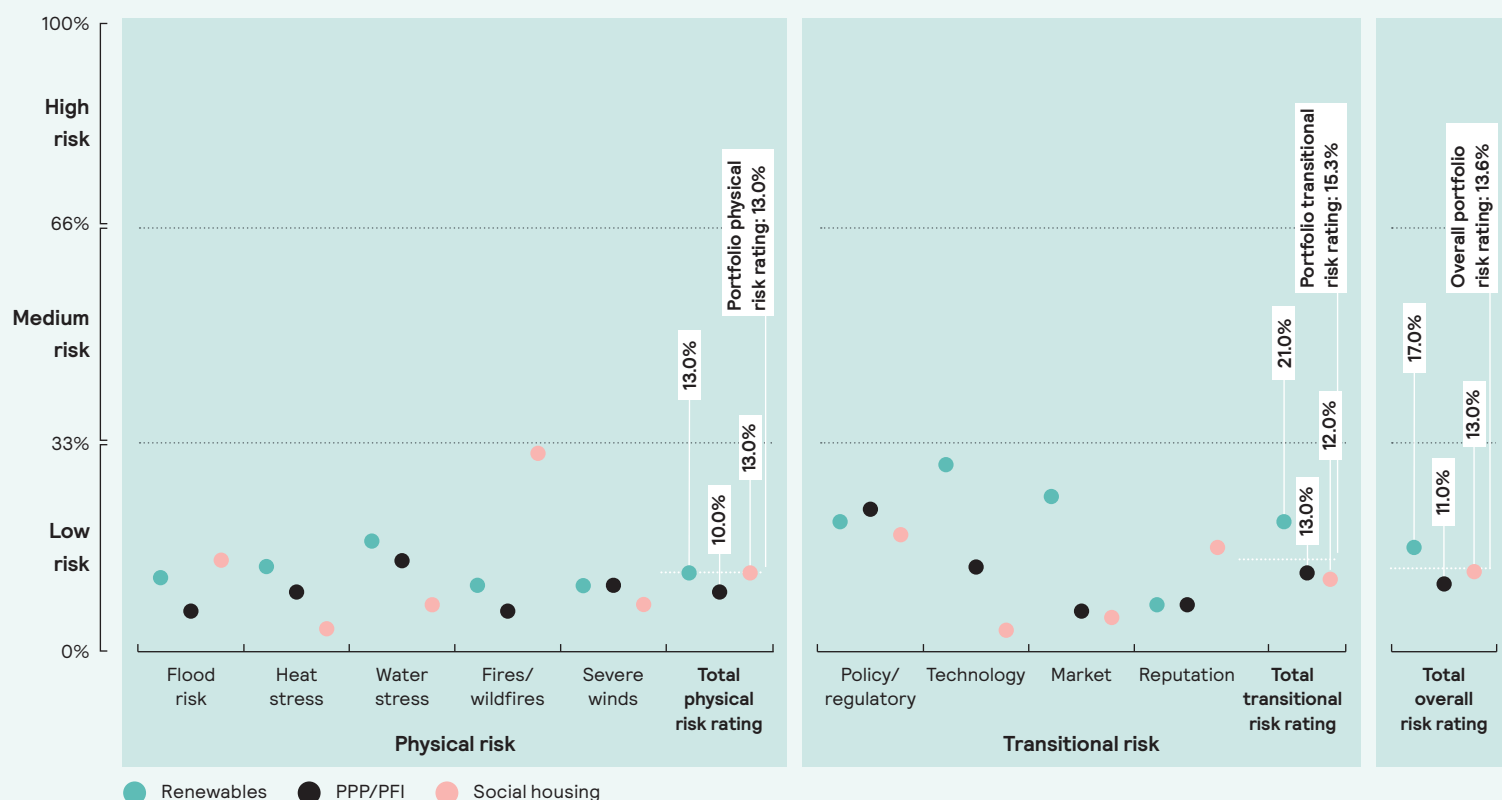
Regulatory changes through mechanisms such as the UK ETS, power price caps, energy efficiency standards and windfall taxes on renewable energy generators may further impact the portfolio.

Based on the analysis undertaken, the Investment Adviser does not currently propose to make any changes to its financial forecasts due to climate risk. As detailed on page 74, in the medium to long term, any changes to MEES for buildings could impact certain assets, and these will be closely monitored with borrowers. The Investment Adviser also intends to closely monitor the impact of rising global temperatures on its investments, as the increasing likelihood of rising temperatures could impact the portfolio, as evidenced in a 2°C rising temperature scenario. The Investment Adviser intends to update the climate risk assessment on an annual basis.

This year, the Company engaged Terra Instinct, a sustainability advisory firm, to perform a review of the Company's TCFD disclosures and climate risk assessment. The review examined the Company's current approach to the climate risk assessment, providing recommendations on how it could be improved.

By partially implementing the recommendations, the Investment Adviser improved the reliability of its data source for the multiplier in the 2°C warming scenario analysis in this year's reporting. The Investment Adviser will continue to work towards implementing further recommendations in future years.

Portfolio exposures - climate change risk



The Company will continue to refine its approach to materiality as the availability, completeness and accuracy of data improves over time.

Whilst the Investment Adviser has concluded that the portfolio is exposed to low physical and transition risk, the climate opportunities for each asset have not been quantified in this exercise. This is an area that will be considered further in future assessments.

The Investment Adviser has identified several transition opportunities for the Company. These surround optimisation, expansion and life extension opportunities for the portfolio following growing demand for renewable energy and energy security. This is expected to cause renewable energy demand to increase, driven by the decarbonisation of transport and heating amongst other factors.

While opportunities related to physical and transition risks have not been quantified to date, the Board and the Investment Adviser hope to include these in future reports.

The Investment Adviser aims to continue improving all areas of its climate risk assessment, including the data collection process, controls around this process and creating meaningful disclosures in order to help monitor and mitigate exposure to climate change. Areas identified for improvement include:

- including transition risks in a 2°C or lower scenario;
- implementing further recommendations from Terra Instinct; and
- combining climate opportunities into the assessment.

B. Describe the organisation's processes for managing climate-related risks

The portfolio is diversified across a number of asset classes and ESG processes are embedded into investment decision making. The importance of the Investment Adviser's engagement and influence in helping portfolio companies improve their ESG performance is crucial. Further information is given in the risk section on page 97.

C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

The way in which the Company manages risk and principal risks and uncertainties is described on pages 88 to 96. The Board does not consider climate-related risk a principal risk, however it does recognise climate-related risk as an emerging risk. Refer to page 97 for further information.

Sustainability continued

Metrics and targets



Disclose the metrics and targets used to assess and manage the relevant climate-related risks and opportunities where such information is material.

A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The Investment Adviser includes an assessment of ESG characteristics in every investment proposal submitted to the Company's Investment committee for approval. Prior to the approval of a new investment, the Investment Adviser assesses how the investment rates against relevant ESG criteria, laid out in an ESG checklist tailored to the Company. The checklist typically covers the counterparty's commitment and capability to effectively identify, monitor and manage potential ESG-related risks and opportunities and, to the extent applicable, the availability of relevant policies and procedures, alignment with industry or investment-specific standards and ratings, and compliance with relevant ESG-related regulation and legislation. Each asset undergoes a credit risk assessment that incorporates ESG risk, which reflects the potential for ESG risks to impact the ability and willingness of the borrower to meet their financial obligations in a timely basis.

During the year, the Investment Adviser carried out a climate risk assessment for each underlying asset. Further information on the methodology used to complete the climate risk assessment is included on pages 76 to 79.

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks

As an investment company, the Company does not have a significant environmental impact by itself.

With no employees or property and an outsourced services model, there are no Scope 1 (direct) and Scope 2 (indirect through power demand) climate-related emissions to report, and as an investment fund specifically, its Scope 3 (other indirect) emissions fall under two categories within Scope 3 as defined by the GHG Protocol:

Category 1: Purchased goods and services

The emissions from services provided by the Company's top ten third party service providers and emissions from travel of the Board. The top ten third party service providers represent 92% of the annual expenditure of the Company and therefore these were deemed the most material in the context of the Company's outsourced service model.

The Company used a supplier-specific approach whereby expenditure for each service provider is multiplied by the service provider's organisational carbon footprint intensity in tCO₂e (market-based Scope 1 and 2 plus upstream Scope 3 emissions) as disclosed through publicly available data. Using this approach, the Company was able to report attributable supplier emissions covering 98% of its annual spend across nine of its top ten suppliers.

Category 15: Investments

The emissions of the underlying portfolio. As this is only the third year a detailed data collection exercise has been undertaken, there are still plenty of challenges faced in respect to the availability of the data requested, insofar as the Company is a debt provider and does not own or control 94% of assets in the portfolio.

As such, emissions data points were obtained from 74% of portfolio assets by value. Estimated emissions data was not used this year, due to the increase in emissions data collected directly from portfolio assets. Further steps will be taken to improve this process in future reporting periods.

The Investment Adviser will continue to liaise with asset operators to improve and refine the availability of future ESG data which will continue to be collected and reported on an annual basis. Further information on the data collection exercise can be found on pages 66 to 67.

The Company has measured and disclosed the emissions from its underlying portfolio in accordance with the GHG Protocol. Emissions from investments (Category 15) comprise proportional Scope 1 and Scope 2 and limited Scope 3 emissions of the underlying portfolio and have been allocated based on the Company's proportional share of total enterprise value (total equity plus debt) in accordance with the guidance for debt investments and project finance.

The Company has not reported total projected lifetime Scope 1 and Scope 2 emissions of any new projects financed during the year. It will seek to include this information for future years where possible.

Greenhouse gas emissions

The Company has measured its emissions in accordance with the GHG Protocol. An operational control approach was used to define the organisational boundary and responsibility for GHG emissions. Emissions have been measured over the twelve month period to 30 June 2024. The period chosen was to facilitate data inclusion in the Company's annual report.

		Year ended 30 September 2024 ¹		Year ended 30 September 2023 ¹	
		Absolute emissions tCO ₂ e Portfolio Scope 1, 2 & 3	Attributable emissions tCO ₂ e Portfolio Scope 1, 2 & 3	Absolute emissions tCO ₂ e Portfolio Scope 1, 2 & 3	Attributable emissions tCO ₂ e Portfolio Scope 1, 2 & 3
GHG emissions					
Scope 1	Direct GHG emissions – occur from sources that are owned or controlled by the organisation	—	—	—	—
Scope 2	Indirect GHG emissions – occur from the generation of purchased electricity, heating, cooling and steam	—	—	—	—
	Energy consumption used to calculate above emissions: /(kWh)	—	—	—	—
	Total gross Scope 1 and Scope 2 emissions /tCO₂e	—	—	—	—
Scope 3	Category 1, emissions from indirect purchased goods and services	171	171	124	124
	Category 15, emissions from investments	43,136	15,948	36,752	13,030
	Total gross Scope 3 emissions /tCO₂e	43,307	16,119	36,876	13,154
	Total gross Scope 1, Scope 2 and Scope 3 emissions /tCO₂e	43,307	16,119	36,876	13,154

C. Describe the targets used by the organisation to manage climate-related risks and performance against targets

The Board and the Investment Adviser are committed to improving the Company's data capture and disclosure to help drive more consistent reporting across the industry. The Company has continued to make progress towards achieving full compliance with TCFD and has expanded its reporting this year to include more physical risks in its 2°C or lower global warming scenario, as well as improving the reliability of the data used in its 2°C or lower scenario.

The Company intends to continue to develop its approach in relation to targets. However, given that the Company does not own or control 94% of the assets in the portfolio, certain challenges remain around setting climate-related targets at a portfolio level.

The Company has thoroughly considered the implementation of the SBTi, particularly regarding target setting.

However, there is currently no existing guidance from the SBTi on the infrastructure sector which assists with formulating targets. Formally submitting targets comes at a cost to the Company and it is therefore important to ensure it is good value for stakeholders. The first step is to establish internal targets, and the Company is in the process of ensuring robust and reliable data to establish a target base year.

The data collection exercise undertaken this year continues to provide the Company with useful portfolio-level data. This allows the Board and the Investment Adviser to focus on areas that are material. The data will also assist the Board in selecting relevant targets to manage risk and performance and inform other mitigations such as regular engagement, oversight and review.

The Company also engaged Aardvark, an independent and external provider, to advise on potential next steps to enable it to extend its limited assurance to commission reasonable assurance of its ESG data collection process in future years.

In addition, the Company engaged Terra Instinct to perform a review of the Company's TCFD disclosures and climate risk assessment, with the aim of the Investment Adviser implementing further recommendations for future periods.

The Investment Adviser runs its operations on a carbon-neutral basis. The Company is committed to achieving carbon neutrality by offsetting emissions generated by business travel, therefore supporting the transition to net zero.

1. 12 month period to 30 June 2023 or 2024 to facilitate data inclusion in the Company's annual report.