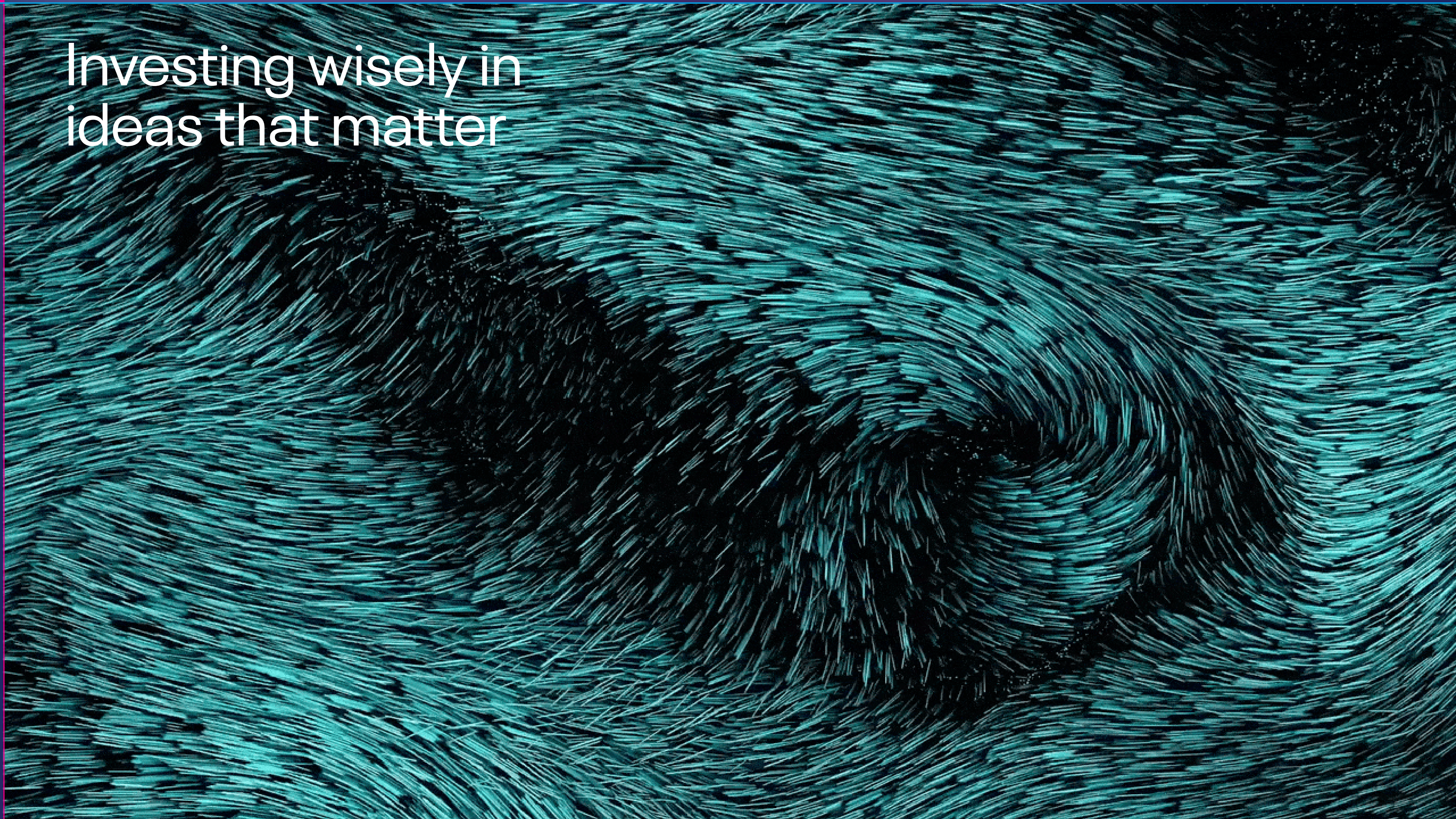
Infratil

Investing wisely in ideas that matter



Sustainability Report 2023

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Front cover: Rivers of Wind

The artwork featured on the front cover and throughout our Sustainability Report is from Rivers of Wind, a digital artwork by Delainy Jamahl.

Bringing data to life in this mesmerising digital artwork, Delainy Jamahl's Rivers of Wind uses 8 years of historic weather data from the Wellington Airport weather station to produce its flowing visuals. Visualising the invisible force that moves us and is often heard howling through our city, Rivers of Wind explores the intersection of technology and nature and their effect on the human experience. The Rivers of Wind soundscape is the collaborative work of Rhian Sheehan and Ed Zuccollo.

We are delighted to showcase this local artistic talent, especially because it can be interpreted to represent many of the characteristics of Infratil's portfolio through the intersection of climate, renewable energy, digital technology, and of course, Wellington Airport.

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Introduction

Highlights

Our sustainability report is structured around Infratil's four sustainability pillars

01 ESG Governance

100%
of portfolio companies have a Code of Ethics or Code of Conduct

100%
of portfolio companies have a diversity policy

0% reported workplace fatalities in FY2023

Our Manager, Morrison & Co, has been a UN Principles for Responsible Investment signatory since 2010

02 Leadership

Infratil's inaugural sustainability report

100%
portfolio company participation in GRESB infrastructure assessments

One of the first Financial Institutions in New Zealand to commit to setting a SBTi target

Implementation of Persefoni and Jupiter emissions and climate platforms

03 Climate and Nature

100%
of portfolio companies measuring carbon footprint for FY2023 Scope 1 & 2 (82% FY22)

5,750GWh
of renewable energy generated, enough to power 800,000 average New Zealand homes

Infratil's portfolio emissions intensity of 3.4 tCO_2e/US$million invested

30GW
Renewable generation pipeline across 4 continents

04 People

6,000+
employees across the portfolio

2 million+
mobile connections

5.3 million
airport passengers connected to 25 locations

285MW
secure data centre capacity, up 58% on FY2022

2.4 million
medical scans performed, up 35% on FY2022

Note from Infratil's Chair

At Infratil we aim to deliver strong financial results for our investors, who are saving for their future. It's important that we also put effort towards delivering the other outcomes that those investors want to see in their futures – a liveable climate, resilient and sustainable infrastructure, prosperous communities with great jobs and a thriving natural environment. That's one reason that sustainability is an idea that matters to Infratil.

The other reason we focus on sustainability is that environmental, social and governance (ESG) issues present risks and opportunities with financial consequences for Infratil. As outlined in this report, we are focused on capturing the opportunities and managing the ESG risks well – that's core to our role and that of our Manager, Morrison & Co. The diversification of our portfolio increases our resilience to climate related physical risks and emerging transition risks. Infratil also has an exciting role to play to help businesses, households and communities decarbonise, while also managing the impacts of climate change.

Our portfolio companies employ over 6,000 people, so ensuring we leverage the power of diversity, provide safe and meaningful work, and offer fair and equitable conditions is another area of focus for us.

We hope that by deliberately and specifically disclosing on the ESG issues that matter for Infratil, we help our stakeholders better understand our current sustainability characteristics. In doing so, we expect to enhance our ability to attract long-term capital from like-minded investors. This is crucial as we look to invest and grow our portfolio.

This is our first sustainability report – we welcome your feedback as we refine these disclosures over time.

Ngā mihi nui

Alison Gerry
Chair

Q&A with Infratil's CEO, Jason Boyes

Why is sustainability an idea that matters?

Ideas that matter underpin Infratil's purpose – we invest in things that society needs, and we believe will need more of into the future.

Sustainability is an idea that matters because it's fundamental to investing for the long term. It drives some of the megatrends we invest in such as renewable energy, underpins our social licence to operate and is increasingly important for our access to capital.

In relation to Infratil's portfolio, what is particularly notable from a sustainability perspective?

A few things spring to mind – first, the huge opportunity presented by our renewable energy portfolio. We're excited about playing a role to help countries around the world decarbonise. Another is one people might find somewhat surprising – Wellington Airport. It's leading our portfolio when it comes to having a well-developed approach to sustainability – reflected by its 98% GRESB Infrastructure rating, placing Wellington Airport as one of the most sustainable airports in the world.

Thirdly, I'm proud of how Infratil and our portfolio companies across the board are really "picking up" sustainability and running with it, each in a way that is relevant for them. We've all got more to do, but its pleasing to see such progress in a short space of time.

How do you see the link between sustainability and value?

Sustainability is, by its very definition, the ability to keep doing something in perpetuity, because you don't exhaust resources or inputs that you rely on. I mentioned our long-term focus earlier. This is what really drives value for our investors because it provides access to the magic of compound returns.

There are a number of things you need in place to invest for the long term, like access to capital, a robust strategy and investment discipline. Sustainability is also one of the key ingredients.

Where would you like to see Infratil make even more progress in relation to sustainability?

Three areas are already on our radar – I'd like to see additional, robust sustainability targets being set by Infratil and its portfolio companies on the issues that matter; integrating our capital with sustainability through things like sustainable finance; and finally, I think we can connect with and contribute even more to the communities where we operate.

Introducing Infratil

Purpose

With its Aotearoa New Zealand origins at its core, Infratil's purpose is to invest wisely in ideas that matter and, in doing so, create long-term value for our shareholders.

ESG Vision

Key to our purpose is delivering on our ESG vision to lead the way in sustainable infrastructure investment.

Responsible stewardship

We see our role as being good long-term stewards of the businesses, assets, and people that we invest in. We aim to use our sphere of influence – through governance and engagement – to have a positive impact on the ESG issues that matter for Infratil and its investments, with a particular focus on a 1.5°C aligned climate.

Basis of preparation

This report covers the twelve months ending 31 March 2023 for Infratil and its portfolio companies. One exception to this is Longroad Energy, which has a financial year ending on 31 December – data from this entity is incorporated in relation to the 12 months to 31 December 2022, unless otherwise specified. The report boundaries include all portfolio companies in Infratil's core platforms that were owned by Infratil prior to the start of the period. This means, unless otherwise specified, the reported data included all the companies shown in the table on the next page, except Clearvision Ventures (Clearvision), Mint Renewables and Fortysouth.

Reporting frameworks

This report refers to the Aotearoa New Zealand Climate Standards published in December 2022, the United Nations Development Programme Sustainable Development Goals ('SDGs') and Global Reporting Initiative ('GRI') Standards.

Assurance and review

KPMG undertook a review of Infratil's FY2022 GHG emissions data and provided limited assurance over Infratil's FY2023 GHG emissions data. We have also sought external expertise to review the content of the report to ensure it follows good sustainability reporting practice.

Investing wisely in ideas that matter

Introducing Infratil

As set out in Infratil's inaugural prospectus in 1994, the company was established to invest in listed and unlisted shares and securities issued by entities in the New Zealand infrastructure and utilities sector. It was intended that a major focus of Infratil would be to seek opportunities which individual investors could not access easily, including unlisted investments. In 2002 Infratil's investment focus was extended to include international infrastructure assets.

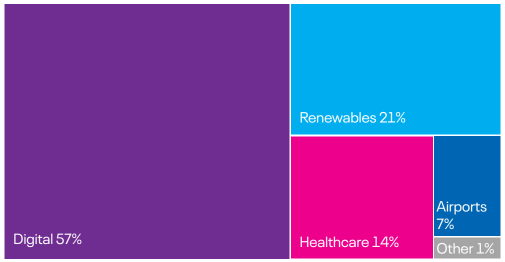
Infratil's investment strategy has had consistent threads running through it over the last 29 years. Today, we remain a high conviction infrastructure investor focused on investing in ideas that matter. This means identifying and delivering the essential services that society needs today and will continue to require in the future. Demand for these essential services will be driven by macro-economic tailwinds that underpin our long-term approach to investment.

Our investment focus is on sectors and businesses that:

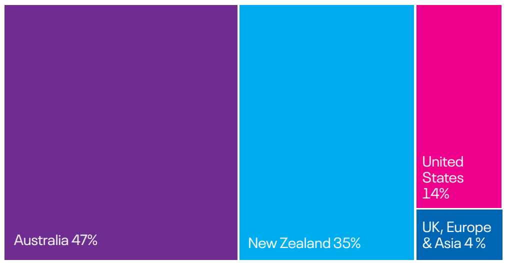
- Have strong defensive characteristics;
- Operate sustainably and support their communities;
- Offer growth opportunities supported by macro or industry tailwinds; and
- Provide opportunities to reinvest and build large-scale infrastructure.

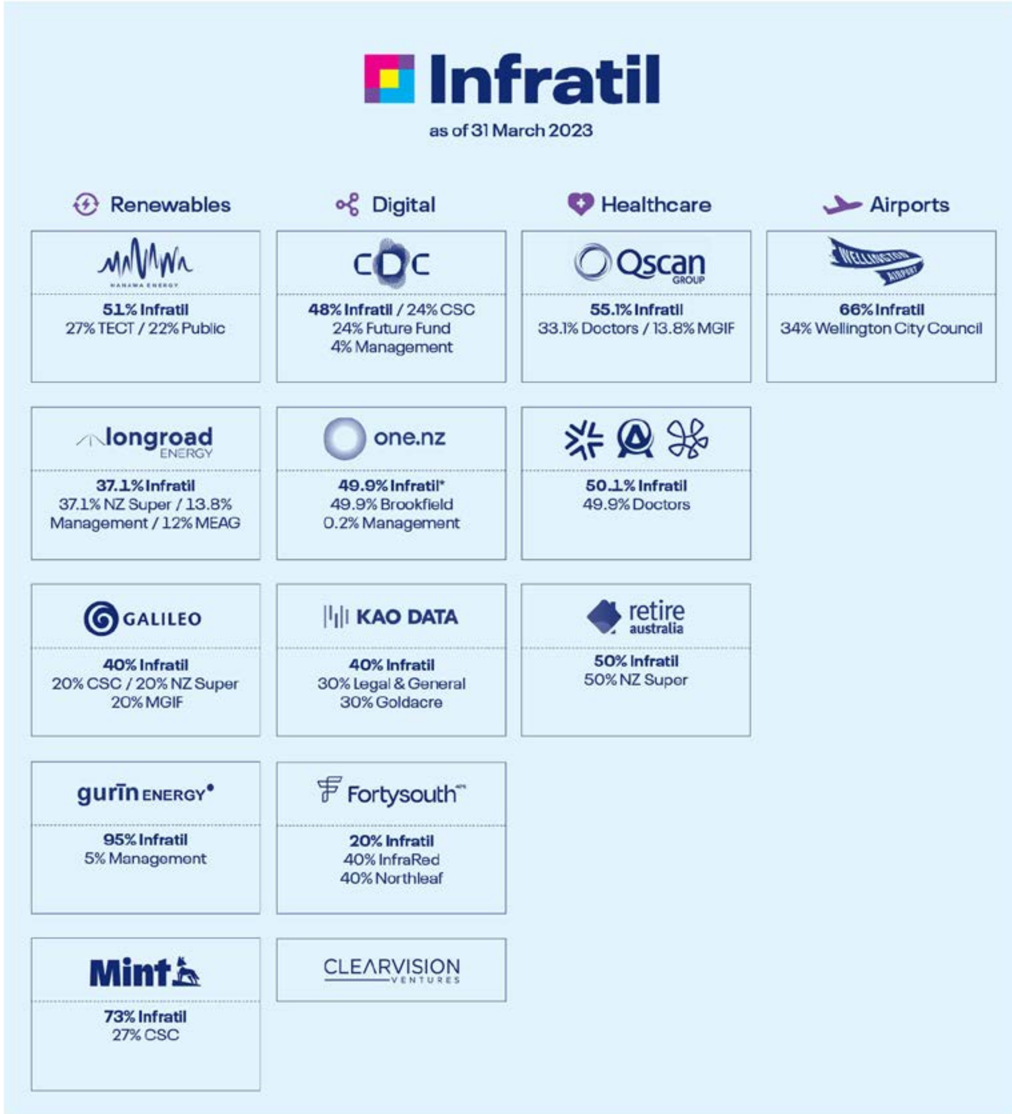
Since inception, Infratil's aim has been to deliver an absolute return. Based on the portfolio's current construction, we are targetting long-term shareholder returns of 11–15% per annum after tax (over a 10-year period). This is expected to be achieved through a mix of share price increase and dividend returns. Sustainability is fundamental to achieving our target returns over our long-term investment horizon.

Portfolio Composition (by fair value)- Sector



Portfolio Composition(by fair value)- Geography





* Increased to 99.9% ownership on 15 June 2023 with Infratil's acquisition of Brookfield's shareholding.

Infratil's Manager, Morrison & Co

Founded in 1988, Morrison & Co is a specialist infrastructure investment manager, investing in both private and listed markets. Morrison & Co established Infratil in 1994 and has acted as Infratil's Manager since its inception.

As at 31 March 2023, Morrison & Co had about NZ$30 billion in funds under management across its various funds and clients with seven offices globally, located in Sydney, Melbourne, Wellington, Auckland, Singapore, London and New York, as well as a presence in Zurich and Hong Kong.

Infratil has its own Board, but no employees – instead it contracts to Morrison & Co for its day-to-day activities, including investment management. This provides Infratil with greater access to expertise, flexible resource, and broad networks than it could probably achieve as a conventionally resourced company.

Purpose and Investment Approach

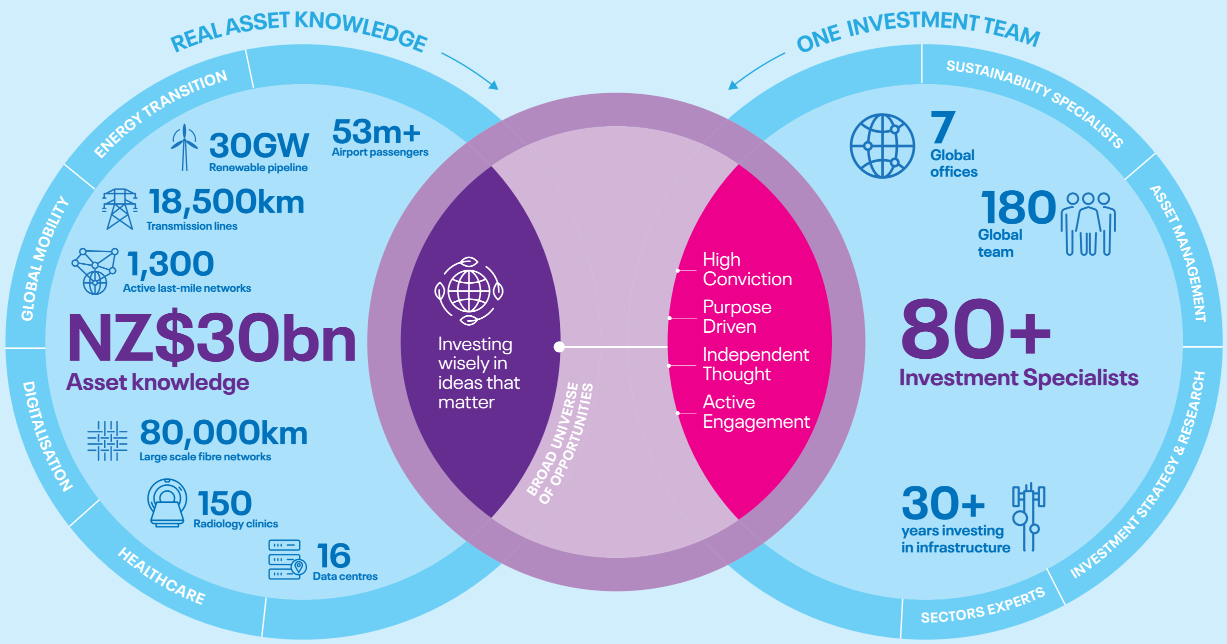
Morrison & Co's purpose is aligned to that of Infratil, to invest wisely in ideas that matter. It also recognises that ESG factors, including climate-related factors, have an impact on investment performance and valuation, and that effective ESG integration can be value accretive over short, medium and long-term horizons. Morrison & Co's position and commitments in relation to climate change are set out in its Climate Statement.

Morrison & Co has been a signatory to the UN supported Principles for Responsible Investment ('PRI') since 2010. The PRI's six Principles are reflected in its Responsible Investment Policy which outlines Morrison & Co's beliefs, principles, and commitments to responsible investment on behalf of its clients, including Infratil:

- Including ESG factors in thematic research and investment opportunity screening. Morrison & Co's exclusion policy is set out in its Responsible Investment Policy.
- Increasingly, completing detailed ESG due diligence for significant investments supported by insights from specialist ESG service providers.
- Developing a responsible investment programme for each of its managed investment funds and investment mandates which establishes ESG goals and commitments and provides an ESG performance monitoring and communication framework.
- Benchmarking ESG performance using industry recognised ESG ratings systems.
- Active ownership including regularly engaging with existing and potential investee entities to ensure that Morrison & Co's ESG expectations are being achieved. Engagements are prioritised by the materiality of the ESG issue(s) and the level of influence on ESG practice that Morrison & Co can achieve.
- Promoting industry-wide acceptance of, and commitment to, the PRI's six Principles of Responsible Investment.
- Considering best practice ESG approaches and outcomes in proxy voting recommendations that it provide to its clients.
- Collaboratiing on ESG initiatives and programmes that are relevant to Morrison & Co with external stakeholders such as co-investors, regulators, communities, and non-government organisations.
- Regular reporting of ESG performance through clear and comprehensive disclosures to its clients, including through the PRI's Reporting and Assessment Framework.

In January 2023, both Infratil and Morrison & Co committed to set company-wide emission reduction targets in line with climate science with the Science Based Targets initiative ('SBTi'). These commitments encourage Morrison & Co and Infratil portfolio companies to also set SBTi targets.

Investment approach



Sustainability Roadmap

Progress on sustainability

1990s

Infratil's inaugural investment is in renewable energy. (Trustpower, now Manawa Energy)

2000s

Portfolio renewable energy generation exceeds 2TWh

2010s

Morrison & Co becomes signatory to the PRI

Infratil's portfolio expands to social infrastructure: digital connectivity and aged care

Morrison & Co establishes dedicated sustainability team. Renewables platform expands globally

2020

Infratil's social infrastructure investments broadened to include healthcare

Formal exclusions screening published

First Modern Slavery Position and Climate Position Statements issued

2021

GRESB Infrastructure Assessments piloted

Sustainability Strategy published

2022

GRESB Infrastructure Assessments[1] undertaken by Infratil and all its portfolio companies

Infratil and Morrison & Co commit to setting SBTi targets

Infratil undertakes CDP assessment

GRESB rates Wellington Airport third best airport in the world for sustainability

2023

Emissions platform, Persefoni, implemented; FY2023 portfolio emissions measured

Oxford Economics climate scenarios refreshed; physical climate risk platform selected

Portfolio renewable energy generation exceeds 5.7TWh in FY2023

Infratil and Morrison & Co join APAC chapter of initiative Climat International

Materiality assessment undertaken

Wellington Airport announces $100 million sustainability linked loans

Infratil publishes its inaugural Sustainability Report

Infratil to set SBTi targets and publish climate-related disclosures

2024

Infratil to formally report under Aotearoa New Zealand's Climate Standards

SBTi Net Zero Framework for Financial Institutions expected to be published

Continue to work with portfolio companies to implement climate strategies and lift GRESB scores

1 GRESB Infrastructure Assessments (GRESB) assess and benchmark companies' ESG management and performance.

Infratil's Material ESG Issues ('MEI')

Infratil's social licence, and our ability to create value, rely on Infratil understanding and engaging on the ESG issues that matter for our stakeholders - in the words of the former Governor of the Bank of England and UN Special Envoy for Climate Action and Finance, Mark Carney, "value reflects values". With this in mind, earlier this year, Infratil undertook its first formal materiality assessment. Seventeen stakeholders were identified from the following groups and interviewed in relation to the identified megatrends impacting Infratil's businesses.

Stakeholder	Relationship and engagement
Infratil Board	Responsible for Infratil's governance and strategy, Infratil's Board engages with Morrison & Co, its portfolio companies, and investors.
Morrison & Co employees	Morrison & Co employees are responsible for the day to day management of Infratil's portfolio and activities. They hold functional roles such as CEO and CFO of Infratil, governance positions in portfolio companies and provide specialist expertise for Infratil.
Portfolio companies	Portfolio company employees, management and Infratil-appointed directors engage on multiple levels with Morrison & Co, acting on behalf of Infratil, as well as engaging directly with Infratil's Board.
Retail and institutional equity investors	Our equity investors provide important long-term capital that enables Infratil to invest and grow. We engage regularly with investors through Infratil's market releases, reports and presentations, investor days, roadshows, and Annual General Meeting. Equity investors are increasingly seeking low emission and sustainable investments for their portfolio, which presents an opportunity for Infratil.
Co-investors	Infratil often invests alongside like-minded long-term, sustainability focused investors. Some co-investor investments are also managed by Morrison & Co.
Community and customers	Infratil and its portfolio companies value good relationships with the communities in which they operate, the customers that use their services, and are increasingly seeking to engage respectfully with the indigenous peoples in and around their operations.
Lenders and debt investors	With total facilities of NZ$898 million as at 31 March 2023, bank funding plays an important role in Infratil's capital structure. In addition, Infratil is one of the largest corporate bond issuers in the New Zealand market with $1,318 million bonds outstanding as at 31 March 2023. Infratil has strong relationships with its banks and bond investors, and engages directly as well as through reports, releases, and presentations. Our lenders and bond investors are increasingly focused on the sustainability impacts of their loans and investments.
Financial intermediaries, service providers and regulators	Infratil relies on an eco-system of financial service providers that are governed by various bodies such as the NZX and FMA. These entities are involved in Infratil's financial activities such as bond and share issuance and listing, annual reporting and providing independent expert advice where appropriate.

Infratil's Material ESG Issues ('MEI')

Responses were collated from Infratil's materiality assessment and aggregated into key themes, which were then mapped against Infratil's risk register to determine the most material issues, both from a financial (F) and stakeholder (S) perspective, an approach known as "double materiality".

Below we set out each of Infratil's MEI, with a summary of the feedback provided by stakeholders

Infratil's Material ESG Issues	Summarised stakeholder feedback
1. ESG governance and integration (F/S)	Infratil has a somewhat complex structure with its own Board, its manager, and its portfolio company Boards all having governance roles in relation to ESG strategy, risk management, targets, and reporting. Stakeholders want to see Infratil acting as a responsible steward with robust governance processes relevant to its structure to ensure ESG issues are managed well.
2. Digital connectivity and cyber/data security(F/S)	An increasingly connected and digitised society presents opportunities for Infratil, along with heightened cyber security and data risks that need to be appropriately managed.
3. Evolving ESG regulatory landscape (F/S)	Infratil needs to successfully navigate the risks and opportunities that arise from operating in a complex and dynamic ESG regulatory landscape across multiple jurisdictions, with some sectors facing heightened public scrutiny.
4. ESG reporting and transparency (F)	Stakeholders are seeking greater transparency and credibility. Infratil has an opportunity to better communicate the credentials of its portfolio, disclose ESG metrics, targets, and information in line with recognised frameworks and improve its ESG ratings.
5. Stakeholder engagement, advocacy and collaboration (F/S)	Infratil needs to engage with a broad range of stakeholders to build trust and understanding, influence positive outcomes and collaborate for best practice.
6. Building resilience (F/S)	Stakeholders want to understand the resilience characteristics of the critical infrastructure in Infratil's portfolio, and the role its investments play in supporting society's resilience to disruption.
7. Climate transition (F/S)	Stakeholders recognise Infratil is well placed to benefit from and support the climate transition – notably in its renewables platform, but also more widely. They want to understand Infratil's impacts to and from climate change.
8. Impacts on nature (S)	Stakeholders are increasingly demanding that businesses manage their resource efficiency, ecosystem impacts and the environmental impacts of their supply chains.
9. People and community (F/S)	Stakeholders want confidence that Infratil's portfolio companies maintain their social licence to operate, manage the social impacts in their supply chains and attract and retain skilled, diverse talent as these are seen as key to their long-term success.

The MEIs are used by Infratil in a number of ways:

- to ensure we focus on the ESG issues that matter most to Infratil and its stakeholders.
- to help us identify which information and metrics are important to our stakeholders. The MEI have been mapped to the SDGs and GRI.
- to inform our sustainability report, so it focuses on the ESG issues that matter the most to our stakeholders. Our sustainability report is structured with sections that focus specifically on each of the MEI topics. The bold opening statements for each MEI section reflect the findings from our stakeholder engagement and MEI process. The MEI and megatrend analysis have been cross-checked against Infratil's risk register to ensure good alignment.

Importantly, Infratil has refreshed its sustainability strategy based on the insights from the materiality assessment and the identified material ESG issues.

Infratil's sustainability strategy

Infratil's sustainability strategy has been refreshed to incorporate the insights from the materiality process.

With its Aotearoa New Zealand origins at its core, Infratil's purpose is to invest wisely in ideas that matter, and in doing so, create long-term value for shareholders.

We focus our sustainability efforts on four key pillars that reflect the most material ESG issues for Infratil and its stakeholders.

	Sustainability objectives We aim to:	Pathway to achieve	Outcomes
Governance	Have robust business and governance processes to understand, actively manage and be accountable for the ESG issues that matter	• Clear ESG governance arrangements, accountabilities and KPIs • ESG integrated throughout the investment lifecycle • Manage ESG risks including data, regulatory, climate, business ethics • ESG capability across the business, supported by sustainability experts	ESG effectively integrated into decision making
Leadership	Be transparent, collaborative and follow credible ESG standards and frameworks. We influence for positive outcomes over the long term	• Internal and external best practice sustainability reporting • Develop stakeholder engagement, ESG partnerships and initiatives • Set ambitious but achievable targets and disclose progress • Integrate sustainability in capital structure	Access to attractively priced long-term capital; Reputation as an ESG leader
Climate & Nature	Catalyse a rapid and efficient transition to a low-carbon, resilient future, while protecting and restoring nature	• Set SBTi-validated targets at Infratil and across the portfolio • Invest to enable the transition, in a way that builds resilience • Understand, manage and report on impacts to natural environment including through Infratil and portfolio company supply chains	Decarbonised, economies; Enhanced natural environment
People	Support our people and communities to thrive from an intellectual, physical, cultural and economic perspective	• Focus on portfolio DEI[1] and H&S[2] reporting, targets and outcomes • Leverage Infratil's sphere of influence to grow and attract diverse talent • Drive positive societal change through the portfolio (including supply chains) and through philanthropic programmes	Engaged, diverse workforce; Develop, attract and retain talent; Supportive, thriving communities

1 Diversity Equity and Inclusion
2 Health & Safety

Infratil's sustainability strategy

As an infrastructure investor, with no direct operations or employees, Infratil's sustainability strategy is necessarily weighted towards Governance and Leadership - the "G" of ESG.

Our report is structured to follow the four sustainability strategic pillars, delving into the MEIs most strongly associated with each.

Governance

This pillar represents Infratil's objective to organise itself to effectively manage the ESG risks and opportunities that matter.

Managing risks, including ESG risks, and integrating ESG considerations throughout the investment lifecycle are key factors for ensuring the long-term success and resilience of our business, and that of our portfolio companies.

Areas of key focus are ESG risks such as cyber-security and data protection, climate change, business ethics and regulatory environment.

Informed by MEI: 1,2,3

Leadership

This pillar represents Infratil's objective to engage with the ecosystem within which it operates – providing best practice disclosures to its stakeholders, as well as collaborating and influencing for positive outcomes over the long term.

Sustainability is inherent in Infratil's portfolio – we invest in the things society needs today and into the future, like clean energy, connectivity, and healthcare – and there is an opportunity to capitalise on this externally: in particular, to attract capital through demonstrating the low emissions footprint associated with its activities compared to its peers and market benchmarks and through lifting our external ESG ratings.

Informed by MEI: 3,4,5

Climate and Nature

Addressing these two elements together recognises the interconnectedness and interdependence of the environment and climate.

This pillar reflects the role Infratil has to play to support the transition, to provide climate resilient and sustainable infrastructure and to protect and restore nature in a way that makes sense for our business.

We recognise the need to manage and reduce any material negative environmental impacts in our supply chain, and to make it clear where we already have low negative impact, and/or positive impact.

Informed by MEI: 6,7,8

People

With over 6,000 employees across Infratil's portfolio companies, which operate in communities across the globe, people are integral to the long-term success of Infratil's businesses.

Infratil also has social impacts with customers who engage with the services provided by its portfolio companies, and through its direct and indirect supply chains.

It is important to Infratil that its portfolio companies are sought-after employers, who can attract, retain, and grow a skilled and diverse workforce; provide rewarding, safe and purposeful work, and support the communities in which they operate. These are meaningful ways that Infratil contributes to a better, more prosperous society.

Informed by MEI: 6,9

Sustainable Development Goals ('SDGs')

The SDGs, also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated - they recognize that action in one area will affect outcomes in others, and that development must balance social, economic, and environmental sustainability.

SDG		Governance	Leadership	Climate & Nature	People	Examples of Infratil's contribution to the SDGs
3 Good Health and Well-Being	3.4 Reduce mortality from non-communicable diseases 3.8 Universal health coverage and access to quality essential health care services for all		✓		✓	Our renewable platform produces low emissions energy, reducing the impacts of climate change which can negatively affect people's health. Our healthcare platform supports access to essential healthcare services (see case study on page 38).
5 Gender Equality	5.1 End gender discrimination 5.5 Ensure women's full participation and equal opportunities	✓	✓		✓	Infratil supports and encourages its portfolio companies to be diverse and inclusive. We have governance and processes in place to track progress on diversity, equity, and inclusion.
7 Affordable and Clean Energy	7.1 Universal access to affordable reliable energy 7.1 increase renewable energy 7.3 Double energy efficiency 7.A Invest in and promote clean tech and clean energy		✓	✓		We invest to support renewable energy generation and development - our renewable energy companies generated 5,750GWh in FY2023. Infratil's portfolio companies are focused on reducing emissions, including through renewable energy supply. Through Clearvision, we have investments in clean technology.
8 Decent Work and Economic Growth	8.5 Decent work and pay equity 8.7 Eradicate forced labour 8.8 Protect labour rights and promote safe working environments	✓	✓		✓	Across our portfolio, we aim to provide safe working environments with decent, rewarding work. We focus on identifying and reducing the risk of Modern Slavery in our supply chain.
9 Industry, Innovation and Infrastructure	9.1 Quality, reliable, sustainable and resilient infrastructure to support prosperity and wellbeing 9.4 Increased resource efficiency 9.c.1 Mobile network coverage			✓	✓	We invest in infrastructure and integrate sustainability across the investment lifecycle. As set out on page 32, One NZ recently announced a collaboration with SpaceX to expand mobile coverage.
12 Responsible Consumption and Production	12.2 Sustainable use of natural resources 12.5 Reduce waste 12.6 Sustainable business practices and reporting 12.7 Sustainable procurement 12.8 Build awareness of sustainable development	✓	✓	✓	✓	As set out on page 33, five of Infratil's portfolio companies measure waste. CDC and Wellington Airport have operational waste reduction targets. Infratil has developed and published a Supplier Code of Conduct that focuses on sustainability in its supply chain.
13 Climate Action	13.1 Strengthen resilience and adaptive capacity to climate related disasters	✓	✓	✓	✓	Refer to our climate disclosures on page 28 and page 29 and the case study on page 32.
15 Life on Land	15.5 Reduce degradation of natural habitats and halt the loss of biodiversity			✓		As shown on page 33, several of our portfolio companies report on and manage their biodiversity impacts. Refer to the Longroad Energy case study on page 34.
16 Peace, Justice and Strong Institutions	16.5 Reduce corruption and bribery 16.6 Effective, accountable and transparent institutions	✓	✓			Infratil has ESG governance and processes in place that include a focus on business ethics. Infratil is increasing transparency on its sustainability strategy and impacts through this report. Infratil and its portfolio companies undertake annual GRESB assessments and report on their progress.
17 Partnerships for the Goals	17.17 Promote effective partnerships	✓	✓	✓	✓	Infratil works with its portfolio companies and external parties and initiatives to achieve its sustainability objectives.

01 Governance

1.1 ESG Governance and Integration

SDG

As set out on page 15, Infratil has a structure that involves a degree of complexity when it comes to ESG governance. Stakeholders want to see Infratil acting as a responsible steward with robust governance practices appropriate to its structure so that ESG issues are managed well.

ESG Governance: As shown in the diagram on page 15, Infratil's Board has overall responsibility for ESG governance – the Board approves Infratil's sustainability strategy, initiatives, and reporting. Infratil's focus on sustainability has elevated to the point where sustainability is now a regular item on the Board agenda as well as being considered as part of a wide range of other topics discussed.

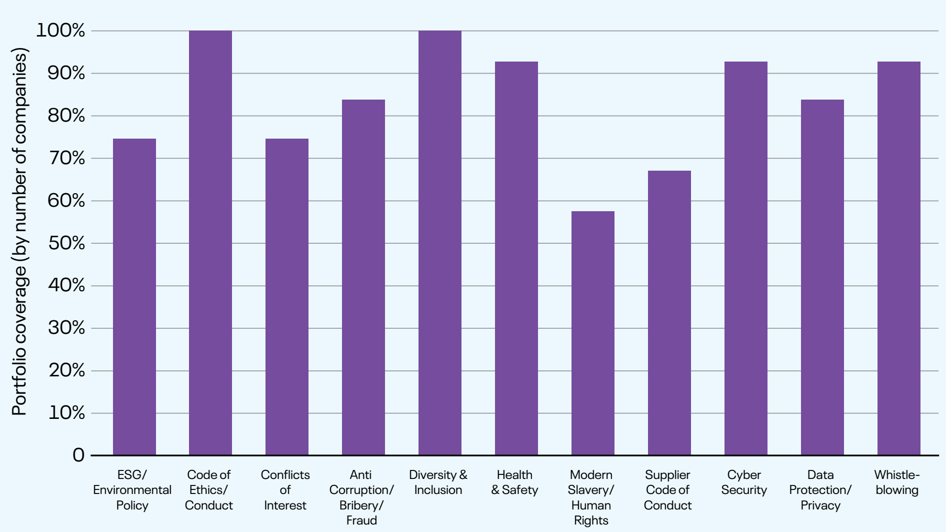
As Infratil has no directly employed staff, all sustainability workstreams are undertaken and/or overseen by Infratil's Manager, Morrison & Co, which is engaged to manage Infratil's investment portfolio.

Morrison & Co employees are responsible for developing Infratil's sustainability strategy, engaging with portfolio companies on ESG issues, ESG data management and sustainability reporting.

The Boards and management teams of each of Infratil's portfolio companies have their own ESG governance, strategies and workstreams. Almost two-thirds of portfolio companies have a dedicated sustainability resource, with the remainder having sustainability incorporated as part of one or multiple roles.

In May 2023, we reviewed key ESG governance documents from each of the portfolio companies, set out to the left below. We are working towards full coverage (100% of companies having these policies in place) where appropriate, noting some companies in the survey are relatively new (either to Infratil or newly incorporated) and so are earlier on in their governance maturity. A full review of these documents is planned to align with best practice, in a way that is also fit for purpose for each entity. The status of Infratil and Morrison & Co's positions are set out below.

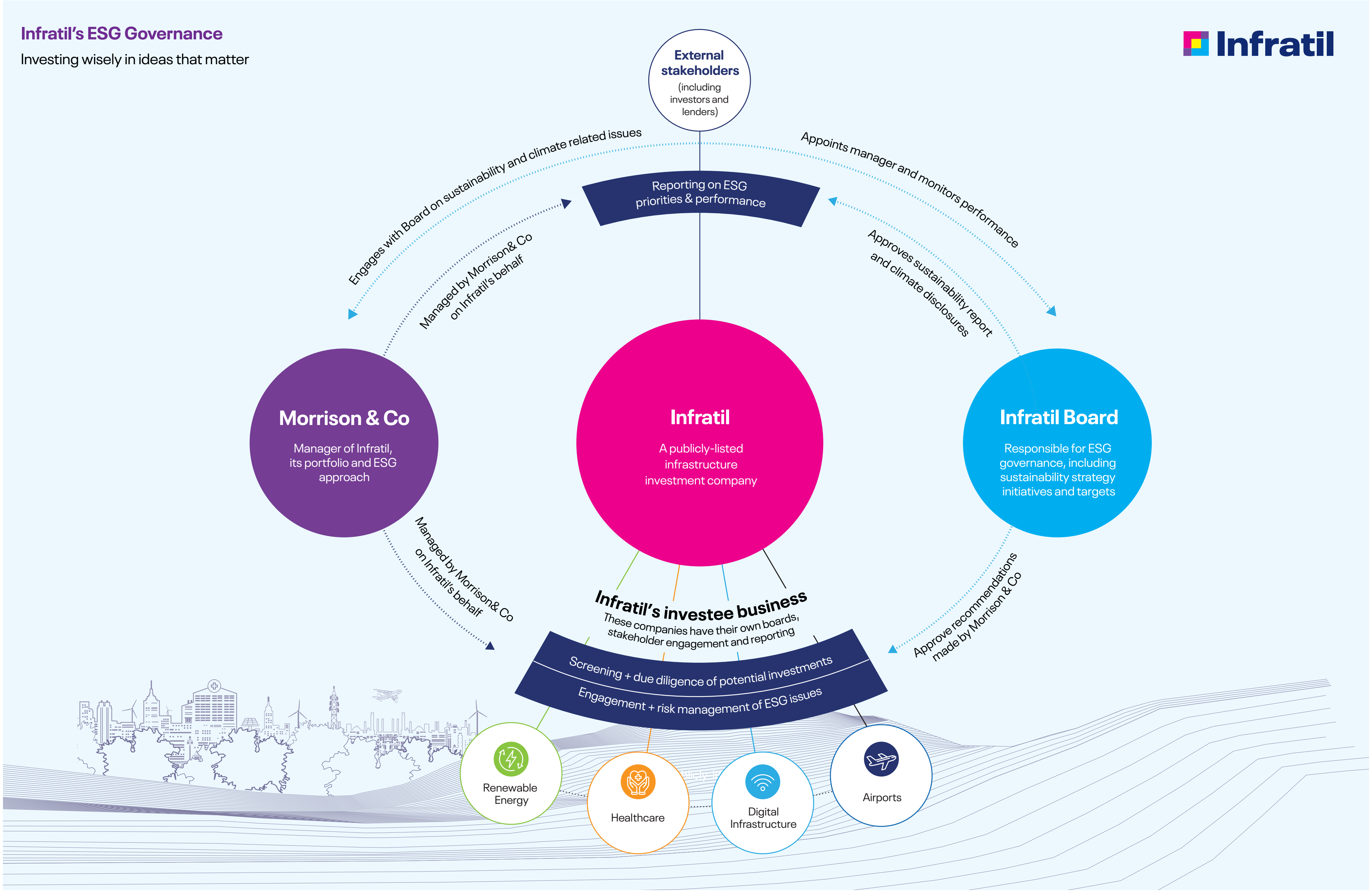
Key ESG Governance Documents (portfolio companies including Mint)



Key Governance Topic	Infratil	Morrison & Co
ESG/Environmental Policy	Planned	Responsible Investment Policy
Code of Ethics/Conduct	✓	✓
Conflicts of Interest	Covered under Code of Ethics	✓
Anti-Corruption/Bribery/Fraud	Covered under Code of Ethics	✓
Diversity & Inclusion	✓	✓
Health & Safety	No direct employees	✓
Modern Slavery/Human Rights	✓	✓
Supplier Code of Conduct	✓	✓
Supply Chain Sustainability	✓	✓
Data Protection/Privacy	Privacy (Data covered by Morrison & Co)	✓
Cyber Security	Covered by Morrison & Co and portfolio companies	✓
Whistleblowing	Covered by Morrison & Co and portfolio companies	✓

1.1 ESG Governance and Integration

SDG



1.1 ESG Integration

SDG

We seek to integrate material ESG issues through the investment process:

Define the ideas that matter and find the opportunities	Build conviction - ESG screening	Build conviction - ESG due diligence	Identify the value – investment decision and onboarding	Invest wisely – active management	Benchmarking and reporting
We invest in infrastructure that supports essential services and societal needs such as decarbonisation, connectivity, and healthcare. Infratil's Board approves its investment strategy and sustainability strategy.	We avoid investments that, in our view, harm the environment or are harmful to society and our investments are in companies that predominantly operate in geopolitically stable regions.	Material ESG issues are identified and considered as part of the due diligence process for new investments, with reference to Morrison & Co and Infratil's sustainability frameworks and objectives.	Increasingly, new investment decisions are made in light of assessed ESG risks and opportunities. Shareholder agreements and management KPIs may include ESG components.	We identify and actively manage ESG risks and opportunities in our portfolio companies and support them to understand, measure and manage ESG impacts.	We check how we're doing by benchmarking portfolio company performance against industry standards, such as GRESB. We track metrics and information on material ESG issues and increasingly seek to disclose useful information to stakeholders.
Morrison & Co originates new investment opportunities in line with Infratil's strategy and sustainability objectives.	Morrison & Co screens new investment opportunities in line with Infratil's exclusion policy, set out here.	Morrison & Co assesses investment opportunities and undertakes due diligence, including in relation to ESG.	Morrison & Co sets ESG expectations and supports new investees to develop and implement sustainability action plans.	Morrison & Co seeks to optimise value through good management of the businesses, including in relation to ESG issues.	Morrison & Co prepares internal reporting and external disclosures, including Infratil's sustainability report.

Linking remuneration to ESG KPIs is recognised as a powerful tool to strengthen alignment of ESG objectives. Infratil seeks to further embed sustainability and support alignment of objectives, by increasingly incorporating explicit ESG factors in new investments.

This can be done through two mechanisms:

- (where relevant) a shareholders' agreement which stipulates ESG principles, objectives, and reporting.
- ESG linked remuneration for portfolio company management. Recent examples include targets that relate to Health & Safety, Risk Management, Compliance, ESG policies and reporting, stakeholder management, complaints processes and reporting.

Many of Infratil's renewable energy portfolio companies have ESG linked remuneration structures in place for senior management tied to the successful development of new renewable energy generation.

1.2 Digital Connectivity and Cyber/Data Security

SDG

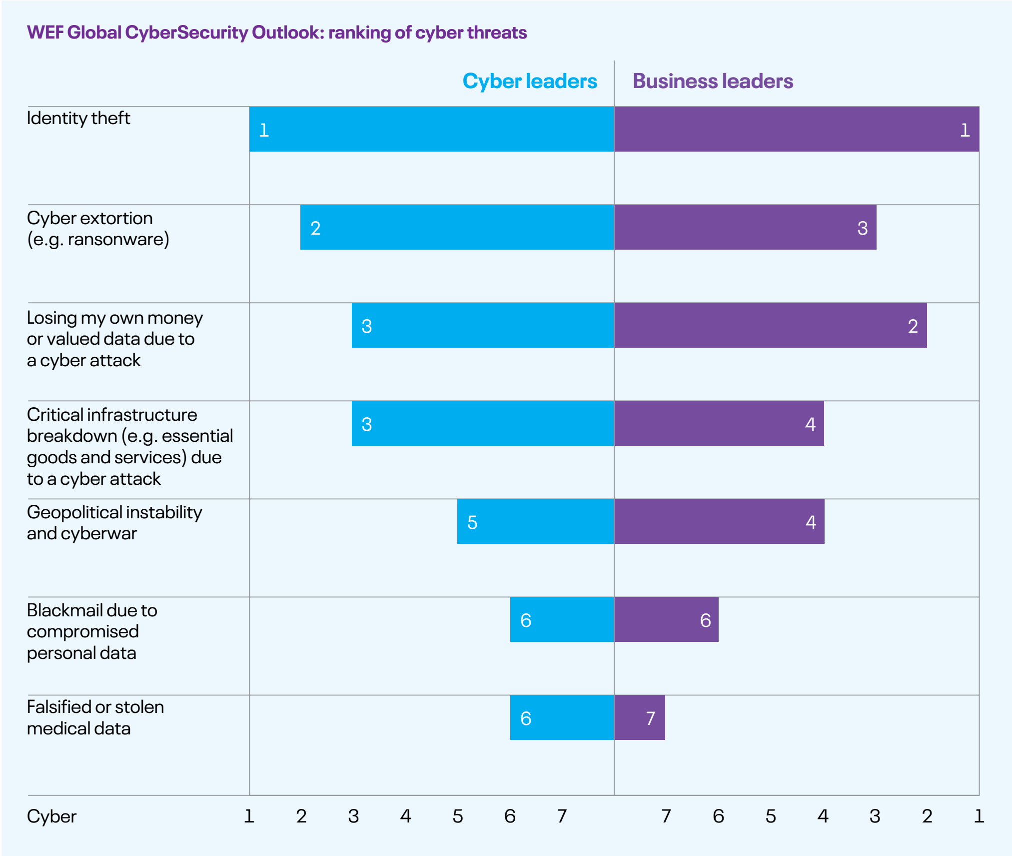
Stakeholders recognise that increasing digital connectivity and datafication presents a material opportunity for Infratil's digital platform companies. They are also aware of heightened cyber and data security risks that need to be well managed.

Balanced with the opportunity presented by growing reliance on technology and data is the associated exposure to cyber-attacks and/or data breaches. Managing these risks well is directly linked to business resilience and long-term value. Infratil's portfolio companies provide critical infrastructure services and hold sensitive data, particularly in the digital and healthcare platforms. This is relevant in light of today's global geopolitical backdrop. A recent WEF Global CyberSecurity Outlook Report[1] showed how business and leaders rank threats from cyber security (right). We note that critical infrastructure breakdown due to a cyber attack was ranked 3rd - 4th on their list of concerns.

Infratil is committed to high standards of information security and data protection in its own operations and across its portfolio. Cyber and data risks are strategic, material issues that need to be managed as part of Infratil and its portfolio companies' risk management frameworks and policies.

Over 80% of Infratil's portfolio companies have formally identified cyber/data risk on their risk register, have cyber-security policies in place, and have a policy in relation to data protection/privacy.

Managing cyber and data risks is top of mind for governments, businesses, and customers. Following recent high-profile breaches in Australia and elsewhere, Governments are considering tighter regulations for cyber and data protection. Proposed updates to UK and European regulations will increase reporting requirements and cyber-security risk management measures.



1. WEF Global CyberSecurity Outlook Report

While Infratil's portfolio companies are focused on their own data protection, there are also opportunities to support customers in this regard. For example, One NZ offers its enterprise customers a suite of cyber-security solutions. Providing physically secure environments for data centres (see case study over), and effective management of sensitive customer data are sought-after characteristics for Infratil's digital and healthcare portfolio companies.

Each portfolio company board (or sub-committee) is responsible for monitoring risks including cyber and data risk, setting policies, and ensuring management has the practices and controls in place to adhere to them. Further oversight is added through Infratil's Board engagement, and direct engagement by Morrison & Co. In the future, this will be supported by Morrison & Co reviews of portfolio company cyber and privacy policies and capability related to governance and operations.

Neither Infratil, nor its Manager, Morrison & Co, experienced any significant breaches of information, complaints from third parties or regulatory bodies about any data or privacy breaches, or any identified material leaks, thefts, or losses of confidential or private data in the year ending 31 March 2023.

CDC
Trusted and Secure

CDC is a leading operator of secure world-class data centres for government, hyperscale and critical infrastructure customers. CDC is setting an ambitious ESG Strategy for 2030 which focuses on environmental, social and governance factors.

Most trusted data centres

CDC provides state-of-the-art, secure, modular, connected and sovereign hosting facilities to public and private sector organisations throughout Australia and New Zealand. CDC offers a comprehensive suite of data centre services to its clients including design, implementation, migration, operations and remote 'hands on' management.

CDC's approach enables government and enterprise clients to connect to cloud providers within a trusted and secure ecosystem, which improves performance and cost.

Certified strategic accreditation

Cybersecurity has emerged as one of the most prominent risk domains facing the world today. It represents a current and emerging threat to national security, economic prosperity and social trust.

CDC has the highest security certifications under the Australian and New Zealand governments' respective data centre hosting frameworks and security requirements. In Australia, high security standards are non-negotiable requirements for government and national critical infrastructure providers. CDC's Australian data centre facilities have been certified as Strategic under the Australian Government's Hosting Certification Framework, representing the highest level of assurance.

CDC has also developed additional measures which provide customers added protections and certainty, ranging from infrastructure, operations and systems, to policies, procedures and personnel.

Because of this, governments and national critical infrastructure customers can confidently store data with CDC, which allows them to meet their own policy and regulatory obligations relating to critical infrastructure and data sovereignty.

Relevant material issues

Digital connectivity & cyber/data security

Presence

13	6	3
Data centres	Campuses	Cities

Availability

100% uptime

Proven track record of performance and availability

High availability and disaster resilience, with facilities designed for national critical infrastructure

Toitū certified renewable energy

CDC's data centre campuses in New Zealand have been using Toitū carbonzero certified 100% renewable electricity from the first day of operations and are certified Toitū net carbonzero for the entire operational footprint.

CDC also achieved the highest level of certification, Toitū Enviromark Diamond, demonstrating its robust approach for environmental management. Toitū Enviromark Diamond certified organisations exceed the requirements of ISO 14001.

1.3 Regulatory Landscape

SDG

Shifting market expectations, the increasing impacts of climate change and challenges to energy security are requiring unprecedented government policy and regulatory measures across the globe. Stakeholders want to understand that Infratil, and its portfolio companies, can navigate the risks and opportunities presented by this dynamic regulatory and legal landscape.

Regulatory change and uncertainty can often present as a risk to organisations - for example potential changes to New Zealand's Emissions Trading Scheme present challenges to buyers of carbon credits as well as the investors that have committed capital to forestry plantations. Conversely, we have seen examples of regulation that presents tailwinds, such as the US Inflation Reduction Act (see insert) and similar legislation mooted in Europe. Other regulatory changes are driving positive changes and better outcomes for stakeholders, such as the increasing implementation of mandatory climate-related disclosure across the world, albeit at some cost and effort by the reporting entities.

As an infrastructure investor with a global portfolio across diverse sectors, a wide range of regulatory and legal issues are relevant to Infratil – our portfolio diversity also acts as a mitigant against regulatory risk. We manage this risk by staying abreast of actual and potential changes to the regulatory landscape, leveraging external expertise and engaging with policymakers, regulators, and industry groups. From our engagement with our portfolio companies, we know that their boards and management teams are committed to keeping abreast of regulatory changes too.

Morrison & Co is able to provide expertise and insights as a specialist infrastructure asset manager to help Infratil and its portfolio companies stay informed about, and compliant with, regulatory developments. Having an international portfolio gives insights from market-leading jurisdictions on emerging global regulatory trends. For example, the Australian and UK modern slavery laws are a likely harbinger to similar legislation in Aotearoa New Zealand. A selection of a few topical legal and regulatory issues relevant to Infratil are covered briefly below.

Greenwashing and Climate Litigation	Sustainable Finance	Green Building Standards	Modern Slavery
Audiences, especially regulators, but also including NGOs such as ClientEarth, are increasingly focused on greenwashing or 'climate washing'. Key areas of focus are public policy, company targets (particularly in relation to climate) and ESG reporting. The Grantham Research Institute 2023 report shows a broadening of jurisdictions and sectors subject to climate litigation.	New and updated sustainable finance regulations are being issued more regularly around the world, providing opportunities to secure attractively priced capital, but also presenting challenges as entities endeavour to keep up with evolving market standards.	Built environment standards are lifting globally – certification is one way to evidence best practice. Greenstar, LEED, BREEAM are examples of voluntary sustainability ratings for buildings designed for operational efficiency, low emissions, and occupant benefits.	Legislation requiring companies to identify, report and, in some instances, take action to reduce the risk or occurrence of Modern Slavery is becoming more commonplace across the world. Infratil reports annually in line with the Australian Modern Slavery Act. Similar regulation is being drafted in New Zealand, requiring large entities to publish annual disclosures on modern slavery risk management.
Infratil mitigates this risk through assurance (of emissions), external review of our reporting and following reporting standards like GRI and target frameworks like SBTi. The Board is engaged in ongoing education and training on climate related risks, including greenwashing risk.	Infratil and its portfolio companies keep abreast of developments in sustainable finance. Wellington Airport is the first company in the portfolio to access a sustainability linked loan ('SLL'), in line with recognised sustainable finance market standards. See case study on page 24.	RetireAustralia, the largest owner and developer of property in Infratil's portfolio, is a member of Green Building Council of Australia ('GBCA') see over. Kao Data builds to BREEAM "excellence" standards. Longroad's Boston and California offices, and Morrison & Co's Sydney & Melbourne offices are leased Green or Energy Star rated buildings.	As outlined in our most recent report, currently areas most at risk in Infratil's portfolio include contracted services (cleaning, catering and security), electronic equipment, some medical supplies and construction labour. Infratil uses FairSupply to support better understanding of modern slavery risk.

US Inflation Reduction Act

In August 2022, the US Administration passed the Inflation Reduction Act (IRA), setting regulatory measures and US$500 billion in new spending and tax breaks to support the climate transition and post-covid recovery.

The IRA directs nearly US$369 billion to climate and clean energy initiatives, with the goal of substantially reducing US emissions by 2030.

According to industry estimates, the IRA stands to more than triple US clean energy production, which would see some 40% of the country's energy coming from renewable sources by 2030. The US Energy Information Administration forecasts wind and solar will climb from 15% of generation in 2022 to 56% by 2050, compared to 39% in a "no IRA" scenario.

The IRA presents material upside for Longroad Energy; on the flip side, the boost that it provides to US generation development, along with the incentives it introduces for sourcing inputs domestically, have potential ramifications for supply of inputs for renewable energy development globally as resources are attracted away from other markets.

Infratil's global "whānau" (family) of renewable energy companies mean each entity has greater buying power than it would otherwise have on a standalone basis, providing a mitigant to procurement risks.

RetireAustralia
Building the future of retirement living

RetireAustralia is a leading owner, operator, and developer of retirement villages. The company is focused on creating thriving communities where older Australians live the life they choose in their own home.

RetireAustralia has 28 retirement villages across New South Wales, Queensland and South Australia. The Verge at Burleigh's first building, Jasmine House, was the company's first new development to be built in Queensland with a 4-Star Green Star rating and a gold accreditation for accessible design.

Building in green credentials vertically

The Verge at Burleigh is a staged vertical retirement village which, when complete, will consist of three six-storey buildings featuring apartments and a care hub. Stage one features 40 one, two and three-bedroom apartments positioned along the fairway of Burleigh Golf Club's 10th hole, as well as an innovative wellness centre.

Founded by GBCA in 2003, Green Star is an internationally recognised rating and certification system setting the standard for healthy, resilient, positive buildings and places. In 2021, the first stage of The Verge at Burleigh achieved a 4-Star Green Star rating from the GBCA for using passive design principles including smart insulation, glazing selection, LED lighting and a full rooftop of solar panels. The rating distinguishes The Verge as 'best practice' in sustainable design and was the first Green Star certification on a greenfield site for RetireAustralia.

During development 'Green Concrete', (with a lower environmental footprint than conventional) recycled water and timber from sustainable forests were used to reach the Green Star rating, reduce construction waste and lower the retirement communities' carbon footprint.

Saving on energy and water

Designed by specialist senior living architects O'Neill Architecture, Jasmine House at The Verge features various green elements. To save energy, the development features laminated glazing to provide low solar heat gain through window surfaces, facades that align with the solar pathway, ceiling fans, low intensity LED lights, motion detection and lighting control. To reduce potable water consumption, water efficient initiatives include highly efficient fixtures and fittings, water efficient appliances and an energy efficient, air-cooled temperature control system.

These design initiatives will mean a 40% reduction in energy use and a 20% reduction in water use compared to the Green Star standard benchmark.

Setting the new standard

RetireAustralia has also received a 4-Star Green Star design rating for the second building at The Verge and has another two buildings under construction - The Verge Stage III and The Green, Tarragindi - which are registered for Green Star with the GBCA.

Relevant material issues
Evolving ESG regulatory landscape, Climate transition, People and community.

5,225
Retirement village residents

Awards

The Verge at Burleigh was awarded the Gold Australian Livable Housing accreditation for accessible design

Environmental savings

40%
Reduction

Energy savings compared to the Green Star standard benchmark

20%
Reduction

Water savings compared to the Green Star standard benchmark

Green Star Buildings

15,625m² Green Star rated floor area completed

75,048m² Green Star rated floor area under

02 Leadership

2.1 ESG Reporting and Transparency

SDG

The feedback from our materiality assessment was that a more sophisticated approach to ESG across Infratil's portfolio could be leveraged for exemplary disclosures, improved ESG ratings, and to better address the expectations of investors and stakeholders.

In short, stakeholders want credible, comprehensive reporting of value beyond traditional financial reporting.

Despite recent consolidation of disclosure standards through the International Sustainability Standards Board ('ISSB', established via IFRS), the sustainability reporting landscape and broader ESG ecosystem remains complex and evolving. Companies are under ever increasing scrutiny from investors, regulators, and consumers who are expecting higher ESG standards from companies. AI, including tools like ChatGPT, will be increasingly deployed by investors and other stakeholders to interrogate businesses' ESG credentials.

Whilst this trend is one of many that plays into the opportunity for our digital platform, navigating these dynamics is challenging for both Infratil and its portfolio businesses. We continue to monitor the latest sustainability reporting standards and frameworks and seek to align with those that are appropriate for Infratil or its portfolio companies.

We aim to leverage partnerships, technology, and external advice to help us and our portfolio companies to report and set targets as we work towards meeting our stakeholders' expectations.

This is our inaugural sustainability report. Over time, we will seek to lift the quality of our reporting on the ESG issues that matter for our portfolio, and we will encourage our portfolio companies to follow suit, where it is appropriate for them to do so.

The ESG ecosystem

Increasingly complex and data hungry

Source: The Stakeholder Company's (TSC) ESG playbook

2.1 ESG Reporting and Transparency

SDG

Focusing on what matters most

A materiality assessment is the foundation of good practice when it comes to sustainability strategy and reporting. As at the time of publication of this report, Infratil and 45% of our portfolio companies have undertaken formal materiality assessments, with the balance of companies leveraging insights from their GRESB material issue weightings. Infratil has built its sustainability strategy on insights from its materiality assessment and applied the findings from the process to develop this report, focusing on the ESG issues that matter to Infratil and our stakeholders.

Insights from outside

We also glean insights on the ESG issues that matter from external ESG ratings. The integrity of ratings entities is increasingly under scrutiny, but we believe these ratings can provide value to both the companies being rated and the broader market, as long as the methodologies and limitations are clear and able to be understood. ESG ratings assess entity level characteristics, and don't necessarily reflect sector impacts (though sector classification often informs material issues and weightings).

As an NZX and ASX listed entity with an increasingly international investor base, a growing proportion of our equity investors use ESG ratings as an input into their investment decision. Infratil has commenced engagement with a range of ESG ratings, with the aim of securing appropriate industry classifications and ultimately more accurate and improved ESG ratings for Infratil. This will be important to Infratil as equity markets and ESG indices continue to evolve and mature, and as we look to secure capital for growth.

We recognise the opportunity this presents, given our current low scores, such as Infratil's 2022 S&P Corporate Sustainability Assessment score of 12/100 (9 in 2021), which in part reflects its historically low level of ESG disclosures, something we are aiming to rectify with this and future reports. Some gaps where Infratil was rated low included no disclosures on material issues, no supplier code of conduct, and no Health & Safety data.

ESG ratings are useful at the portfolio company level too. In 2023, Infratil itself and 100% of its portfolio companies undertook GRESB infrastructure assessments, with FY2023 data submitted in June 2023 (FY2022 for Longroad) and results due to be published in October. These assessments and ratings provide valuable insights for each company on opportunities for improvement, performance against sector peers and an ability to track and evidence progress. A summary of our FY2022 GRESB results can be found in our HY2023 report on page 10 here.

Reporting frameworks and standards

In developing its sustainability strategy and reporting, Infratil has broadened the initiatives and frameworks that it engages and looks to align with. We have selected those that reflect our New Zealand base and global footprint, that are recognised by the market, and that are useful for our stakeholders.

GRESB

GRI

We have sought to reference GRI in this report, and GRI standards have informed our choice of metrics

SDG

We determined SDG contributions as part of our materiality assessment, set out on page 12

GHG Protocol

We have followed the GHG Protocol, and used it to inform aspects such as determining materiality for our emissions reporting

PCAF

As an infrastructure investor, the PCAF approach is a logical representation of the emissions associated with our portfolio

XRB

Per page 28, we will seek to report in alignment with the XRB Climate Disclosure standards, ahead of expecting to be required to do so in 2024

Wellington Airport
Committing to a Sustainability Linked Loan

Welcoming 5.3 million passengers in FY2023, Wellington Airport connects central Aotearoa New Zealand with the country's main centres, regions, eastern Australia, and the Pacific.

The decarbonisation of the Airport and supporting more sustainable aircraft operations are a key sustainability focus, alongside the reduction of waste to landfill and potable water usage. To enshrine its approach to tackling its core sustainability-related concerns, Wellington Airport recently committed to a comprehensive Sustainable Linked Lending structure.

Linking key actions to sustainability

Wellington Airport's key targets include reaching net-zero Scope 1 and 2 emissions and reducing waste-to-landfill and potable water use by 30% by 2030. These strategic targets, alongside an outline of the Airport's wider approach to addressing them, have just been released in the Airport's FY2023 Kaitiakitanga report. The Sustainable Linked Lending ('SLL') arrangement motivates sustainability actions by actively linking some of the Airport's lending facilities to sustainability-related targets.

Under the arrangement, the Airport has linked $100 million of lending facilities across its major lenders to a series of sustainability targets over four years, with pricing adjusted depending on the company's reported performance against the annual targets. The SLL structuring and agreement was led by ANZ, with facilities also established with BNZ, MUFG, and China Construction Bank. The sustainability targets were externally reviewed by EY and align with the Asia Pacific Loan Market Association's Sustainability Linked Loan Principles (updated February 2023).

Ongoing expectations

Milestones and performance targets are staggered across the life of the SLL arrangement, starting at the beginning of FY2024 and running through to the end of FY2027. Focus areas include:

- Reducing Scope 1 and 2 emissions;
- Establishing an SBTi emission reduction target;
- Moving up the levels of Airport Carbon Accreditation;
- Commencing systematic and regular Scope 3 emissions monitoring;
- Rolling out infrastructure to enable low emissions aircraft operations; and
- Reducing waste to landfill.

By linking financial terms to sustainability performance, the SLL structure will create tangible incentives for the Airport to adopt sustainable practices to reduce environmental impacts and drive innovation across the organisation.

Progress on the SLL targets is reported monthly to the Kaitiakitanga Executive Committee, led by the Sustainability Manager.

Relevant material issues

ESG reporting & transparency (Sustainability linked borrowing), Climate transition, ESG governance & integration

5.3 million

2023 passengers

98/100

GRESB Sustainability Benchmarking (third best airport in the world)

Sustainability linked loan

$100 million of lending facilities linked to a series of sustainability targets over four years

Airport Carbon Accreditation

In December 2022, Wellington Airport achieved Level 2 Certification (Reduction) - for airports with comprehensive emissions profile mapping and reductions in place

airport carbon accreditation

2.2 Stakeholder Engagement and Collaboration

SDG

As an infrastructure investor which is externally managed and with a global portfolio of long-term investee companies, engagement and collaboration are in our DNA.

Our stakeholders want to know how Infratil and its Manager engage and collaborate with third parties beyond Infratil's portfolio, in order to benefit both Infratil's performance, as well as the wider market.

Market-leading investor engagement: Infratil goes above and beyond when it comes to investor engagement, with an annual national roadshow, typically covering well over a dozen regional and urban centres. Our management and Board go to lengths to directly communicate and interact with both retail and institutional investors and lenders in a variety of fora, including in-person and on-line presentations, AGMs, and at our annual investor day.

Influencing through our supply chain: We recognise that our sphere of influence extends beyond our organisational boundaries and that of our portfolio companies. Our supply chains are an important area of focus where we believe we can have impact by identifying and reducing any harm and driving positive outcomes. Infratil, and several of its portfolio companies report on Modern Slavery supply chain risks and actions to better understand this aspect of supply chain and actions to mitigate.

Over the course of FY2023, Infratil developed its Supplier Code of Conduct, released in August 2023. We are rolling this out across our existing suppliers and new suppliers, and using the opportunity to try and both better understand our larger suppliers' ESG characteristics, particularly in relation to Modern Slavery, diversity, and emissions targets. We encourage our portfolio companies to each have their own supplier code, tailored for their sector and jurisdiction.

Best practice through collaboration: By engaging in a range of ESG Initiatives (directly, and through Morrison & Co), Infratil seeks to both share knowledge and ideas as well as gain insights from our peers and experts. In doing so, and by aligning with recognised frameworks, we hope to improve transparency and standards for our investors, lenders, and other stakeholders, demonstrate leadership and advocate for responsible investment and business.

Morrison & Co's sustainability team seeks to leverage insights and experience across Infratil's portfolio businesses, including by connecting sector peers across different companies to engage on sustainability topics. Our renewable energy companies have established a formal procurement working group which includes a focus on sustainability, and we have established an HR Community of Practice.

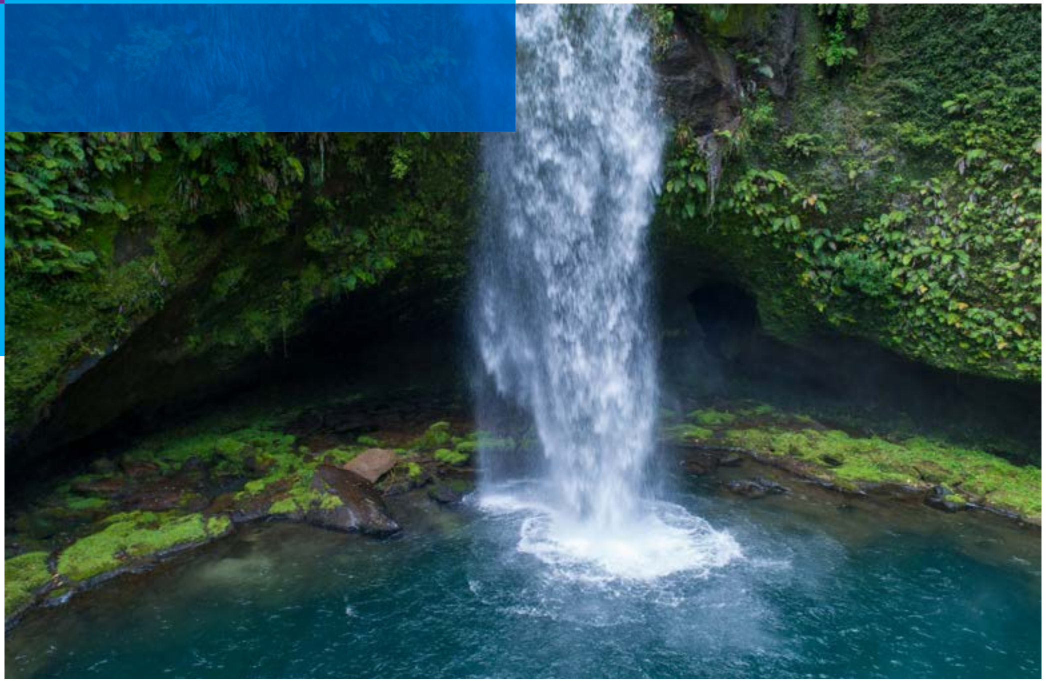
Leveraging technology partnerships: In 2016, Infratil agreed to invest in Clearvision, to gain exposure to start-up ventures of relevance to Infratil's core sectors and provide early insights into technology innovation that could disrupt traditional infrastructure sectors. In April-June 2023, Infratil partnered with two Clearvision investee companies to support its effort with measuring and understanding its carbon emissions (Persefoni), and physical risks from climate change (Jupiter Intelligence).

These are the initiatives that we engage with:

Infratil Board ← Infratil and Morrison & Co → ← Morrison & Co →

Chapter Zero New Zealand The Directors' Climate Forum | GLOBAL WOMEN | Champions for Change | initiative climat international – Private equity action on climate change | Investor Group on Climate Change | riaa Responsible Investment Association Australasia | PRI Principles for Responsible Investment

Manawa Energy
Developing Māori cultural capability



Manawa Energy (Manawa) is Aotearoa New Zealand's fifth largest renewable electricity generator. The brand was launched following the sale of Trustpower's mass market retail electricity business in May 2022.

The name 'Manawa,' meaning 'heart' in te reo Māori, was gifted by Bay of Plenty hapū (subtribe), Ngāti Hangarau. It acknowledges shared whakapapa (heritage) and origins in the Kaimai Ranges, where Manawa Energy's first hydroelectric scheme was commissioned over 100 years ago, and where the Omanawa River holds special significance to Ngāti Hangarau.

Prioritising relationships

Manawa has a geographically diverse portfolio of 25 hydroelectric schemes. Its vision is to be Aotearoa New Zealand's fastest growing energy company, focused on enhancing existing assets and developing new renewable generation to support the country's climate change ambitions.

Because of the geographic spread of Manawa Energy's assets and reliance on natural resources for renewable electricity generation, the company places high importance on its relationships with tangata whenua (indigenous people of Aotearoa New Zealand) and local communities, alongside consideration of Te Ao Māori (the Māori world view) and the environment.

Assessing Māori cultural capability

In support of this, Manawa Energy has worked to better understand and assess Māori cultural capability within the organisation.

After interviewing and surveying internal and external stakeholders and assessing a large number of internal documents, an independent assessment of the findings on Manawa's current Māori cultural confidence and engagement capability was presented to the company.

The report also included insights and practical recommendations to lift cultural capability. Those short- and medium-term recommendations include:

- Steps to improve diversity and inclusion;
- Better understanding of engagement with Māori;
- Being clear and deliberate around how relationships are maintained;
- Embracing the expectations around the Manawa Energy name; and
- Ensuring people have good history and context when they engage with iwi and hapū.

The report's findings will continue to inform Manawa Energy's approach to building cultural capability and contributing to sustainability outcomes over the coming years.

Relevant material issues
Stakeholder engagement, advocacy and collaboration, People and community

25
Hydroelectric power schemes from the Bay of Plenty to Otago

510MW
Installed generation capacity

Developments
Several new large-scale wind and solar developments in the pipeline to help meet the energy needs of an electrified, low-emissions Aotearoa New Zealand

Brand
Manawa means 'heart' and speaks to the company's connection with communities across Aotearoa New Zealand, through its generation assets. The name was gifted by, and acknowledges a shared whakapapa with, Ngāti Hangarau hapū in the Kaimai area

03 Climate and Nature

3.1 Climate

SDG 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS

We set out here some brief climate disclosures ahead of our full climate disclosure report which we will publish with reference to the XRB's Aotearoa New Zealand Climate Standards, released in December 2022. We expect that from FY2024, Infratil will be required to produce annual disclosures in line with the Climate Standards.

Governance

Infratil's Board has responsibility for approving Infratil's investment strategy. As outlined on page 5, Infratil targets investment in sectors exposed to growth, driven by identified tailwinds. Decarbonisation is seen as one such tailwind (a "climate-related opportunity") and investing in renewable energy a logical corollary. Infratil's Board regularly reviews the company's strategy in light of the latest view on megatrends, macroeconomic outlook, and industry tailwinds, including those related to climate change.

Morrison & Co undertakes the day-to-day management of Infratil's investment portfolio, with ESG and climate considerations integrated into the stages of the investment process as set out on page 16. Each of Infratil's investee companies has its own board and management who have oversight and responsibility for business risks and opportunities, including, for many, those relating to climate change.

Strategy

Infratil's portfolio has incorporated sustainability characteristics since its inception in 1994, with its initial investments including renewable energy company, Trustpower (now Manawa Energy). Decarbonisation is a macro-trend tailwind that supports the thesis behind this investment. The broadening of Infratil's investment in renewable generation development companies in the US (Longroad), in New Zealand and Australia with the establishment of Tilt Renewables in 2016 (sold in 2021) and now Mint Renewables, and further afield (Galileo in Europe and Gurīn in Asia) reflect a deepening of our conviction in this megatrend.

Scenario analysis

Our ongoing formal review of Infratil's transition risks has explored the resilience of the portfolio under a range of climate scenarios. The scenarios were similar to those set out in our FY2022 Annual Report (page 24-25), being a 1.5°C Organised & Decisive, a 1.7°C Delayed & Disorganised and a 5.0°C Too Little Too Late scenario) and across short (1-3 years), medium (3-10 years) and long term (10 years to 2050) timeframes.

Our current scenario analysis indicates that our platforms will face greater transition risk over the medium to long term, than in the short term. This is especially so under the Organised & Decisive and Delayed & Disorganised transition scenarios, as emissions reduction policies and views get embedded into the economy. This points to a need to keep exploring mitigation strategies in our platforms, such as setting emissions reduction targets and securing key supply chain inputs, with an emphasis on their sustainability characteristics.

Under the Too Little, Too Late scenario, a common theme across the platforms is the risk of increased insurance costs, and potential negative impacts to availability on attractive commercial terms, as the physical impacts from climate change are the most severe under this scenario. We would also expect to see higher opex and capex costs as the physical impacts from climate require more maintenance and investment in climate resilience measures.

Each platform faces varying levels of opportunity under a transition towards a low carbon economy, more so under the Organised & Decisive and Delayed & Disorganised scenarios. For example, Wellington Airport has an opportunity to enable electric regional flights by providing suitable charging facilities. However, to fully embrace our identified opportunities we will need to continually assess new technologies as they are developed, explore the adjacent products and services our portfolio companies might provide to support the transition, understand what great looks like in terms of a carbon transition and how this is reflected in the strategies of our platforms.

In terms of physical risk, current assessments done under scenarios that broadly aligned with our transition scenarios indicate that precipitation, heat, and wind are the main threat exposures for assets in Infratil's portfolio companies. Most of the assets currently assessed as being exposed to the highest wind risk are, by their nature (buildings, clinics, data centres and hydro assets), relatively resilient to this threat across the different scenarios.

Precipitation and heat risk are currently forecast to increase over time, and under more severe scenarios, would be expected to predominantly impact the healthcare and renewable energy portfolio. Nearly half of those exposed to heat are solar assets that are deliberately sited for exposure to sun. Resilience to these threats needs to be explored further in light of asset resilience, local water infrastructure and other mitigants.

Risk

More recently, a range of climate change risks have been formally incorporated into Infratil's risk register and are managed in accordance with our risk management system. The recent climate reporting standards, and market trends to greater climate disclosures have seen even further rigour applied to our processes for assessing and managing climate risk.

A key mitigant to the impact of risks, including those from climate is the geographic and sector diversity of Infratil's portfolio of investments.

Metrics and targets

Infratil measures and reports its emissions in line with the GHG Protocol[1], PCAF[2] and and its Basis of Preparation. The dominant source of emissions is from the investment portfolio, but we also report Scope 3 emissions associated with Infratil Board travel. KPMG has provided limited assurance of Infratil's FY2023 operational and financed emissions. See next page for details.

In January 2023, Infratil, and its Manager, Morrison & Co, committed to establishing a science based emission reduction target, and this commitment has been registered with the SBTi. Infratil subsequently submitted its proposed target to the SBTi for validation.

1 The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2018) (the GHG Protocol)
2 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

3.1 Climate

Infratil's operational and financed emissions (tCO_2e)

	FY2022 tCO_2e	FY2023 tCO2e
Scope 1: Infratil has no operational assets or facilities	Nil	Nil
Scope 2: Infratil has no offices or facilities that use electricity	Nil	Nil
Scope 3 : Cat 6 (business travel)	Not measured	212
Scope 3 : Cat 15 (investments) – market based (Scope 1 + 2)	20,987	20,093
Scope 3 : Cat 15 (investments) – location based (Scope 1 + 2)	33,654	38,660
Weighted Average PCAF Data Quality Score	2.2	2.0

PCAF data quality score explained

Certain (5-10% error margin in estimations)	Score 1	Audited GHG emissions data or actual primary energy data
	Score 2	Non-audited GHG emissions data or other primary data
	Score 3	Averaged data that is peer or sector specific
	Score 4	Proxy data on the basis of region or country
Uncertain (40-50% error margin in estimations)	Score 5	Estimated data with very limited support

Portfolio financed emissions by sector (tCO_2e)

FY2022	Digital	Renewables	Healthcare	Airport	Total
Total – market based (Scope 1 + 2)	11,617	1,365	7,623	382	20,987
Total – location based (Scope 1 + 2)	24,284	1,365	7,623	382	33,654
Weighted Average PCAF Data Quality Score	2.1	2.0	2.7	2.0	2.2

FY2023	Digital	Renewables	Healthcare	Airport	Total
Total – market based (Scope 1 + 2)	13,783	1,789	4,129	392	20,093
Total – location based (Scope 1 + 2)	31,626	1,789	4,853	392	38,660
Weighted Average PCAF Data Quality Score	2.0	2.0	2.0	2.0	2.0

Portfolio financed emissions metrics by sector[1]

FY2022	Digital	Renewables	Healthcare	Airport	Portfolio
WACI[2] (tCO_2e/NZ$m revenue)	49.5	15.7	32.8	0.6	38.6
WACI (tCO_2e/US$m revenue)	71.4	22.7	47.3	0.9	55.6
Emissions intensity -tCO_2e/NZ$m invested	2.3	0.9	5.6	0.8	2.5
Emissions intensity - tCO_2e/US$m invested	3.3	1.3	8.1	1.2	3.6

FY2023	Digital	Renewables	Healthcare	Airport	Portfolio
WACI – NZD (tCO_2e/NZ$m revenue)	52.2	17.6	21.0	0.4	36.3
WACI – USD (tCO_2e/US$m revenue)	83.3	28.1	33.6	0.7	57.9
Emissions intensity -tCO_2e/NZ$m invested	2.7	0.7	3.1	0.8	2.1
Emissions intensity - tCO_2e/US$m invested	4.3	1.1	5.0	1.2	3.4

1. Portfolio company Scope 1 and 2 emissions on a market basis - refer page 4 here for an explanation of location and market based emissions
2. WACI = Weighted Average Carbon Intensity

Total financed emissions fell 4% in FY2023 compared to FY2022.

Nearly 90% of Infratil's financed emissions are associated with portfolio company electricity demand. Total attributed portfolio company Scope 2 emissions rose 2% in FY2023, largely due to increased electricity demand arising from growth in the businesses. Longroad's reported emissions increased as it improved its measurement and refined reporting boundaries, and a greater proportion of its emissions were attributed to Infratil because of the uplift in equity value in FY2023. Against this, RHCNZ's Scope 2 emissions fell, with its actual Scope 2 emissions in FY2023 being lower than the FY2022 estimates that we derived using Persefoni.

The increase in Scope 2 emissions was offset by an overall reduction in Scope 1 emissions – largely due to Manawa using its back-up peaker less than in the prior year, and RHCNZ actual emissions being lower than FY2022 Persefoni estimates. Location based emissions rose 15% in FY2023, reflecting the above-mentioned increase in electricity demand from growth in business activity. However more companies implemented renewable energy supply contracts in FY2023, which contained the increase in market-based Scope 2 emissions.

Under PCAF we are required to disclose financed Scope 3 emissions for Wellington Airport, which for FY2023 were 30tCO_2e, relating to staff travel. Wellington Airport is developing a process to further quantify its Scope 3 emissions.

Kao Data
Powering data centres with renewable energy

Founded in 2014, Kao Data develops and operates high performance data centres for advanced computing, with facilities east and west of London, and a new facility planned for Manchester.

Energy intensive by nature

Data centres, by their nature, are heavy users of power because they have to keep customers' servers and hardware online and always connected. Data centres must plan and prepare against a loss of power and mitigate against this risk by installing on-site back-up power generation. Yet the vast majority of UK data centres are still backed-up with fossil fuel, diesel generators.

Certified green energy

Since 2018, 100% of Kao Data's electricity supply has been provided from renewable energy contracts. More recently, Kao Data instigated a unique collaboration with its energy provider to ensure all the renewable energy is associated with a known source - Little Cheyne Court wind farm in Kent. Every electron of utility energy Kao Data consumes is matched by an equivalent output from this specific wind farm using the Renewable Energy Guarantees of Origin ('REGO') scheme. This arrangement provides a credible green energy contract whilst supporting development of renewable generation assets, by providing a committed, long-term off-take contract for the wind farm.

Reducing emissions

As well as using renewable electricity, Kao uses refrigerant-free indirect evaporative cooling technologies, and incorporating hyperscale inspired design to deliver a market-leading PUE of <1.25, even at partial loads. In line with its commitments as a signatory of the Climate Neutral Data Center Pact ('CNDCP'), the use of Crown Oil hydrotreated vegetable oil ('HVO') fuel for its back-up generation marks another significant step in the company's plans to become a fully carbon neutral data centre operator by 2030.

Kao Data is also a signatory of the iMasons Climate Accord, an industry coalition united on carbon reduction in digital infrastructure.

Alternative to diesel for back-up power

HVO is a second-generation diesel alternative and one of the cleanest biofuels on the market. Synthesised from vegetable oils, HVO offers improved burning efficiency and requires no modification to existing infrastructure. It has a storage life ten times that of standard diesel and offers resilient year-round performance in both low and high temperatures. It is easier to maintain, free from aromatics, sulphur and metals, odourless and completely biodegradable. Using HVO also improves infrastructure reliability by eliminating microbial growth, which generates sludge that can contaminate fuel lines and potentially lead to engine shut down.

Kao's HVO product is International Sustainability & Carbon Certification ('ISCC') verified and contains no palm oil.

Relevant material issue
Climate transition

100%

Renewable electricity since 2018

Climate Neutral Data Center Pact ('CNDCP')
An initiative by the data centre industry in Europe to proactively define and promote specific measures and targets to achieve climate neutrality across the sector by 2030.

Pioneering initiative
Kao Data was the first data centre in Europe to switch to HVO for all its back-up power

Benefits of HVO
One of the cleanest biofuels on the market
Improved burning efficiency
No microbial growth
10x storage life of standard diesel
Easier to maintain and completely biodegradable
Find out more about HVO here

3.2 Building Resilience

SDG

Business resilience is gaining increasing attention - some going as far as to suggest "R" is the missing letter in the commonly-cited ESG acronym. Our stakeholders want to better understand the resilience of Infratil and its portfolio companies, as well as the role they play to support society's resilience.

And what exactly does resilience mean?

Resilience is multi-faceted. Climate resilience is clearly one important aspect – from both the physical and transition impacts to businesses.

Another is resilience to macro shocks like the Covid-19 pandemic. Infratil's portfolio entities managed their way successfully through this disruption. Even the most financially impacted portfolio company, Wellington Airport, returned to 90% of pre-covid domestic passenger volumes by the end of FY2023.

Supply chain resilience is another aspect that is receiving increasing attention. We have seen businesses pivot from a "just in time" to "just in case" approach to managing their supply chains, along with a focus on building strong, trusted relationships with suppliers.

As set out in the recent Deloitte 2022 Global Resilience report, operational resilience is also a common focus for businesses. Looking at operational resilience in relation to Infratil's portfolio:

- security of supply is a critical component of the "energy trilemma". Customers value reliable, affordable, and clean energy. In response to the 2022 Russian invasion of Ukraine, European nations are seeking energy resilience through alternative supply, including from renewable generation. Infratil is well placed to support Europe's transition to energy independence through its investment in renewable energy developer, Galileo.
- data centres incorporate resilience into their design through back-up energy supply, physical security and equipment redundancy – we cover CDC's resilience on page 18;
- in a 2022 survey by BCI, IT and telco outages ranked 2nd as the event that had the most impact for people in the last year – we cover One NZ's performance in recent extreme weather on page 32;
- across all businesses, BCP and disaster recovery plans are mechanisms that support resilience.

Resilience also presents opportunities for Infratil - value can be derived by being "best in class" for resilience and reliability. Infratil's geographic and sector diversification means the company is well placed to be resilient from shocks. This is the case even for global events, such as the Covid-19 pandemic and climate change, as different sectors, and different geographies should be impacted in different ways and to varying degrees. A broad-based, resilient portfolio provides Infratil with multiple options for value creation. Drilling down into the portfolio, most companies have a geographic spread of assets, affording greater resilience at the entity level – Manawa has 25 hydro assets spread across New Zealand, CDC has 13 data centres across six campuses in three cities in Australia and New Zealand, and Longroad owns over 30 renewable generation sites in 12 states across the US.

The science for specifically measuring resilience at the macro level is not advanced, though piecemeal frameworks are beginning to emerge. The City Resilience Index measures urban resilience across four domains – looking at these (right), there is a high correlation with Infratil's portfolio (health, infrastructure that provides critical services and connects citizens). Infratil's assets make an important contribution to society's resilience.

Similarly, the recently launched, FM Global Resilience Index for countries incorporates "Infrastructure Quality" in its scoring methodology. By investing in sustainable infrastructure that provides the core services society needs, with resilient business models, Infratil has a clear role to play to support systemic resilience through providing quality infrastructure.

Four dimensions contribute to a city's resilience

Health and wellbeing

Systems that ensure the health and wellbeing of people living and working in a city.

Economy and society

The social and financial systems that enable urban population to live peacefully and act collectively.

Infrastructure and environment

Built and natural systems that provide critical services protect and connect urban citizens.

Leadership and strategy

The need for informed inclusive, integrated and iterative decision making in our cities.

How are we doing?

As well as disclosure of Infratil's climate risks and opportunities on page 28, we set out below some metrics that are indicators of resilience. The broad nature of these metrics reflects that "resilience" is an issue that traverses many aspects of business.

- All companies have a formalised approach to risk, generally comprising a risk register with identified risks, mitigants and controls. The more mature companies have a full enterprise risk system, and an increasingly formalised approach to climate risk.
- By the end of FY2023, Wellington Airport returned to 90% of pre-pandemic domestic passenger numbers.
- One NZ's new collaboration with SpaceX to provide better connectivity in future crisis situations from the end of 2024 - refer to the case study on the next page.
- Longroad has established a deep relationship with thin-film solar manufacturer, First Solar and has recently signed a multi-year contract with energy storage supplier, Powin Energy, affording favourable procurement status and supply chain benefits.
- RHCNZ local and international radiology fellowship programmes, building a future skilled workforce by offering training programmes and mentoring.[3]
- Infratil's after tax return since listing in March 1994 has been 18.6% per annum, and over the last ten years, 19.4% per annum.
- For 19 out of the last 20 years, Infratil's rolling 10-year average annual return has been between 10.3% and 29.0%.

3. RHCNZ - Clinical Training & Fellowships

One NZ
Building resilience for customers and communities

One NZ is a leading digital services and connectivity company focused on unlocking the magic of technology to create an awesome Aotearoa New Zealand. The business has 2.7 million connections and offers wireless coverage to places where 98% of Kiwis live and work.

Testing times

Providing connectivity during disasters, including those that are climate-related, is of critical importance. This includes ensuring New Zealanders can stay connected to whānau and friends and helping communities respond and recover.

In January 2023, Auckland was hit by a catastrophic flood, resulting in the region being placed in a state of emergency, forcing thousands of people to evacuate. 15 One NZ cell sites were impacted, and One NZ operations staff were quick to respond, restoring connectivity to most sites within 24 hours.

A few weeks later, the east coast of Aotearoa New Zealand's North Island was battered by a severe tropical cyclone. 185 One NZ cell sites and 125 Rural Connectivity Group ('RCG')sites were impacted, with mains power failure disrupting 80% of those sites and fibre cuts affecting the remainder. Cell sites have battery back-up power and can be connected to generators, which provides a degree of resilience in the short term, but are also sometimes located in hard to access, remote areas.

The response

The One NZ team restored 50% of its affected sites within 48 hours, and 98% within 7 days. Small cell sites, generators and satellite connections were used to restore connectivity, alongside temporary fibre to restore internet services. To further support those impacted by the cyclone, One NZ loaded free mobile data onto customers' plans in cyclone affected areas, waived late payment fees and disconnections for non-payment, and stocked One NZ retail stores in the region with emergency mobile phones, broadband modems, and chargers.

Coverage like never before

Following reviews to extend resilience measures and climate-related disaster preparedness, and enhance customer experience, One NZ has recently announced a collaboration with SpaceX. Pairing One NZ's award winning 4G and 5G mobile network with the SpaceX revolutionary satellite constellation will mean, in time, far greater coverage across Aotearoa New Zealand. Currently, due to the length and geography of the country, almost 50% of the landmass has no coverage.

SpaceX's next generation satellites with cellular payload will be in orbit providing connectivity from late CY2024. When the service is available, connectivity will be possible anywhere outside with a clear line of sight to the sky. The technology will initially support text and MMS, with voice and data services to follow. This will strengthen One NZ's resilience by significantly boosting connectivity in future crisis situations, providing a backstop for when fixed line services are down to keep Kiwis connected when they need it most.

Relevant material issues
Building resilience, Digital connectivity, People and community

2.7

Million connections

Response for customers

Auckland floods

Connectivity restored to most sites within 24 hours

Cyclone Gabrielle

50% One NZ and RCG sites restored within 48 hours

98% One NZ and RCG restored within 7 days

Assistance to the community

$265,000

$230,000 raised for Auckland flood response comprising direct donations from Te Rourou, One Aotearoa Foundation, and a fundraising drive matching public donations to support Auckland City Mission. $35,000 donated to Nurturing Families charity via One Good Kiwi, One NZ's charitable giving platform

$45,000

Donations made by Te Rourou following Cyclone Gabrielle, with $15,000 to each of the Red Cross, Te Rūnanga o Ngāti Porou and Ngāti Kahungunu Iwi Inc

3.3 Impacts on Nature

SDG

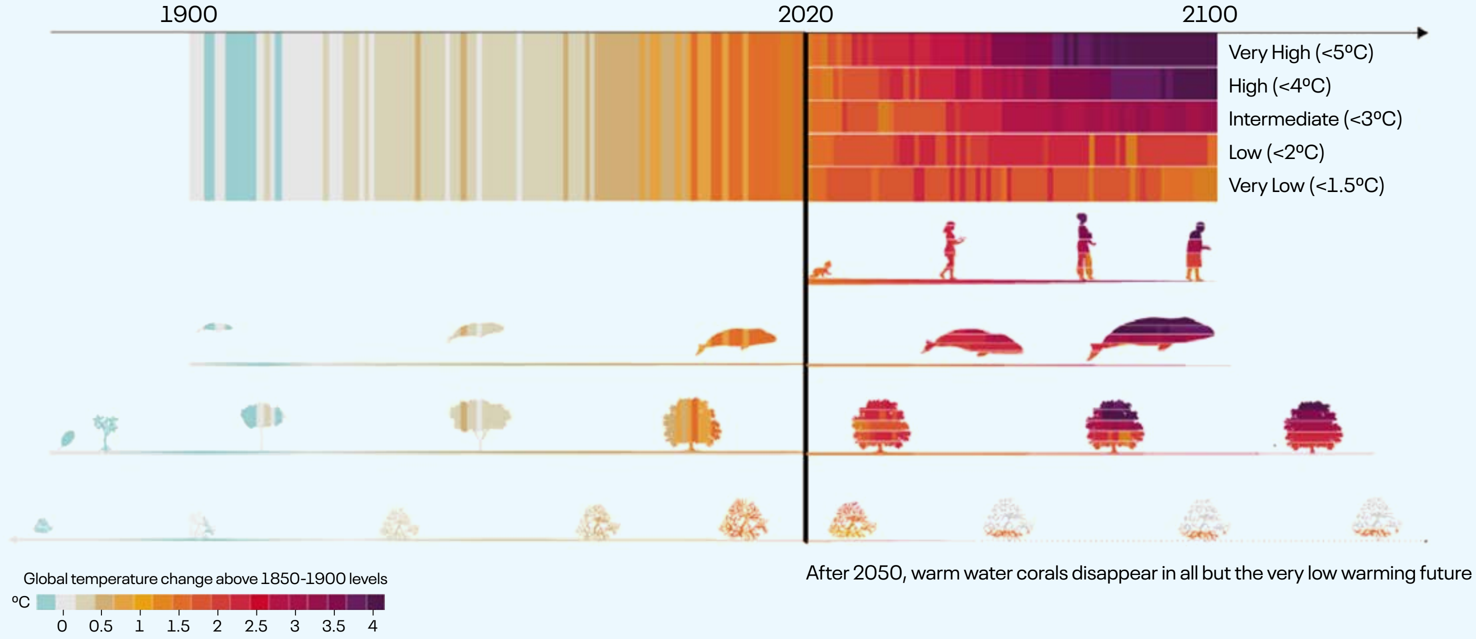
Nature is gaining greater focus for businesses, in part because climate and nature are intrinsically linked. Our recent initial materiality assessment found that nature is not a financially material issue for Infratil, nonetheless stakeholders want greater disclosure of Infratil's ecosystem impacts.

In the IPCC "AR6" report released in June 2023, an international body of scientists exposes the gravity of the climate crisis. Using data in the report, WWF created a [visualisation of the impacts on people and nature](#).

The greatest systemic impact Infratil's portfolio can have on nature is to contribute to the transition to a clean energy future, through development of renewable generation, and shifting to renewable power supply for our businesses.

GRESB reporting	FY2022	FY2023
# companies in Infratil's portfolio reporting waste	3	5
Waste (t)	1,933	2,829
Proportion of waste sent to landfill	79%	66%
# companies in Infratil's portfolio reporting water withdrawals	2	3
Water withdrawals (Megalitres)	470	457
# companies in Infratil's portfolio reporting on biodiversity	6	6
Net habitat protected or restored across Infratil portfolio companies (hectares)	1.5	840

Historic global temperatures and future emissions scenarios and their impact on an individual species over its lifespan



We recognise too that nature is part of the climate solution, having absorbed more than half of human related CO_2 over the past decade.

Healthy, diverse ecosystems support sequestration, as well as providing resilience.

Our portfolio companies have two important roles to play in this area:

- reducing environmental impacts: reducing waste to landfill; using resources wisely; reducing supply chain environmental impacts; reducing impacts to wildlife; and
- restoring and protecting nature: supporting biodiversity initiatives; finding ways to operate in symbiosis with nature.

Waste: In FY2023, 45% of our portfolio companies measured operational waste. Two entities have set operational waste reduction targets – we set out details of Wellington Airport's waste target on page 24. Over time, we want to expand the number of companies reporting and setting targets for operational waste, and to grow reporting boundaries to include reporting on construction waste (as operational waste does not include construction waste).

Water: In FY2023, 18% of our portfolio companies measured water withdrawals. This data excludes Manawa's water withdrawals data as it is not currently reported through GRESB. Over time, we want to expand the number of companies reporting on water use.

Biodiversity: In FY2023, 55% of our portfolio companies reported biodiversity measurements such as habitat protected, habitat enhanced or restored, and wildlife impacts through GRESB. Reporting entities included all digital infrastructure entities, the airport, Manawa and Longroad. Over time we would like to see all businesses with a material biodiversity footprint measuring, managing, and reporting their impacts on nature.

Longroad Energy
Protecting and enhancing nature in a renewable world

Longroad is a developer, builder, owner, and operator of large-scale wind and solar farms in the United States.

In the midst of the climate crisis, renewable energy deployment is one of the most important steps we can take to reduce the worsening impacts on humans and the natural environment from the intensifying extremes in weather events. In carrying out this mission, Longroad implements a robust ESG policy to manage the impacts to nature at each of its sites.

Considering each site

Longroad's portfolio spans 12 US states and covers thousands of hectares. At the project evaluation phase, Longroad assesses the existing conditions of the area and determines how best to reduce potential impacts to resources and, where feasible, enhance biodiversity. Examples include planting native grasses and pollinating plants to benefit insects and birds. The team uses these assessments to create plans that are implemented during construction and operation of each project.

In Virginia, Longroad developed the Foxhound Solar project - the first large-scale solar project to be certified as "Pollinator-Smart" by the State Department of Conservation and Recreation. The project's use of pollinator plant species helps support native insect, bird and other wildlife populations while improving soil stabilisation and water retention among many other ecosystem services.

Fly like an eagle... safely

Longroad has also invested in innovative technology that provides species-specific protection. At one wind farm site, eagles sometimes fly near the wind turbines. To reduce the risk of collision, the company installed the IdentiFlight system which is only deployed at a handful of sites in the world. IdentiFlight monitoring consists of a series of 10-foot-tall masts with 360-degree cameras on top. Images of birds are taken and when an eagle is identified near a turbine, a power-down order is sent to slow the blades. This allows the eagles to pass around or through the wind farm without a risk of collision. Once an eagle has flown away from the turbines, the IdentiFlight system sends a new command to restore the turbines to full operation.

By leveraging this smart, nature-friendly technology, Longroad both protects eagles and minimises the loss of clean power generation that is necessary to protecting our planet's biodiversity.

In another example of Longroad being a leader in implementing innovative technology, the company deployed the Swarm tool developed by WindESCo. This optimises annual energy production from all the turbines at a wind farm, rather than focusing on individual turbines, by eliminating wake interference and using AI feedback for continuous improvement. The Swarm technology is inspired by nature and the intuitive decision-making of birds in flight.

Relevant material issues
Impacts on nature, Climate transition

4.3GW
Renewable energy projects developed and acquired

3.2GW
Renewable energy projects under contract

18GW
Development pipeline

Foxhound Solar
First large-scale solar project to achieve Virginia Pollinator-Smart Certification

Minimising environmental impact
- 839ha land protected or restored
- Supporting native species and pollinators
- Land conservation
- Environmental research
- Member of Renewable Energy Wildlife Institute.

REWI
Renewable Energy Wildlife Institute

04 People

4.1 People and Community

4.1 People and Community

SDG 3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 17 PARTNERSHIPS FOR THE GOALS

With over 6,000 employees across Infratil's portfolio companies, and broader reach into customers, suppliers, and communities, Infratil has a large social impact. Our stakeholders want to know that we provide decent work and support our communities to prosper.

At first glance, saying "people are our greatest asset" might seem a bit odd for an infrastructure investor – but it's true. Generation plants need project managers and operators, MRI scanners need clinicians, data centres require security and maintenance, telcos need call centre teams – nothing functions without a high quality team of people. Infratil recognises the strong link between high performing businesses and the ability to attract and retain a diverse, skilled, and engaged workforce. We seek to ensure our portfolio companies maintain work environments that have strong safety cultures and outcomes, that are diverse, inclusive and have equitable pay structures. In short, we want our portfolio companies to be great places to work, learn and make a difference.

For the last few years, the Infratil Board has undertaken an annual deep dive into human capital across the portfolio. This year, Morrison & Co established a "HR Community of Practice" of HR managers from across the portfolio to support sharing of ideas, experiences, and best practice. Alongside this, we revamped our Health and Safety and Diversity/Equity/Inclusion ('DEI') reporting and data collection, expanded the depth and breadth of metrics, and aligned, where possible with recognised standards like GRI.

Our portfolio companies are at various stages of reporting against the suite of metrics, and as this is the first time comprehensive reporting has been completed, we expect an uplift over time. Set out here are some metrics that reflect the DEI reporting maturity for our portfolio companies, as well as some key indicators of performance in relation human capital.

In FY2023, ten (out of eleven) portfolio companies reported key health and safety metrics to Infratil, including metrics such as Total Recordable Injuries, Loss Time Injuries, and frequency rates for those metrics (TRIFR and LTIFR). Just over half (55%) of Infratil's portfolio companies also reported leading indicators such as training hours, leadership walks and Health & Safety audits, which is an indication that these companies are more mature in their approach to managing health and safety risks.

The metrics shown below cover the employees of all portfolio companies that reported on health and safety, on a weighted average basis (by employees).

FY2023 H&S data

FY2023 TRIFR Normalised*	FY2023 LTIFR Normalised*	Fatalities
1.23	0.50	0

* based on 200,000 hours

Championing Diversity

We are excited to have worked with Global Women to sign a partnership package (in July 2023). This provides Morrison & Co, Infratil, Manawa, Wellington Airport and RHCNZ with access to Global Women's programmes, initiatives, and network to develop the leadership potential of their female staff. One NZ is already a Global Women Partner in its own right. Infratil's CEO, Jason Boyes, has committed, as a Champion for Change, to advocating for greater inclusion and diversity within those businesses, and across Aotearoa New Zealand more broadly – and beyond.

GLOBAL WOMEN

ChampionsforChange

As at 31 March 2023 (12 companies except as noted, including Mint)	Proportion of portfolio companies reporting (by number)	Reporting covers % of all employees in portfolio	Outcome (weighted average by employees)
Turnover (voluntary + involuntary)	100%	100%	20%
Pay equity[1]	75%	95%	85% (excluding Diagnostics)
Pay gap[2]	83%	99%	22% (excluding Diagnostics)
Engagement (excluding Mint)	82%	79%	Increasing or steady (or no historical data)
Engagement KPI (Key Performance Indicator)	58%	76% employees work at a company that has engagement KPIs for management	n/a
Ethnicity	75%	95%	7% minorities
Diversity KPI in place or planned	50%	46% employees work at a company that has diversity KPIs for management	n/a

Average across portfolio at 31 March 2023 (including Mint)	Female	Male	Prefer not to say / Gender diverse
Portfolio company boards	25.0%	75.0%	0.0%
CEO and Direct Reports	25.0%	75.0%	0.0%
Total employees across all portfolio companies	54.5%	45.3%	0.2%
Infratil and Morrison & Co			
Infratil Board	42.9%	57.1%	0.0%
Infratil CEO, CFO and Company Secretary	33.3%	66.7%	0.0%
All Morrison & Co employees	48.1%	51.9%	0.0%

1. Ratio of basic salary and remuneration of men to women
2. (Median hourly rate for men minus median hourly rate for women) / median hourly rate for men

SDG

Community

No business exists in a vacuum; all our companies are embedded in the communities in which they operate, and the relationship is an important, symbiotic one – both parties have something to offer the other. In particular, we acknowledge the importance of forming positive long-term relationships with indigenous peoples. Infratil and its portfolio companies are at various stages of progress in this regard.

Not only do Infratil's portfolio companies provide core services to society, but they provide decent work and enable wider prosperity: Infratil and many of our companies play a community role above and beyond core business, through philanthropic endeavours, scholarships, and donations, some of which are set out in the links below.

Donations

In FY2023, Infratil committed to providing A$100,000 to Qscan staff and communities directly impacted by the February 2022 floods in Queensland. Infratil also continued its long-standing support of the New Zealand Youth Choir, an initiative of Choirs Aotearoa New Zealand, with a $60,000 grant.

In June 2023, Infratil donated $250,000 to support people and communities devastated by the extreme weather, including from Cyclone Gabrielle, experienced in the North Island in March 2023.

Infratil acknowledges those that were impacted – many of whom are still facing challenging circumstances today. The funds were allocated to:

- Red Cross New Zealand Disaster Fund $50,000
- Northland Community Foundation $50,000
- Hawkes Bay Foundation $50,000
- Sunrise Foundation $50,000
- Auckland Together Fund $50,000

We are pleased to be working with the Foundations to find the most suitable purpose for the funds, in order to maximise the impact for the people in those communities. Morrison & Co made a further $250,000 donation, spread across the above recipients and the Salvation Army ($20,000). These organisations are doing incredible mahi (work), and we thank them for their tireless efforts.

In FY2023, Infratil has not made any political donations.

Vibrant arts

In September 2022, Infratil, Morrison & Co and the Lloyd Morrison Trust announced their support of the national music centre in memory of Lloyd Morrison. The Wellington based centre will be home to the NZ Symphony Orchestra and Victoria University's School of Music. It will provide a national space for musical innovation and collaboration and will have world-class acoustics and state-of-the-art orchestral sound recording facilities.

Qscan Group: Our Community

Community

CDC: in the Community

Longroad Energy: People & Community

one.nz: Community

KAO DATA: Community

retire australia: Retirement Stories

Supporting our Community

4. About VOICES - Voices NZ - Choirs Aotearoa

RHCNZ
Expanding access to healthcare, sustainably

RHCNZ Medical Imaging ('RHCNZ') is Aotearoa New Zealand's leading private diagnostic imaging provider, making the best radiology care possible through collaborative partnerships, clinical excellence and investment in people, research, and technology.

The company is dedicated to making world-class radiology services more accessible to enable better health outcomes for all New Zealanders across its three businesses – Pacific Radiology, Auckland Radiology and Bay Radiology.

Expanding access and impact

RHCNZ delivers over 35% of radiology services nationwide, with over 1,300 staff throughout its 74 clinics, all committed to a shared purpose of world-class radiology, delivered locally.

The company has grown over the last year, with new clinics and expanded services in several locations across the country.

In May 2022, services for Manawatū communities were expanded with the installation of a new leading-edge, high-tech CT scanner machine into their recently upgraded Pacific Radiology Palmerston North branch, which is staffed with local specialist radiologists.

In mid-2022, a Christchurch metro branch was opened, which plays an essential role in diagnosing and supporting treatment of sports and accidental injuries.

Timaru and South Canterbury residents and referring health professionals are already benefitting from a brand new, purpose-built radiology centre which opened in early 2023.

This clinic brings multiple radiology services into the one branch and delivers an expanded range of high-tech services from those available at the former location, in direct response to the increasing need in the region.

In the next 12 months, a new clinic will be opened in Whāngarei with a new PET-CT machine that can be used for cancer diagnosis. This is important because currently patients who need a PET-CT scan have to travel to Auckland for this essential service. With a population base that is 36%[1] Māori, who have a 1.5x higher total-cancer mortality rate than non-Māori adults[2], having accessible healthcare can be lifesaving.

Futureproofing technology

RHCNZ is partnering with eco-conscious companies to advance its powerful imaging technology while reducing healthcare's carbon footprint. The MRI equipment installed in the last year includes artificial intelligence that can reduce scan times by up to 50% and directly translates into 50% less energy consumption for each examination. Extrapolated out, that adds up to 13% energy savings per annum.

The new machines utilise standby power mode to reduce idling energy consumption by 30-50%. Non-obsolescence programmes mean the equipment can be upgraded to extend its life, while systems are also designed to be recyclable into raw materials after retirement.

Relevant material issues
People and community, Climate transition

Nationwide network

1,300+
Staff

147
specialist radiologists

74
Clinics

13%
Annual energy savings from new MRI equipment

Helping to meet communities' health needs
With a new clinic scheduled to be opened in Whāngarei in the next 12 months

Reducing environmental impacts
Zero electricity emissions at 38 sites thanks to 100% certified renewable energy through New Zealand Energy Certificate System (NZECS)

1. https://www.stats.govt.nz/news/maori-population-share-projected-to-grow-in-all-regions/
2. https://www.health.govt.nz/our-work/populations/maori-health/tatau-kahukura-maori-health-statistics/nga-mana-hauora-tutohu-health-status-indicators/cancer

Mint Renewables
Harnessing the power of difference

Current team (Left to right)
Peter Cowling (Head of Country), Christian Peake (Technical Services), Cara Layton (Planning, Environment and Stakeholder Relations), James Tume (Project Developer), Hannah Liddell (Project Developer), Sherrin Yeo (Engineering), Kim van Hattum (Project Development) and Matthew Glass (Project Delivery).

Mint Renewables is Infratil's re-entry vehicle for Australasian renewable energy development. Established in late 2022, with a mission to develop, build, own and operate renewable energy and storage projects, Mint Renewables aims to be the renewable energy partner of choice for communities and consumers.

Diversity as a key contributor to excellence

Mint Renewables believes that an inclusive and diverse workplace will ensure it attracts and retains the best people. Diversity and inclusion enables better thinking, increased innovation and will allow the business to deliver exceptional results.

A diverse team ensures that all employees, contractors and members of the communities in which Mint operates feel welcome, respected and supported.

Mint's vision and values are integral to the business and underpin the commitment to inclusivity and diversity in the workplace. Employment practices, including recruitment, remuneration, training and performance management are designed to ensure the best pool of talent is attracted to the business and that people are engaged over the long term.

Mint has embodied these beliefs from the get-go, with a foundational team that is focused on extensive experience, determination, and genuine lasting partnerships to generate renewable energy that will truly make a difference.

Well balanced

The Mint team are leaders in their respective fields. The current eight-person team is gender and age diverse, with an equal male/female balance (including at management level), with four new starters (with an equal gender balance) set to join the team in Q3 FY2024. The team is supported by a dedicated and experienced Board.

Team members have extensive individual and collective experience and proven track records in the delivery of renewable energy projects. In particular, the team brings a problem-solving mindset to all phases of development, technology, finance, delivery and operations, having gained experience in the large-scale renewable industry since its inception in Australia. Collectively, the team has worked in key roles on a significant proportion Australia's renewable energy projects.

Relevant material issues
People and community, Climate transition

Vision
Mint Renewables' vision is to help lead a rapid and sustainable transition to renewable energy, a transition that brings communities with it

Infratil