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HICL Infrastructure PLC

Modern Slavery Act Transparency Statement

HICL Infrastructure PLC ("HICL" or "the Company") is a long-term investor in infrastructure.

HICL has a zero-tolerance approach to slavery, human trafficking and forced labour of any type. The Board of HICL is confident that modern slavery is not taking place within its direct business, and recognises that the Company has a responsibility to understand and manage human rights risks within its supply chain.

HICL's strategy and purpose

HICL is a closed-ended, UK domiciled investment company which seeks to deliver sustainable income from a diversified portfolio of core infrastructure assets that are vital to communities. The Company has a Sustainability Policy which applies to both new investments and the management of the current portfolio, and this includes a focus on compliance with employment law, health and safety and human rights.

HICL manages its affairs primarily through its Investment Manager, InfraRed Capital Partners Limited ("InfraRed"), who is responsible for assessing and managing the risk to HICL and its stakeholders from Environmental, Social and Governance ("ESG") issues, including modern slavery and human trafficking.

InfraRed is a signatory to the Principles for Responsible Investment (the "Principles"), which are widely recognised and regarded around the world. The principles can be summarised as follows to:

- incorporate sustainability checks into investment analysis and decision-making;
- be active owners and incorporate sustainability controls into ownership policies and practices;
- seek appropriate disclosures on sustainability issues by the entities in which the investments are made;
- promote acceptance and implementation of the Principles within the investment industry;
- work together to enhance effectiveness in implementing the Principles; and
- report on activities and progress towards implementing the Principles.

Structure and supply chain

HICL's portfolio comprises infrastructure investments that support the delivery of essential services, working in partnership with the public and private sectors. The portfolio includes schools, hospitals, other accommodation projects, water and electricity transmission infrastructure, transport infrastructure, and communications infrastructure such as fibre networks and towers. The assets in HICL's portfolio are located the UK, Ireland, France, the Netherlands, Germany, Canada, New Zealand and the United States of America.

As is typical for an investment company, HICL does not directly employ staff. The application of the Modern Slavery Act and Minimum Safeguards is therefore most relevant to HICL's supply chain, which is generally limited to the provision of professional services by InfraRed and other service providers.

The Board recognises the Company's responsibilities to society in relation to HICL's portfolio companies, and InfraRed works collaboratively with the management teams of portfolio companies and seek to ensure that their suppliers share the Company's values and comply with relevant legislation.

The most common suppliers for HICL's portfolio companies are:

- Facilities Management counterparties (including both 'hard' and 'soft' maintenance provision)
- Operations and Maintenance counterparties
- Construction counterparties

In order to assess the risk of modern slavery occurring within HICL's portfolio companies or their supply chains, the Investment Manager conducts detailed pre-investment due diligence as outlined below.

Due diligence processes and risk assessment

Prior to investment, InfraRed takes primary responsibility for conducting due diligence to review prospective acquisitions against HICL's Sustainability Policy, which includes an assessment of HICL's potential exposure to modern slavery and human trafficking. InfraRed maintains an Exclusion Policy, a negative screening tool outlining activities that it will not support (on behalf of HICL). These include activities pertinent to this Statement such as breaches of fundamental human rights and business ethics and compliance.

InfraRed uses the guidance of frameworks such as the United Nations Global Compact (UNGC) to ensure that high standards of fundamental human rights are upheld. The UNGC's ten principles cover *inter alia* human rights, labour rights and the fight against corruption.[1]

InfraRed's processes require an early assessment of any ESG 'red flags' before proceeding to the next stage of the investment process and conducting due diligence in respect of prospective acquisitions, using a form of checklist that includes a focus on labour conditions, and screening contractors and other key counterparties to detect negative publicity and any history of ESG issues. If concerns were to be identified during the initial screening phase of investment due diligence, considerations vary depending on the type of project, but may include:

- considering alternative suppliers;
- including contractual agreement for action to be taken in respect of supply chain participants in the event that there is a violation of codes of conduct;
- management assertions that there is no modern slavery within their wider supply chains;
- broadening the scope of due-diligence, including on-the-ground audit; and
- reviewing contractual arrangements to ensure that action can be taken against supply chain participants if they are found to be violating codes of conduct.

On-going management

We believe that our suppliers should be working to ensure modern slavery does not occur. This includes our suppliers' subcontractors, who may use temporary and agency employees. If HICL discovered that one of its suppliers was accepting of modern slavery in its business or supply chain, it would engage with the business to seek to remove such practices from their business and, if necessary, terminate its arrangement with that supplier at the earliest opportunity.

In relation to HICL's portfolio of infrastructure investments, InfraRed is responsible for monitoring companies providing operational services to portfolio investments. In this capacity, InfraRed reports directly to the Board

[1] These principles take their inspiration from several sources, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on the Environment and Development, the United Nations Convention Against Corruption and the Organisation for Economic Co-operation and Development's (OECD) Anti-Bribery Convention.

and is required to escalate any material breaches of the Sustainability Policy. InfraRed maintains its own sustainability and risk management policies and procedures and conducts staff training as required.

Measuring effectiveness

HICL's Sustainability Report contains further detail on the implementation of the Company's Sustainability Policy, including detail on how governance structures enable directors appointed by InfraRed to monitor compliance on the part of the managers of HICL's underlying investments. InfraRed undertakes an annual ESG survey of HICL's portfolio. For the year ended 31 December 2022, 96% of portfolio companies had a policy in place reflecting the requirements of the UK Modern Slavery Act 2025 or equivalent overseas legislation.

The majority of HICL's portfolio companies contract operations and maintenance activities. For the year ended 31 December 2022, 95% of portfolio companies ensured that all direct subcontracts (including management services providers and facilities management partners) have policies in place reflecting the requirements of the Modern Slavery Act 2015 in the UK or equivalent legislations in other geographies, and 96% of portfolio companies train their staff to ensure that they understand the Act and also undertake audit procedures to ensure that the relevant modern slavery policies are being effectively implemented. The following portfolio companies, which employ staff directly and are based in the UK, have a publicly available Modern Slavery Act Transparency Statement on their website:

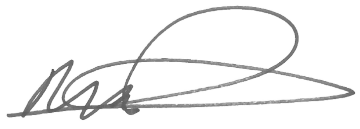
- Affinity Water: https://www.affinitywater.co.uk/docs/policies/2022/Modern-Slavery-and-Human-Trafficking-Statement-March-2022.pdf
- High Speed 1: https://highspeed1.co.uk/modern-slavery-act-statements
- Allenby & Connaught: https://aspiredefence.co.uk/adsl/modern-slavery-act/

HICL operates a Whistleblowing Policy under which individuals working at any service provider can disclose on an anonymous or confidential basis any malpractices associated with HICL and its portfolio or any attempt to deliberately conceal wrongdoing associated with HICL and its portfolio. Reports can be made to the Chair of the Audit Committee.

HICL remains committed to the prevention of modern slavery, upholding minimum safeguards and delivering the commitments set out in this document. It is acknowledged there will be limitations to what can be achieved in practice. Through the annual ESG survey and stakeholder engagement, HICL aims to increase its visibility of policies and processes relating to modern slavery within its portfolio companies and their supply chains, noting that these do not form part of HICL's supply chain.

Approval

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and constitutes HICL's current modern slavery and human trafficking statement. This statement was approved by the Board of Directors on 19 July 2023. It will be reviewed again in 2024.



Michael Bane
Chair
26 July 2023