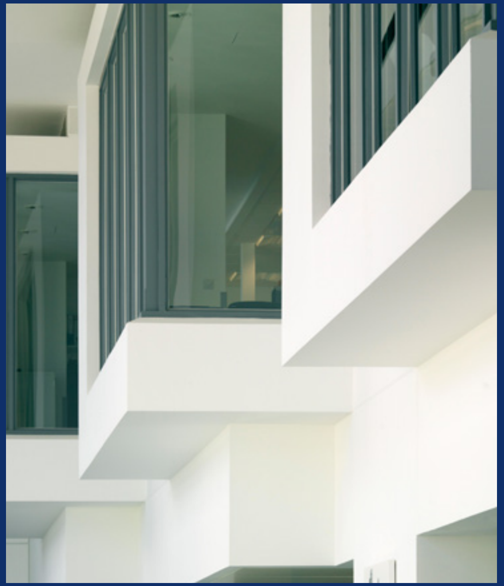
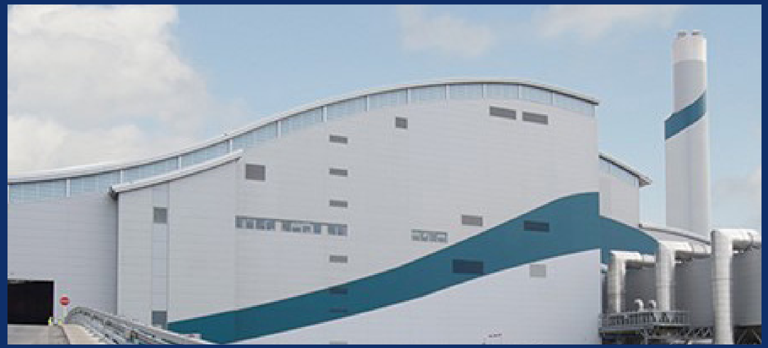




ESG HIGHLIGHTS REPORT 2022

Contents

About This Report

This Report is Dalmore Capital's ('Dalmore', 'we', 'us', 'our') fourth Environmental, Social and Governance ('ESG') Highlights Report and acts as an interim update to our 2021/22 ESG Highlights Report.

As a result of the growing regulatory and investor requirements that have emerged for managers to report ESG data in the second quarter of the calendar year, Dalmore has taken the decision to change its reporting time frame from the financial year of 1 April to 31 March, to the calendar year of 1 January to 31 December. This reset allows us to undertake our data collection and review data in the first quarter of each year, bringing forward our ESG Highlights publication to Q2.

To better manage ESG data from our 124 portfolio companies from 2022 onwards, Dalmore invested in a new online reporting platform with leading ESG provider Reporting 21. We updated our ESG survey to incorporate emerging data requirements (such as the Sustainable Finance Disclosure Regulation 'SFDR' and associated Project Adverse Impacts 'PAIs') and launched our new survey on the platform to collate data covering the period 1 January 2022 to 31 December 2022. This 2022 report establishes a new baseline against which we will report our ESG performance going forward.

The new reporting period is advantageous to both us and our investors by providing relevant up to date metrics earlier in the year. It supports our drive for continuous improvement by enabling assets to review their performance in Q1 allowing us to drive any necessary actions over the course of the coming year.

As we transitioned to this new reporting period, there was an inevitable overlap between our 21/22 ESG Highlights report and this ESG Highlights Report 2022, however, we believe the benefits going forward outweighs this. The focus of this report is for the full calendar year 2022.

Our 2023 ESG highlights report (covering period 1 Jan to 31 December 2023) will be published in summer 2024.

CEO Foreword

We are delighted to present our 2022 interim ESG Highlights Report. We hope that this document provides all our stakeholders with an overview of our ESG practices and how we are working to deliver our long-standing commitment to responsible investment; throughout the investment cycle, in engagement with our assets' management, and in our own culture and operations as a firm.

At Dalmore we continue our mission to focus on infrastructure projects that bring positive socio-economic and environmental benefits, and continuously look for ways to work with our portfolio companies to improve their services and engagement with stakeholders. Infrastructure will play a key role in delivering the UK Governments objective to achieve Net Zero and Dalmore continues to seek opportunities for investment that supports this ambition.

Dalmore Capital Fund 4 reached final close in December 2022 with a follow on investment in Cory. The financing will enable the development of Cory Riverside 2, providing a vital service to London, the South-East and East of England processing an additional 650,000 tonnes of non-recyclable waste and generating electricity to supply the equivalent of 176,000 homes. This is the second investment in DCF 4 alongside Porterbrook, the UK's leading rolling stock leasing company. Our investment in DCF4 align with the environmental and social characteristics that we have set out within our ESG Framework.

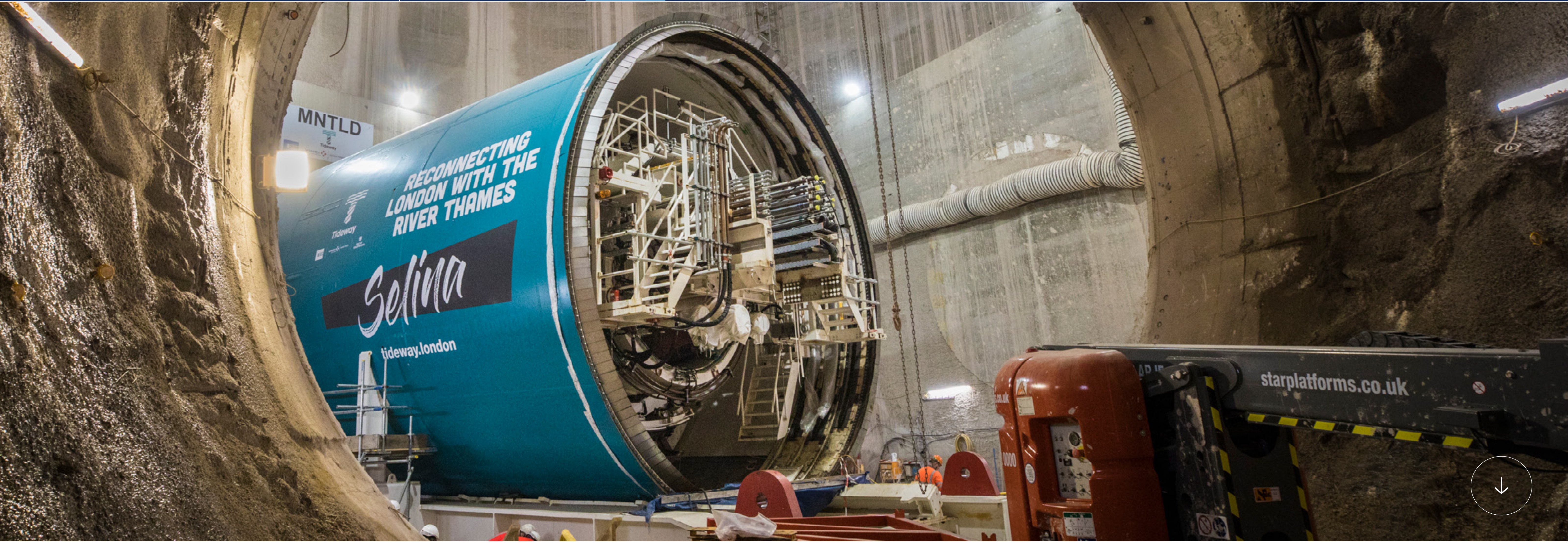
Looking forward to 2023 we have identified key ESG priorities and relevant metrics and targets to monitor our performance over the next 2-3 years. We continue to develop our approach to climate-related risks consistent with the recommendations of Task Force on Climate Related Financial Disclosures ('TCFD'); our targets and progress can be found within the section, 'Climate Change'.

As a long term infrastructure investor Dalmore can play an important role in both supporting companies with clear decarbonisation transition plans and investing in new infrastructure needed to achieve Net Zero. We have made a commitment to develop a Climate Policy Framework in 2023 setting out a roadmap to Net Zero for Dalmore's portfolio in line with the Institutional Investors Group on Climate Change ('IIGCC') Guidance for Infrastructure Assets.

The health and wellbeing of our employees have always been intertwined in the work that we do. Employees have responded well to our hybrid working model and we look forward to continuing to support them in achieving a healthy work-life balance. Our charitable fundraising committee has worked incredibly hard to organise a variety of activities involving all Dalmore employees in fundraising for our chosen charities.

We look forward to another successful year for the whole team, delivering on our ESG objectives, supporting our portfolio companies in transitioning to a low carbon economy and engaging with all our stakeholders to deliver benefits to the communities which we serve.

Micheal Ryan
Chief Executive Officer



About Dalmore Capital

Dalmore is an independent fund manager that acquires, manages and holds infrastructure assets, to deliver long term value for investors, while benefiting all stakeholders.

About Dalmore Capital

2009

Dalmore Capital Founded

100+ yrs

Cumulative Experience in Infrastructure

Offices in London and Edinburgh.

As of 31 December 2022.

We provide global institutional investors with access to long-term investment opportunities in limited-volatility infrastructure assets.

Our focus is on projects that bring positive socio-economic and environmental benefits, through the provision of new infrastructure and careful stewardship of existing infrastructure, improving access to and delivery of essential public services.

We deliver:

- Low volatility UK infrastructure investments with resilient returns
- Long-term stewardship over 15-25 year horizon
- Essential public and environmental services
- Energy security and low carbon energy

Portfolio at a Glance

Dalmore's primary investment focus is in low volatility assets without signficant exposure to GDP, traffic, usage or market price risk. Our geographical focus is located in the UK, although Dalmore also manages assets in Ireland, Continental Europe and Canada.

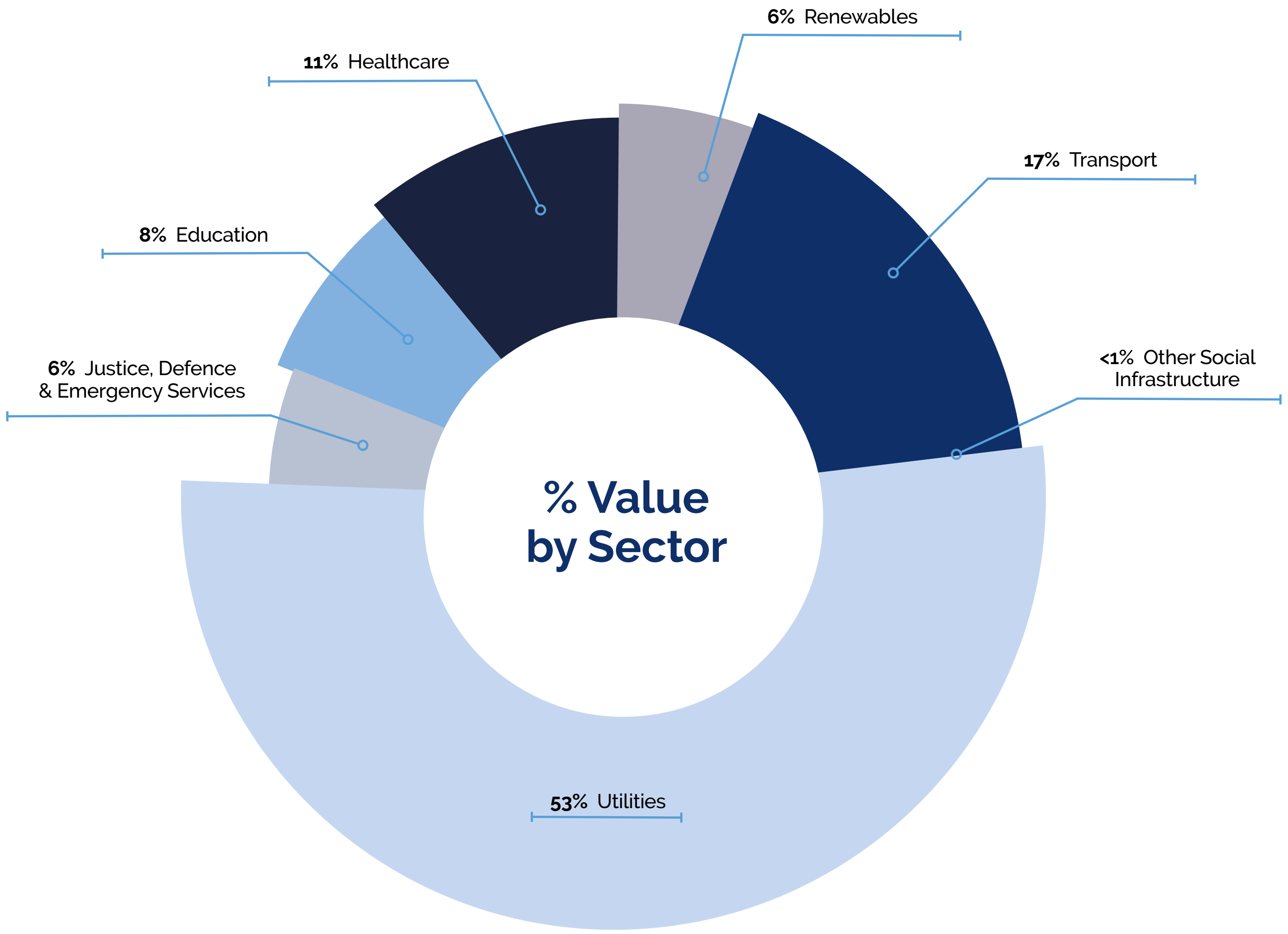
Portfolio at a Glance

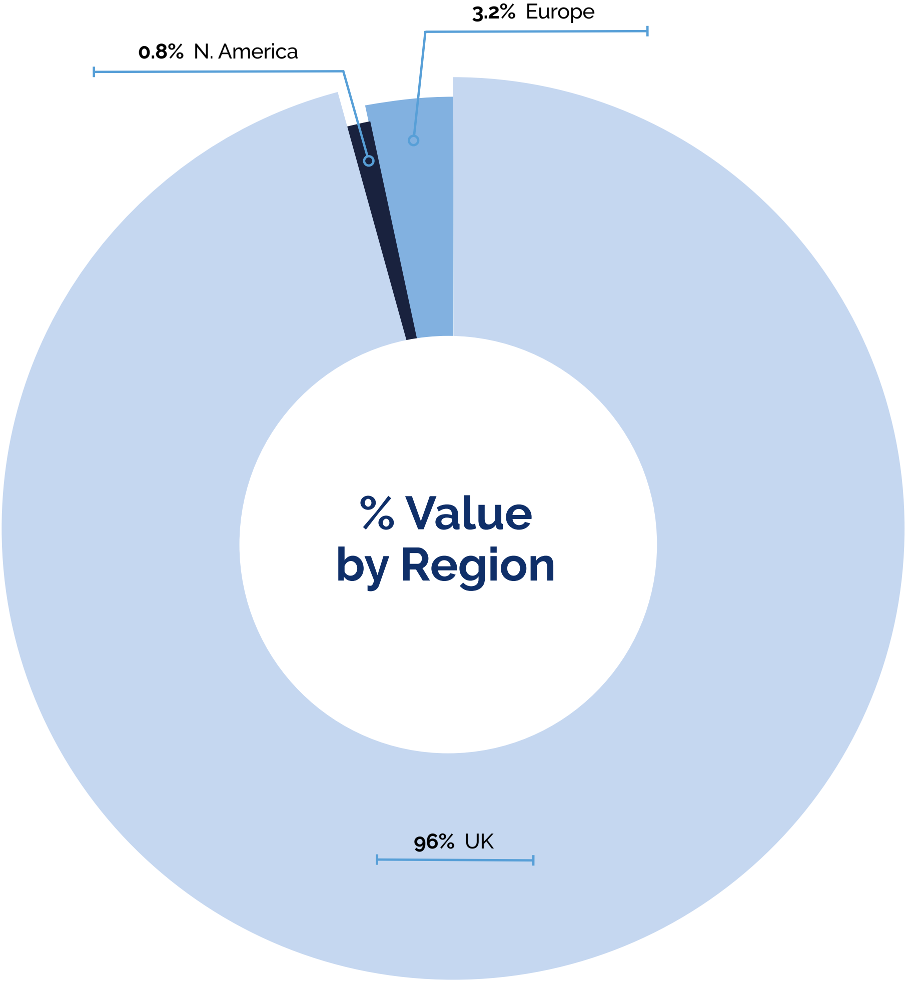
£5.7bn
Assets Under Management

124
Portfolio Companies

Our flagship infrastructure funds:

- Dalmore Capital Fund ('DCF')
- PPP Equity PIP ('PIP')
- Dalmore Capital Fund 3 ('DCF 3')
- Dalmore Capital Fund 4 ('DCF 4')





As of 31 December 2022. Value based on Portfolio Fair Value assessment December 2022.

2022 Highlights

ESG Highlights of 2022:

- Dalmore Capital Fund 4 made its second acquisition in Cory REP, expansion of waste to energy facility in London.
- Devised a roadmap to alignment with TCFD reporting and management of physical and transitional climate risk.
- Enhanced our mapping of activities to the UN Sustainable Development Goals ('SDGs') to identify both positive and negative impacts and opportunities within our portfolio.
- Changed our ESG reporting period from financial year to calendar and established 2022 as our ESG KPI baseline.
- Launched a new survey incorporating SFDR PAI metrics and piloted our Scope 3 data collection survey module.
- Invested in leading ESG data management online platform to manage asset level data.
- Undertook engagement activities throughout our portfolio, holding dedicated workshops to strengthen understanding of the new elements in our annual ESG survey and highlight emerging ESG trends and future areas of focus.

"

This year our focus has been on the identification and establishment of key performance indicators across the portfolio to support progress against our ESG Framework pillars. Recognising the growing data management requirements we have established a robust baseline against which to track our future performance. For the first time we have set measurable targets against which we will monitor our performance against priority actions within our ESG Framework."

Vanessa Warnock
ESG Director

Key Affiliations and Initiatives

Ongoing engagement with external bodies, working groups and initiatives enables Dalmore to continually benchmark its performance, participate in development of best practices and knowledge sharing, and collaborate with industry peers.

Key Affiliations and Initiatives

PRI Principles for Responsible Investment

UNPRI Scores [1]

Investment and Stewardship

★★★★

Infrastructure

★★★★

UNPRI Signatory since 2013

TCFD Task Force on Climate-Related Financial Disclosures

TCFD aligned disclosures since 2021

GIIA Global Infrastructure Investor Association

Member of Global Infrastructure Investor Association (GIIA) ESG Working Group

Infrastructure and Projects Authority

Infrastructure Projects Authority (IPA) Net Zero Working Group

[1] Latest results from UNPRI 2022 Pilot assessment framework.

Sustainability Outcomes

Dalmore believes that essential infrastructure and sustainable energy generation has a significant and positive role to play in supporting economic growth, decarbonisation of the economy, and delivering social prosperity through improved access to and provision of social services (such as health care, education, and other public services).

Sustainability Outcomes

The United Nations Sustainable Development Goals ('SDGs') are comprised of 17 high-level aims that together are driving global action toward sustainable development – alleviating poverty, increasing equality and opportunity, improving health, education, and environmental outcomes – by 2030.

Dalmore acknowledges that through its investments we have the potential to significantly contribute to and shape positive outcomes by supporting and promoting the SDGs agenda.

Whilst the core operations of our portfolio of infrastructure assets lend themselves to directly impact SDG 9: Industry, Innovation and Infrastructure, we believe that to varying extents, our assets also directly contribute to and support the majority of the SDG's. We have mapped our portfolio against the SDGs to identify where we materially support both directly and indirectly the targets of the SDGs.

We will continue to identify and monitor metrics that will enable us to demonstrate ongoing alignment with the SDGs through our asset management and ESG survey.

UN Sustainable Development Goals (SDGs)

Sustainability Outcomes

+200,000

Schools Places

+6,500

Hospital Beds

561MW Renewable Energy Generation Capacity.

Our portfolio of investments includes key infrastructure supporting 41 healthcare facilities across the UK ranging from acute specialist hospitals to local healthcare centres, providing access to quality essential health-care services.

Our investments in over 200 educational facilities located across the UK and Ireland cater to a range of education needs, including disability and limited English proficiency. The infrastructure in which we have invested promotes the delivery of safe and quality education for over 200,000 pupils.

Our investment in Tideway 'super sewer' a 25km tunnel will intercept, store and ultimately transfer sewage waste away from the River Thames delivering significant environmental benefits. One of Anglian Waters key objectives is to provide communities with safe drinking water and sanitation. However it can also be a source of significant environmental pollution risks. In March 2022, Anglian Water launched Get River Positive with five key pledges to create a flourishing and thriving environment. Risk management frameworks are in place to monitor and minimise these risks as far as possible, and Dalmore will continue to monitor progress against targets set to reduce pollution incidents. However, this remains a significant challenge for the water industry as a whole.

Improving energy efficiency across our portfolio is a key aspect of our ESG strategy. Through our ESG Survey we monitor energy consumption and energy saving measures implemented during the year to identify best practices and potential improvement opportunities. Our portfolio includes 24 windfarms across the UK with a total capacity of 561MW generating on average enough electricity to power 300,000 homes.

Our investment strategy is 100% aligned to the development of quality, sustainable infrastructure that supports economic growth and brings wider benefit to communities. We achieve this through careful stewardship of existing infrastructure that improves access to and delivery of essential public services.

We invest in six transport assets located across the UK, with a combination of roads and rail (rolling stock). These assets endeavour to provide safe and resilient infrastructure that delivers an essential service to millions of people. Our investment in Cory Riverside 2 will process 650,000 tonnes of non-recyclable waste per year, generating enough electricity to power 176,000 homes providing key waste management services and local energy production.

We have a duty to ensure that through the active management of our portfolio we deliver resilient infrastructure that is resilient to a changing climate. Dalmore can contribute directly to climate action by setting targets and raising awareness across our portfolio to build capacity in understanding climate change risks. By taking active role in industry groups working groups and education workshops with our portfolio companies we can share best practice and support climate literacy.

Our Approach to Responsible Investment

Consideration of material ESG risks and opportunities is integrated into our assessment and review of potential new investments and ongoing management of Dalmore's existing portfolio companies.

Our Approach to Responsible Investment

We bring experience and a diligent approach to managing more than £5.7 billion of institutional capital invested in essential infrastructure, contributing to economic growth and to improved access to and provision of public services.

We believe that seeking to maximise these socio-economic and environmental benefits enhances long-term returns. It is this philosophy that guides our responsible approach to investment.

Our Responsible Investment Policy plays a key role in formalising the framework through which we integrate and prioritise ESG risks and opportunities into every stage of the investment cycle.

Plan

Defining our ESG commitments and approach through all stages of the investment lifecycle.

Our ESG Committee has a key role in reviewing our strategy, identifying emerging ESG risks and opportunities, and integration of our Responsible Investment Policy.

Do

Integration of ESG in day-to-day activities; investment decision making, due diligence on new investments, ongoing asset management (see inset box on ESG in the investment cycle).

Act

Using feedback from our investors, peer reviews, and our portfolio companies we aim for continual improvement of the ESG strategy.

Assessing non-conformities and using corrective action where necessary.

Check

Ongoing ESG performance evaluation through engagement with our portfolio e.g. via our annual ESG survey.

Comparison of ESG outcomes to Dalmore Capital's aims and objectives and benchmarking within our portfolio to identify material issues and areas for further action.

Our ESG Framework

Dalmore established its ESG Framework to drive focus and structure in its investment approach by addressing material environmental and social issues to Dalmore and its Portfolio.

Our ESG Framework

The ESG Annual survey captures metrics and has established a baseline to track the performance of our portfolio against the following 9 focus areas in our Framework:

Environmental

Energy Use
Encourage the reduction of energy use and promote effiency.

Environmental Impact
Encourage active management and reduction of negative environmental impacts such as air pollution, waste, and ecological impacts.

Climate Change
Promote climate resilience and future proofing of assets.

Social

Health & Wellbeing
Demand health, safety and wellbeing of workers and the communities in which we work.

Diversity & Inclusion
Promote diverse and inclusive workplaces. Fair and rewarding employment and respect for human rights.

Community
Encourage strong relations with our neighbours and focus on the welfare of the users of our assets.

Governance

Business Conduct
Promote responsible business ethics and integrity, which exceed the applicable laws, where possible.

Governance
Influence appropriate governence structures that seek robust risk management.

Cybersecurity
Facilitate suitable cybersecurity and data protection.

Oversight and Implementation of ESG

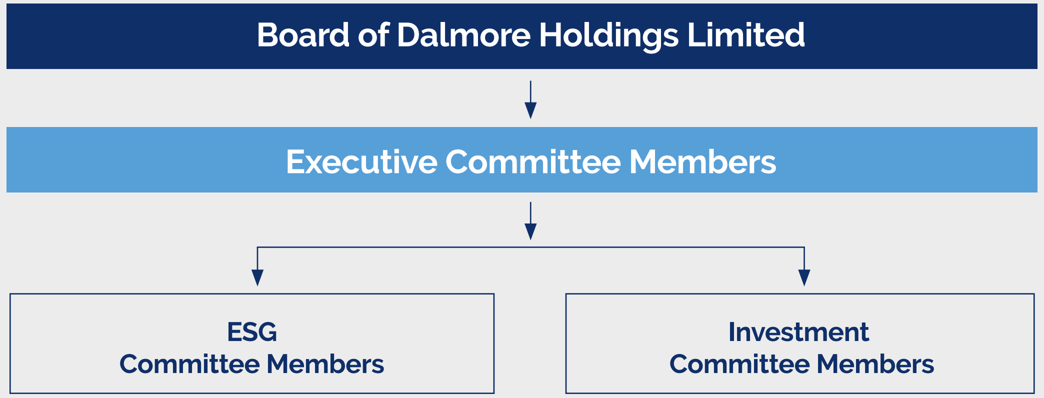
Our CEO provides strategic management and leadership of all ESG matters within the firm both at corporate level and within our investment portfolios.

Oversight and Implementation of ESG

Dalmore's senior management and Investment Committee exercise oversight and are accountable for responsible investment practices and integration of material ESG risks and opportunities into investment decision-making and asset management practices. This includes where applicable, physical and transition climate-related risks and opportunities, requirements under the EU's SFDR and the EU's Sustainable Taxonomy.

Dalmore's ESG Committee reports quarterly to the Board providing input on all ESG-related matters across the business, covering compliance, performance and strategy. The ESG Committee is comprised of representatives from across the business including our General and Social Infrastructure teams, Investor Relations, Human Resources and Legal & Compliance.

The day-to-day implementation of responsible investment practices is embedded across key business activities carried out by Dalmore employees. To ensure that appropriate actions are undertaken by employees we assign and evaluate ESG objectives as part of our annual appraisal process.



As of 31 December 2022.

Recognising the rapid development and evolution of ESG regulations and growing complexity of performance monitoring requirements across a wide range of ESG themes, the Board decided to further strengthen Dalmore's ESG capabilities in 2022 by appointing a dedicated ESG Director. Reporting directly to Dalmore's CEO, our ESG Director is responsible for overseeing the continuous improvement of Dalmore's ESG strategy and integration.

ESG in the Investment Cycle

Dalmore believes in proactively exercising its shareholder and governance rights as long-term custodians of the assets in which it invests. Post-acquisition, Dalmore's focus on ESG matters is continued through the active ongoing management of assets.

ESG in the Investment Cycle

Prior to Investment

Screening

- Identify low-volatility infrastructure opportunities that have the potential to deliver socio-economic and/or environmental benefits.
- Screen against investment restrictions or exclusions (as laid out in our Responsible Investment Policy).

Due Diligence

- Determine any material ESG considerations specific to the investment opportunity, and engage external advisors, where required.
- Assess opportunities and risks using as a minimum our standard set of ESG due diligence questions which are aligned with Dalmore's ESG Framework.

Investment Decision

- Ensure material ESG issues are identified in investment papers and considered by the Investment Committee as part of its approval decision.
- Where a material ESG risk is identified, careful consideration is given to how this can be mitigated or whether to proceed with an offer.

Active Ownership

Governance Setup

- Where possible, Dalmore takes a board position and, as a shareholder, influences behaviour and decision-making to achieve positive ESG outcomes.
- Where Dalmore has significant control over an infrastructure asset, we ensure that the company implements relevant ESG policies and standards.

Asset Monitoring & Management

- Relevant ESG matters are reported to and considered by the Boards of the infrastructure assets.
- Dalmore engages frequently with the internal management and/or our appointed operations and maintenance service providers of our infrastructure assets on relevant ESG matters, to understand risks and opportunities and drive improvements.
- Our asset managers regularly review asset performance across funds, share best practices and escalate any significant issues, including ESG matters.
- On an annual basis, Dalmore carries out a bespoke ESG survey across its portfolio. The ESG survey has a proprietary scoring methodology, designed to measure, and track ESG and carbon performance and drive improvements across our portfolio.

ESG Management

In 2022, Dalmore undertook its bespoke annual proprietary ESG Survey to monitor and measure ESG impact areas across the portfolio and evaluate progress towards alignment with Dalmore's nine ESG focus areas.

ESG Survey

The survey captures the portfolio companies' data through a range of metrics including energy use, health and safety performance, carbon emissions, governance, and community initiatives.

The survey results enable us to:

1. Update and educate portfolio company management teams on Dalmore's ESG strategy and commitments, and explain expectations upon them to deliver our reporting requirements.
2. Engage directly with portfolio companies to understand their opinions and concerns regarding ESG.
3. Understand the existing commitments to ESG made at the portfolio companies and the steps they are taking to meet such commitments.
4. Capture key ESG data points required to meet our existing mandatory reporting requirements and future expectations, such as the TCFD aligned reporting and SFDR.
5. Benchmark portfolio companies and demonstrate progress against our ESG Framework at portfolio company and fund level through our proprietary scoring mechanism.
6. Identify key areas of improvement for each portfolio company and build a bespoke action plan to support progress.

We continually look for ways to improve the ESG Survey to incorporate emerging ESG trends and reporting requirements. In 2022 we took the decision to change our reporting period to align with the calendar year January to December, moving away from financial year (April to March) reporting.

This has enabled us to:

- Establish 2022 as the baseline year for our reporting going forward (least impacted by Covid 19).
- Publish our data in Q2 of each year to meet regulatory and investor reporting requirements.
- Align our survey timing and data requests with investor needs and shareholders to streamline the reporting burden on our assets.

To manage the growing number of data points we invested in a recognised infrastructure ESG data management platform to collate and analyse our asset level data. We have aligned our survey to collate SFDR PAI metrics, ESG Data convergence initiative, TCFD and relevant industry benchmarks.

Updating our survey has allowed us to introduce additional metrics and targets around each of the 9 pillars within our ESG Framework. 2022 results will establish the baseline against which we will monitor defined ESG Key Performance Indicators ('KPIs') going forward.

ESG data quality, metrics and methodologies continue to evolve and we will maintain sufficient flexibility in our approach to allow for further development of KPIs as required.

2022 ESG Priority KPIs

Dalmore has established a set of core ESG targets and KPIs going forward based on the findings of our ESG Survey and portfolio wide priority objectives.

2022 ESG Priority KPIs

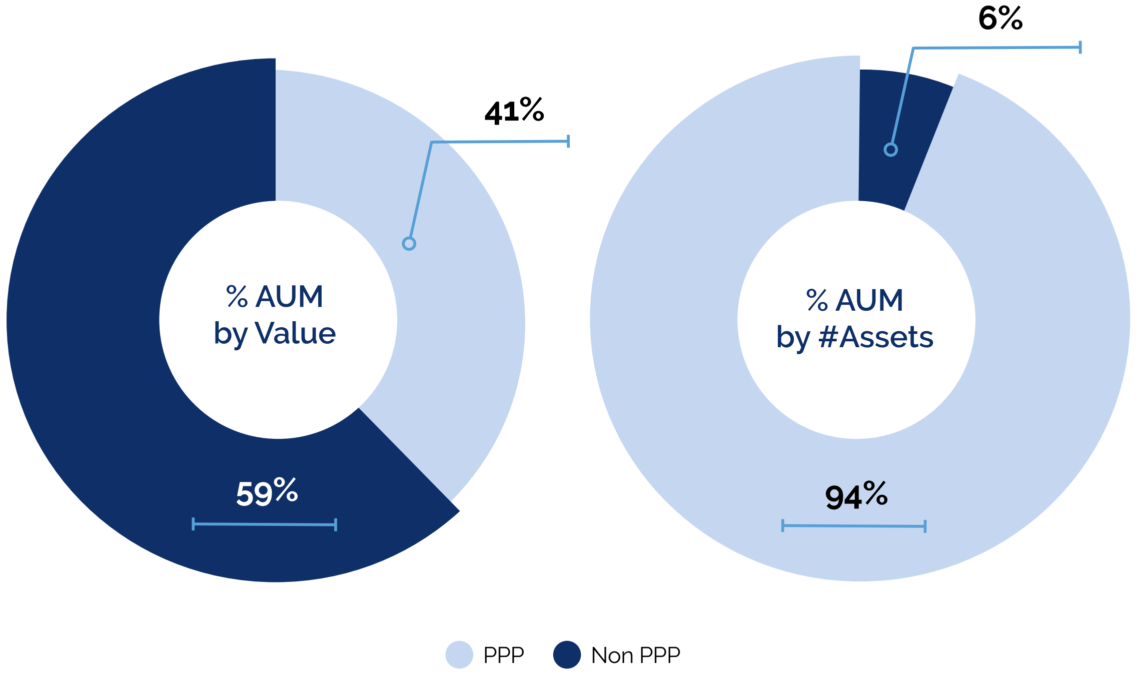
When setting our ESG priorities and the targets, we need to be mindful of the differing ownership structures and asset types within our portfolios, this has an impact on the level of operational control Dalmore has, and consequently the ability to implement specific measures.

Broadly our portfolio consists of Public Private Partnership (PPP) and non-PPP infrastructure assets.

Initiatives associated with opportunities to address energy and environmental factors are governed by long term contracts and our Public Sector clients operational use of the asset; and consequently, the associated resource use (water, waste, and energy). Through our concession contracts on PPP projects we are responsible for the maintenance of the building's fabric and services, stakeholder engagement and collective action between both parties is therefore key to achieving any initiatives.

Dalmore has chosen to focus on 5 priority areas over the next 2-3 years which target overall lower scoring elements of our bespoke ESG performance review. Short to medium term targets have been defined considering our operational control boundaries.

Public Private Partnership (PPP) and Non-PPP Infrastructure Assets



2022 ESG Priority KPIs

ESG Framework Priorities	Short to Medium Term Target	Target Measures/Attainment Indicator
Energy Use & Environmental Impact	• 50% of AUM with material energy consumption to have developed targets and reduction initiatives by 2025. • Identify material biodiversity risks and engage with portfolio companies on their biodiversity impacts by 2024.	• % AUM with relevant targets and policies. • # assets located in or near biodiversity sensitive areas. • # of assets with robust assessments and mitigation measures to manage biodiversity risks.
Climate Change	• Report Scope 1 and 2 emissions for 100% of AUM by 2024. • 70% of AUM (by value) to report Scope 3 emissions by 2026. • Undertake Climate related physical risks and opportunities screening for 100% of our portfolio by 2023. • Share climate related physical risk screening with 90% of AUM (by value) by 2026. • Develop and adopt a Climate Policy Framework outlining our approach to Net Zero by 2024.	• % AUM (by value) providing asset level Scope 1, 2 and 3 emissions data. • Climate related physical risk screening results. • % AUM (by value) climate – related risks and opportunities discussed at board level. • Policy adopted.
Stewardship and Engagement	• Develop and adopt a Stewardship and Engagement Policy in line with UK Stewardship Code by 2023 supporting our Climate Change priority objective.	• Policy adopted.
Communities	• Supporting welfare of customers/clients and the local community. Enhance opportunities for voluntary activities and charitable donations linked to our assets by increasing engagement and commitments from 70% AUM (by value) by 2026.	• % AUM with annual budget/ in kind commitment and/or formal stakeholder engagement plan.

2022 ESG Performance and Baseline

Dalmore's ESG Survey gives us valuable insights into our assets ESG performance and where to focus our efforts.

2022 ESG Performance and Baseline

Assets are scored against our bespoke ESG performance matrix, that use key indicators across our 9 ESG pillars.

By using this bespoke performance matrix we are able to share with assets the findings of our survey, identify areas for improvement, as well as potential data gaps.

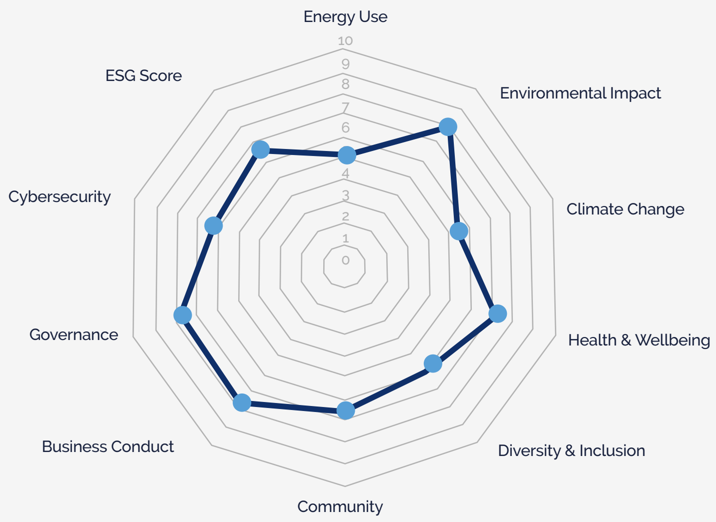
The weighted scores of Dalmore's four multi-investor funds as well as the value weighted score of Dalmore's total portfolio are presented below.

Dalmore Capital Total Portfolio

£5.7b AUM

124 assets[2] infrastructure investments.

2022 ESG survey response rate 94% AUM (by value), 88% of portfolio companies.

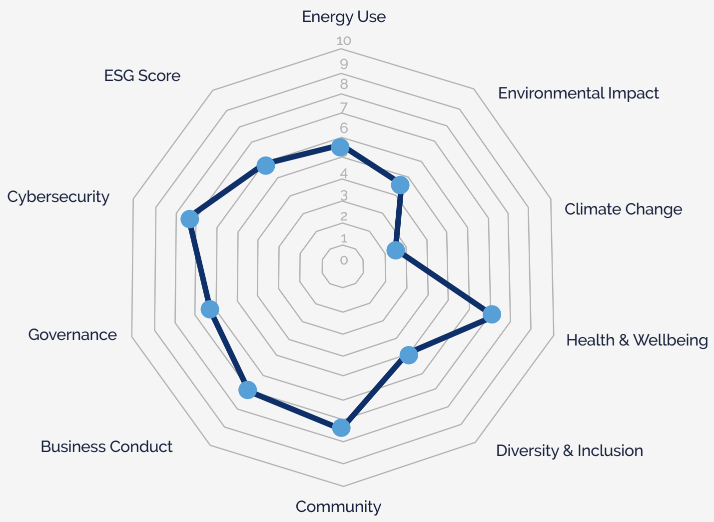


Dalmore Capital Fund Vintage 2012

£248.7m AUM

46 operational PPP project companies in the UK.

ESG survey response rate 64% AUM (by value).



[2] Assets in which Dalmore Capital only holds a debt interest and any assets which expired within the reporting period were not surveyed.

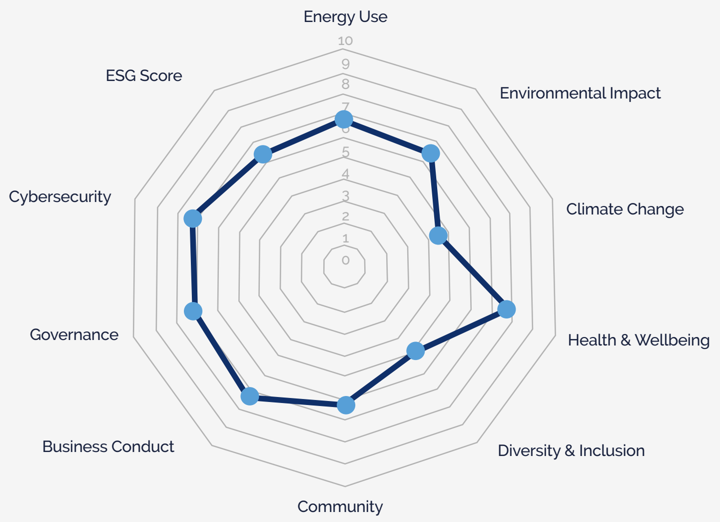
2022 ESG Performance and Baseline

PPP Equity PIP
Vintage 2014

£534.4m AUM

30 operational PPP project companies in the UK.

ESG survey response rate 90% AUM (by value).

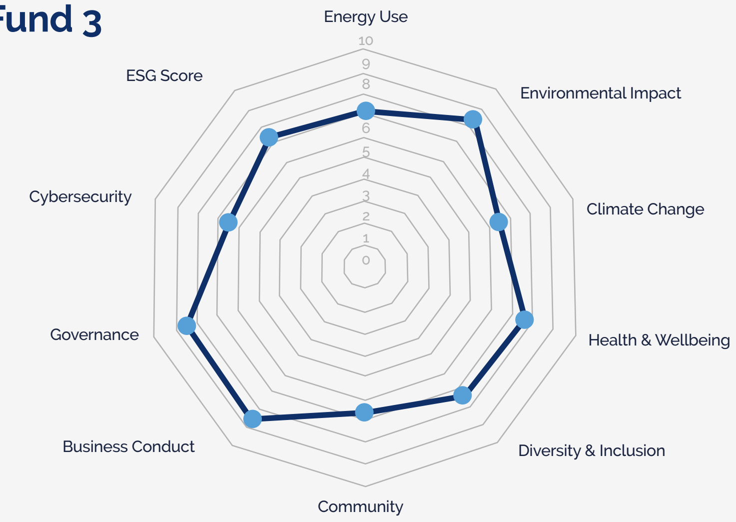


Dalmore Capital Fund 3
Vintage 2017

£950m AUM

Well-diversified portfolio of 11 investments in low volatility infrastructure assets.

ESG survey response rate 93% AUM (by value).

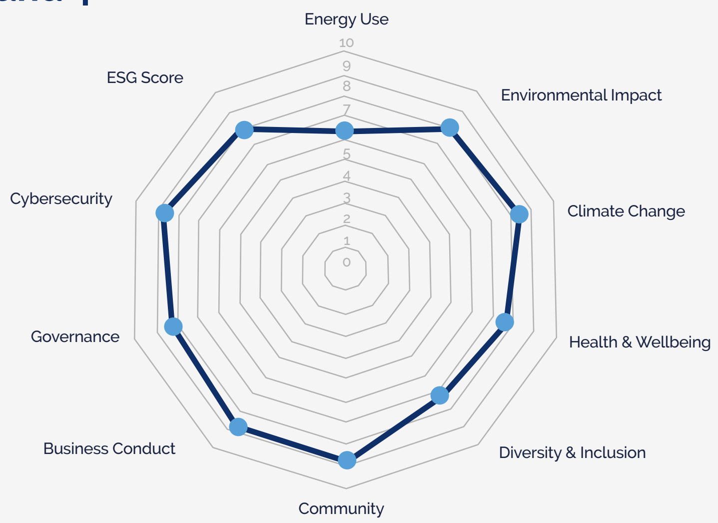


Dalmore Capital Fund 4
Vintage 2021

£138m AUM

Portfolio of two investments, Porterbrook a rail infrastructure leasing company and Cory one of the UK's leading recycling and waste management companies.

ESG survey response rate 100 % AUM (by value).



2022 ESG Performance and Baseline

At a macro level, our portfolio companies score strongly across governance, business conduct, health and well being, and environmental impact. Climate change and energy use are key focus areas over the next 2-3 years where we will focus on improving our portfolio company's performance in these areas, wherever possible (see Climate Change for more details on our planned initiatives).

A large part of our portfolio consists of established infrastructure, whose energy strategy and performance are governed by long term contracts where many low carbon solutions would require retrofitting/significant refurbishment to bring in line with today's new builds. Due to the contractual nature of these PPP assets operationally reducing energy use and carbon is more complex than for operating a fixed portfolio of buildings, as the way in which a public sector authority uses the building is outside of Dalmore's immediate control. As such any changes to a building requiring capital investment to improve energy efficiency, involves multiple stakeholders and public sector buy-in. However, these challenges can be overcome to achieve Net Zero, with close cooperation and engagement across stakeholders as demonstrated at our Newcastle Schools Project (see Responsible Investment in Practice). In 2023 and beyond, Dalmore will continue to work with its assets, co-shareholders and investors to support our public sector client's Net Zero goals.

We introduced new indicators in the performance matrix for 2022 to set a baseline for our targets around climate risk analysis and to assess Net Zero alignment. We know that the level of maturity around climate risk varies significantly across the portfolio as well as specific commitments on Net Zero, this is illustrated by the significant range in scores for our Climate Change pillar across our funds subject to the asset type.

Engagement with our portfolio assets across our ESG Framework KPIs will be key to continuous improvement of overall ESG performance. As part of our investment in a new ESG Reporting Platform, assets will be given summaries of key improvement areas and proposed actions to address gaps identified together with access to bespoke score cards providing comparison of performance against similar sectors/projects in our portfolio.

We believe one of our primary tasks in improving our overall ESG performance and capacity will be to deepen the understanding of energy efficiency and climate change at portfolio company level and find the highest-impact strategies to support our portfolio companies transition to energy efficient and low carbon solutions where possible. As such we are actively addressing climate awareness and resilience by assessing climate physical and transition risks across our portfolio in 2022 (see Climate Change).

Dalmore's subsidiary Resolis over the course of 2022 has increased the number of Dalmore invested PPP assets that it provides management services to 69 portfolio companies. Bringing together the majority of our social infrastructure projects under one management service provider allows us to increase our day-to-day direct engagement with portfolio companies. Working closely with Resolis general managers and team has enabled a more cohesive approach and understanding to ESG metrics and objectives.

GHG Emissions Baseline 2022

Dalmore's Corporate and Financed emissions are reported in accordance with the Greenhouse Gas Protocol and Partnership for Carbon Accounting Financials.

GHG Emissions Baseline 2022

Corporate Emissions

In our operational business we ensure that all energy is procured via REGO-backed green tariffs for electricity (where available). We also stipulate the use of high-efficiency equipment in day-to-day procurement and during the refurbishment of our offices. Employee awareness is also championed through the provision of training and eco-friendly signage around our offices. We have established cycle-to-work and electric car schemes to support our employees in reducing commuting and personal travel associated emissions.

We fully offset our 2022 operational Corporate Greenhouse Gas ('GHG') emissions through the purchase of verified (in accordance with the Verified Carbon Standard) carbon removals project via Climate Impact Partners. Our offset directly supports a nature-based community reforestation project in Ghana. The project works closely with local farmers some of whom are employed by the project and others are able to grow crops, via intercropping, within the reforested area, benefitting from the improved soil conditions. As a grouped project, the aim is to expand around 1,000 hectares per year, adding new project areas and improving more livelihoods through reforestation. In addition to delivering emissions removals, the project aims to support wider SDG objectives of zero hunger, decent work, life on land, gender equality, and clean water and sanitation.

GHG Emissions

	Scope 1	Scope 2	Scope 3
Corporate Emissions	Office Heating and Cooling	Office Purchased Electricity	Cat 6: Business Travel
Financed Emissions			Cat 15: Financed Emissions

GHG Emissions Baseline 2022

Financed Emissions

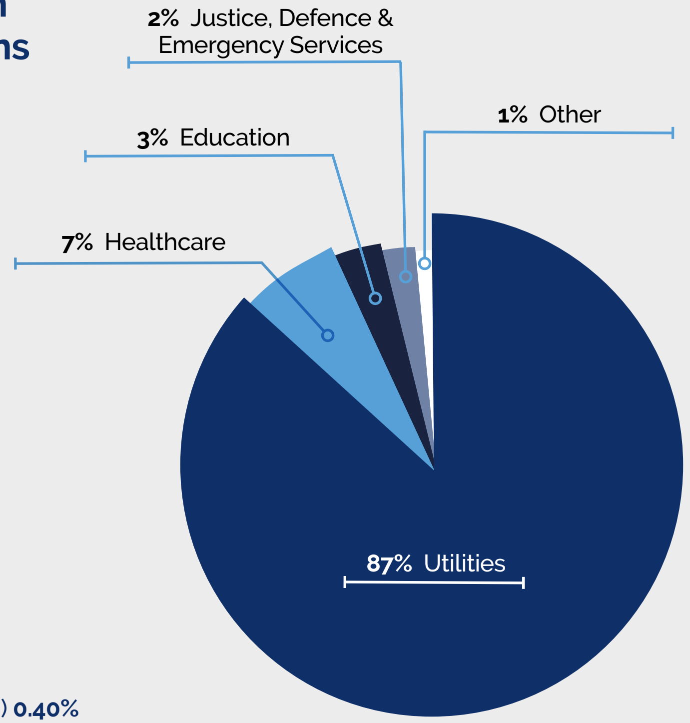
Our financed emissions represent 99% of our total emissions. Dalmore calculates portfolio Scope 1,2 and 3 emissions based on data obtained through our annual ESG Survey. The difficulty of quantifying financed emissions is well recognised across the industry given the reliance on data provided by portfolio companies. We expect the figures will fluctuate over time as we improve our data coverage targets, especially with respect to Scope 3 emissions. At Dalmore we believe in taking a bottom-up approach and we are continually working with stakeholders to improve data quality.

To support our ongoing drive to improve data collection and accuracy, of GHG emissions, the new online ESG platform we use to manage our survey data includes checks and validation tools to improve data quality and ensure a consistent approach to the calculation of GHG emissions. Where assets do not calculate and externally report on their Scope 1,2 and 3 GHG emissions, our survey collects consumption data to calculate tCO_2e based on relevant emissions factors.

To establish a baseline for future comparison, best efforts have been made to collate emissions data for 2022, including the use of proxy factors[3] where data was unavailable.

Across the portfolio, 83% of our assets provided relevant consumption data and/or reported Scope 1 and 2 emissions via the survey, representing 96% of assets by value.

Sector Breakdown Financed Emissions % AUM by Value



Sectors

Transport (13) **0.30 %**
Healthcare (32) **7%**
Justice, Defence & Emergency Services (15) **2%**
Utilities (6) **87%**
Renewables (1) **0.30%**
Education (50) **3%**
Other Social Infrastructure (6) **0.40%**

[3] Proxy factors were used for 21 of our assets where either consumption data for scope 1 or 2 or both were not available. The predominate source for benchmarking data used was CIBSE Energy Benchmarking Dashboard.

GHG Emissions Baseline 2022

In 2022, we piloted consumption and spend based Scope 3 emissions data collection in the categories of business travel, waste, and purchased inputs. Whilst Scope 3 data collection remains challenging to quantify and verify we will be refining our methodology to enable more assets to report on their Scope 3 emissions to the extent possible. Material Scope 3 emissions4 reported represents 45% coverage of assets by value.

Dalmore GHG Emissions Baseline[5] 01 January - 31 December 2022

		GHG Emissions (tCO_2e)	2022
Corporate Operational	Scope 1: Direct Emissions	Heating (Gas Consumption) tCO_2e	6.6
	Scope 2: Indirect Emissions	Electricity Consumption (Market Based)[6] tCO_2e	-
	Scope 2: Indirect Emissions	Electricity Consumption (Location Based) tCO_2e	24.0
	Scope 3: Indirect Emissions	Business Travel tCO_2e	19.3
	Total Operational GHG Emissions	Total Scope 1, 2 & 3 Emissions (Location Based) tCO_2e	49.8
	GHG Intensity	GHG Intensity tCO_2e / Employee	1.02
Financed	Scope 3: Financed Emissions	Portfolio Companies Absolute Emissions tCO_2e	414,068
		Financed Carbon Footprint tCO_2e / £m invested[7]	68

Scope 1 ,2 and 3 Data Reported

2022 Baseline:	96% AUM (by Value) Reported GHG Emissions
2024 Target:	100% AUM (by Value) Report GHG Emissions
2022 Baseline:	46% AUM (by Value) Reported Scope 3 Emissions
2026 Target:	70% of AUM (by Value) Report Scope 3 Emissions

[4] Only Scope 3 data that has been publicly reported by our assets or where an external consultant supported the calculation has been included in the 2022 baseline. No proxies have been used to calculate Scope 3 emissions for the remaining assets. [5] Methodology notes • The calculation of Scope 1, 2 and 3 emissions follows the Greenhouse Gas Protocol guidance. • Dalmore's organisational boundary has been defined in line with the Protocol's Operational Control approach. • Financed emissions calculations have been undertaken in accordance with PCAF methodology applying attribution factor to the absolute Scope 1, 2 and material Scope 3 emissions of our assets. Attribution factors are based on financial data and fair value as of 31 December 2022. Attribution Factor = Fair Value/Asset Value (100% of fair value share) + Net debt. • Financed emissions calculations excludes projects under construction in 2022 or where concession period ended in 2022. • All Financed emissions Scope 2 calculations are location based. [6] Electricity supplied to our offices is through REGO backed green tariffs, however we were not able to obtain copies of the utility invoices with relevant emission factors to calculate our market-based consumption. We will continue to work with the landlord going forward to obtain this data. [7] £m invested has been adjusted to exclude projects under construction in 2022 or where concession period ended in 2022.

Climate Change

Climate change challenges us all to think long-term; to recognise what is at stake for our assets and for the people who rely on them, and to meet these challenges with action.

Climate Change

We consider the identification and management of climate-related risks as intrinsic to our ESG strategy.

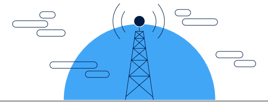
We believe that the changing climate requires us to frequently review and improve our governance, risk management procedures and performance monitoring to ensure that we create a resilient portfolio of assets that can continue to support socio-economic growth into the future.

- We understand that the changing climate brings not only risks to be managed, but also opportunities.Improved availability of low-carbon and renewable **energy sources** to maintain our assets.
- Innovation in the delivery of vital public **services** that reduce climate impacts and improve resilience.
- **Resource efficiency** improvements, such as better construction methods, energy efficient design, and improvements in asset longevity.

Dalmore has already taken steps towards achieving a climate resilient portfolio by excluding infrastructure assets whose primary activity is the extraction of or generation of electricity from fossil fuels from our investment strategy.

As part of our progress to continually improve our alignment with the recommendations of the TCFD, we updated our ESG Survey to better understand our portfolio companies' current alignment with TCFD.

The Financial Conduct Authority in the UK requires all companies with over £5bn in assets under management, to implement TCFD recommendations from 1 January 2023 and publish standalone disclosures by June 2024. This section provides an overview of our progress and plans as of December 31 2022, against all 11 TCFD recommended disclosures demonstrating our commitment to and support of TCFD. Dalmore will implement several workstreams throughout 2023 strengthening our analysis in identification of climate related risks and opportunities and associated management measures.



TCFD Disclosures

Dalmore became a formal supporter of Task Force on Climate-Related Financial Disclosures (TCFD) in August 2021.

TCFD Disclosures

TCFD Recommended Disclosures		Progress as of 31 December 2022
Governance		
1	Describe the Boards oversight of climate-related risks and opportunities	Dalmore's Board & Executive Committee comprising of CEO, CFO, CIO, COO and General Counsel have overall responsibility for defining our organisational structure and accountabilities, ensuring our risk identification and management capabilities are robust, implementing internal controls, and taking strategic decisions that reflect the firm's best interests. These governance activities have clear and specific relevance for climate-related considerations. The Board and the Executive Committee have taken steps to ensure our climate governance is fully embedded in formal decision-making through several key committees and executive reporting functions.
2	Describe management's role in assessing and managing climate-related risks and opportunities.	The ESG Committee is chaired by our ESG Director and charged with leading all of Dalmore's ESG-related activities in line with strategy objectives approved by the Board. The ESG Committee develops and leads progress against its work plan, coordinates teams and functions across the business to implement agreed actions, and provides advice and recommendations related to ESG matters, including climate, to the Board, the Executive Committee and other committees, notably those related to investment and fundraising, asset management, investor relations, legal, risk and compliance. Climate impacts, risk and opportunities are specifically considered in: • **Investment Committee** is responsible for the approvals of all acquisitions. Investment committee papers are required to undertake climate risk screening and assessment with review and input from the ESG Committee. • **Valuation Committee** agreement of valuation assumptions for all new assets. • **Asset Management Committees** in undertaking performance appraisals of our assets and direct engagement via our participation on company Boards. • **Risk Management Committee** when overseeing the Firm's key risks and reviewing the effectiveness of the Firm's risk management arrangements and exposure to climate related risks. • **The Executive Committee** in discharging day-to-day oversight of management, evaluation of performance against climate-related targets and implementation of the board's strategy.

TCFD Disclosures

TCFD Recommended Disclosures		Progress as of 31 December 2022	
Strategy		**Transition Risk**	
3	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	**Policy and Legal Risk:** Climate policy actions typically fall into two categories - those that attempt to mitigate climate change by preventing or reducing the emission of greenhouse gases ('GHG') into the atmosphere or those that seek to promote adaptation to the effects of climate change. Policy change around climate could potentially lead to an increase in operating costs through higher compliance costs, although it will depend on the nature and timing of the change. Carbon pricing policies may increase costs for organisations with significant carbon emissions, while other natural resources legislation (such as water and biodiversity) may become more stringent as scarcity increases. The failure to mitigate the impact of climate change and/or adapt to climate change, or insufficient disclosure on material financial risk could see increased litigation against companies and government for damages caused by climate change impacts.	Dalmore has collected carbon emissions data directly from our portfolio companies for the last two years. Each year we continuously work to improve our GHG emissions data and expand the scope of emissions captured to identify the material emissions source in each of the sectors we manage. This means that we will reduce the likelihood of penalties from incoming future legislation and policy requirements. Key to the development of our Net Zero carbon strategy is the establishment of a robust GHG emissions baseline in 2022 to track future performance.

TCFD Disclosures

TCFD Recommended Disclosures	Progress as of 31 December 2022	
Strategy continued	**Transition Risk**	**Mitigation / Opportunity**
	Technology: The timing of technology development and deployment required to achieve significant carbon emissions reductions remains a key uncertainty in assessing technology risk. As well as the cost and the unproven nature of integrating new technologies into existing assets, rapid changes in technology can also be challenging to integrate into development timeframes.	Our investment strategy is focussed on the acquisition of low volatility critical infrastructure. A key component of our investment process is to assess potential climate risks. At a portfolio company level we continue to work with partners and stakeholders to explore opportunities to lower emissions through new technologies, work practices, energy efficiency and design, and access to green tariffs and renewable energy. Our investments, and particularly those in the energy and utility infrastructure space, are actively investing and undertaking trials to demonstrate the feasibility of technologies that will allow them to transition to a low carbon economy. For example: • Cadent has a site in development which is one of two projects shortlisted to be the world's first Hydrogen Village. • Cory is developing its plans for a carbon capture storage solution, to help decarbonise its emissions and continue to deliver vital waste management services to London. • PPP projects face challenges to decarbonise buildings, Dalmore as a member of the Infrastructure Projects Authority (IPA) Net Zero working group is working towards sharing best practices and developing case studies of successful decarbonisation initiatives.
	Market: Investors and markets are increasingly redirecting capital away from products and services that contribute to climate change, impacting stock and asset values which could also result in stranded assets.	Dalmore investment screening process specifically identifies projects that meet our ESG Framework with climate risk and resilience as a core pillar. We look to future proof our existing portfolio companies where possible through improved energy and water performance (design and operational). Our exclusion policy has been agreed to avoid short term investment in projects that are at high risk of becoming stranded in a low carbon economy.

TCFD Disclosures

TCFD Recommended Disclosures		Progress as of 31 December 2022	
Strategy continued		**Transition Risk**	**Mitigation / Opportunity**
		Reputation: An organisation's action or inaction in transitioning to a lower carbon economy poses a potential source of reputational risk, as customers and communities continue to expect more from big businesses. Interest groups such as Extinction Rebellion may specifically target sectors and projects with no clear decarbonisation pathway. Reputational risk has a wider-ranging impact to our business: attracting high-quality partners may become more difficult, governments and communities may resist working with us, and it will be harder to attract and retain top talent.	Our ESG Framework identifies Climate Change as one of the key areas of focus within our Responsible Investment Policy demonstrating to our stakeholders that we understand the importance of transparency and disclosure around climate change. Dalmore has publicly supported TCFD and continues to improve public reporting on climate risk ahead of our legal obligation in 2024. We are committed to developing a Net Zero strategy in 2023 and currently assessing sector guidelines and frameworks which are evolving to guide financial institutions in setting Net Zero targets.
4	Describe the impact of climate-related risks and opportunities on the organisations business, strategy and financial planning.	Climate change has the potential to directly impact our assets and the strategic context in which we consider new acquisitions and identify opportunities. Over the course of 2022 Dalmore engaged directly with portfolio companies through interviews and our annual survey to complete a gap analysis of TCFD alignment at the asset level across our portfolios. All our large Energy & Utility portfolio companies (Cadent, Anglian Water, Tideway and Cory) showed a high level of progress in their alignment with TCFDs key recommendations and have voluntarily provided TCFD disclosures as part of their 2022 Sustainability or Annual reporting. There is an ongoing commitment to refine and progress climate disclosures and assessment of risks and opportunities across these assets. Together they represent significant portion of our AUM and contribution to Dalmore's overall financed emissions. Across our Public Private Partnerships ('PPPs'), of which a significant number are comprised of Education and Healthcare assets, we identified limited to no asset level assessments of climate and physical risk in accordance with TCFD recommendations. To further develop our climate awareness and resilience we have committed to undertake physical risk analysis using forward looking climate scenarios for all our portfolio companies in 2023. Over the course of 2023 we will host a series of workshops with our assets and asset Directors to increase knowledge and awareness of key drivers behind climate physical and transition risk assessment and provide guidance at an asset level. Results of our climate screening will be shared with all PPP assets to develop their understanding of physical risks and develop mitigation measures where necessary. Given the diverse sectors that comprise our portfolio, we will take a top-down approach to identifying key transition risks specific to each sector within which we invest.	

TCFD Disclosures

	TCFD Recommended Disclosures	Progress as of 31 December 2022
Strategy continued		
5	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including 2˚C or lower scenario.	The majority of our infrastructure investments have been built under the UKs stringent building and planning policies which require that the most acute physical climate hazards be taken into consideration in the design and construction phase. We believe this provides a high level of resilience to the most significant physical risk impacts, however for some of our assets these assessments predominantly focused on historical trends and therefore believe it is important to assess existing mitigation measures against risks identified through forward looking climate scenario analysis. As asset manager we are committed to supporting our assets in identifying and where possible improving resilience to climate related risks and opportunities through our engagement. In December 2022 Dalmore engaged leading climate consultant to undertake quantitative climate scenario analysis in 2023 across our portfolio. The assessment will follow TCFDs recommendation to review high emissions scenario and 2˚C aligned scenarios. Dalmore has chosen to take a bottom-up approach and will screen all of our assets against both physical and transition risks.

	Transition Risks	Physical Risks
Database	Network for Greening the Financial System (NGFS) climate scenarios. NGFS is used primarily and supplemented by International Energy Agency (IEA) and Climate Change Committee (CCC) data for specific indicators.	IPCC Shared Socioeconomic Pathways (SSPs) described in Assessment Report (AR6)
Scenario	Current Policies (expected temperature outcome 3˚C) And Net Zero 2050 (1.5˚C alignment)	SSP1-2.6 and SSP5-8.5
Time Horizon	2030, 2040, 2050	2030 & 2050

TCFD Disclosures

TCFD Recommended Disclosures		Progress as of 31 December 2022
Risk Management		
6	Describe the organisation's processes for identifying and assessing climate-related risks.	The Risk Management Committee, reporting to the Board, provides oversight and challenge to ensure inherent risks (including climate) have been identified, assessed and appropriately managed. Climate Change presents a recognised and significant risk in its own right which is why all UK-based enterprises are now mandated to report on climate risk under TCFD by 2025. Our established ESG Framework ensures that climate change risks are considered throughout the investment cycle. We have continued to improve and develop our GHG emissions database to provide robust baseline to assess future risks in the management of our existing portfolio. Our commitment to establishing and **Climate Policy Framework in 2024** will further define our commitments and processes across our investment cycle.
7	Describe the organisation's processes for managing climate-related risks.	Where possible, Dalmore takes a board position and as a shareholder influences behaviour and management decision-making to identify and consider climate related risks. Our Performance Review Committees ('PRC') report quarterly on a company's performance including managements activities on climate risk mitigation.
8	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate related risks are considered as part of our risk management procedures, but we recognised the need to continue to evolve our climate related risk management process and incorporate more detailed qualitative analysis. The outcomes of the climate scenario modelling assessment to be undertaken in 2023 will be embedded within our risk management process by 2024. Through our ongoing direct engagement and management of our assets we take a bottom up approach to understanding climate risks, material issues identified are escalated to our Exec Committee as part of our regular asset management reviews. In our investment process the Investment Committee is required to review and considers potential climate risks and scope of mitigation measures available. The assessment is supported directly by the ESG Committee, where material risks are identified these are highlighted and escalated to the Investment Committee as part of the decision making process.

TCFD Disclosures

TCFD Recommended Disclosures		Progress as of 31 December 2022	
Risk Management Continued			
9	Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	Dalmore is not currently required to report at an entity level against SFDR, however we have begun to collate data against the mandatory PAIS and will collate relevant data across our portfolio. The following climate related metrics will be reported in 2023: • GHG emissions • Carbon footprint • GHG intensity of portfolio companies • share of non-renewable energy consumption and production • exposure to companies active in fossil fuel sector; and • energy consumption per high impact climate sector In 2023 climate physical risks will be quantified according to qualitative risks factors based on scenario modelling across our portfolio. The results of this analysis will inform further metrics and reporting going forward.	
Metrics and Targets			
10	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Dalmore reports its Corporate Scope 1, 2 and 3 emissions, including category 15 Financed emissions. We have established 2022 as our GHG emissions baseline, calculated in accordance with the GHG Protocol and PCAF methodology for financed emissions.	
11	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against the targets.	Establish Scope 1 and 2 emissions baselines for 2022 across our Portfolio based on asset level energy consumption figures. Where data was not available, we have used proxy[9] factors to establish a full Portfolio baseline.	**Target to achieve 100% scope 1 and 2 emissions reporting by 2024.** Develop Climate Policy Framework by 2024 establishing Net Zero target in line with the IIGCC Net Zero Investment Framework and the specific IIGCC guidance for the infrastructure sector, following a 1.5˚C reduction pathway. **Our objective will be to use our Climate Policy Framework and scenario analysis:** 1. to engage with our portfolio companies to quantify the implications of the identified risks; and 2. develop a road map for climate resilience.

[9] Proxy factors have been sourced from CIBSE Energy Benchmarking Dashboard where available or using averages from our own portfolio dataset.

ESG in the Way We Operate

Dalmore's ESG Framework enables it to mitigate and manage risks, create value and long term returns for our investors.

ESG in the Way We Operate

We accept that our business has a direct influence of the environment, and wide-reaching impacts on our employees, supply chain and the communities in which we operate. As such we take our responsibility to serve these stakeholders very seriously. We believe that not only is it the right course of action to take, but it also strengthens our corporate culture, and builds pride in Dalmore as a place to work.

Whilst our ESG practices are primarily focused on our investments and the ongoing operation of our assets (as this is where our impact and our opportunity to make a difference is greatest), we have also focused on embedding ESG within all areas at Dalmore.

At Dalmore we are committed to delivering positive impacts through everything we do; with our employees, our local communities, and the environment. These three pillars comprise our Corporate Social Responsibility ('CSR') strategy:

- **Environmental:** Reducing our direct impact on the environment by minimising our waste and emissions.
- **Community:** Supporting communities and charities through fundraising, charitable giving, volunteering, and skills transfers.
- **Employees:** Providing a workplace that encourages diversity and equal opportunities for all; that invests in professional development and supports employee health and wellbeing.

ESG in the Way We Operate

> I think these events are great for team morale as well as supporting good causes."
>
> "The walk was challenging, but the scenery, camaraderie and good humour shown by everyone made the day very special, and enabled us to have a chance to really get to know new colleagues."
>
> **Dalmore Capital Employees**

Health and Wellbeing of our Employees

Our dedicated employees are intrinsic to the work we do and we focus on ensuring that they receive the health and wellness support that they require. As we recovered from the COVID-19 pandemic, we launched our new hybrid working model after consultation with our employees, that enables them to more easily balance their home / work commitments. This transition to a 'new normal' working pattern has been managed by a working group to ensure employee satisfaction. Since our return to the office, Dalmore continues to offer support related to ensuring good physical, mental and financial health.

Employee interaction and team-building is key to our success, and we regularly hold staff socials and team-building sessions. Many of these events have focused on our charitable initiatives including:

Fundraising

- Throughout the course of the year, Dalmore supported two charities: Mental Health UK and The Conservation Volunteers. In total, these charities received £47,956 through our employees' generosity and matched funding from Dalmore. Employee-led events included a Christmas Quiz, 10,000 steps per day challenge and indoor cycle relay race (with our Edinburgh office competing against our office).
- In May 2022, 35 Dalmore employees completed 'The Edinburgh 7 Summits' challenge; a tough 35km trek that included 900m of ascent of Edinburgh's surrounding hills (including the famous Arthur's Seat). The challenge was one of the first opportunities since COVID-19 to bring both our London and Edinburgh offices together and spend valuable time connecting with each other in incredible surroundings whilst raising valuable funds for our two charities.

ESG in the Way We Operate

Volunteering

- All employees are provided with two paid days per year to volunteer at a charity of their choice. These days can be used in a flexible manner to provide as many opportunities for volunteering as possible. In addition, Dalmore employees in both London and Edinburgh have undertaken group volunteering at Russia Dock Woodland and at Drylaw Neighbourhood Centre respectively. The volunteering tasks saw employees plant trees, build fences, undertake garden maintenance and plant beds for the upcoming growing season.

Donations

- Employees are able to take advantage of tax-efficient charitable giving through the Charities Aid Commission's Give-As-You-Earn scheme. In addition, Dalmore matches employees' individual charitable fundraising efforts upby up to £1,000 per employee per year. These donations and matched giving are in addition to the fundraising programme.

Personal and Professional Development

All Dalmore employees are provided with access to personal and professional development through a variety of means, including online training and in person training, either 1:1 or group sessions. Employees are encouraged to consider what personal development they require to allow individuals to steer their own career development as encouraged and supported by line managers and the leadership team.

All employees at Dalmore are required to attend compliance training on an annual basis, including information on ESG expectations. In addition, internal sessions and team meetings have given employees the opportunity to learn more about the direction of our own internal ESG strategy and how each individual role has a part to play.

Sustainable Transport

We provide two sustainable transport salary sacrifice options for employees. Firstly, our cycle-to-work scheme provides not only a tax efficient programme for employees to purchase bicycles for commuting to / from work but also encourages employees to cycle, improving health and wellbeing. Secondly, we provide a salary-sacrifice scheme for leasing electric vehicles, with the aim to reduce our scope 3 emissions.

Fostering an Inclusive Culture and Promoting Diversity

At Dalmore, we firmly believe that having a diverse team contributes to better decision-making and is crucial for the success of the business in the long term. That is why we focus on maintaining a culture that promotes equality and values different perspectives, experiences and backgrounds in all elements of our work. We continue to focus on improving the gender split with Dalmore Capital and over this reporting period, 100% of all new hires were female.

Responsible Investment in Practice

Case studies which showcase the achievements of our Portofolio Companies in implementing ESG initiatives.

Responsible Investment in Practice

Cory

The Riverside heat networks: Investing in opportunities to decrease reliance on fossil fuels Activities and Outcomes Contribute to our core ESG pillar of reducing Environmental Impacts.

Working with Vattenfall, Local Authorities and developers, Cory are developing a district heat network to provide affordable and low carbon heating to more than 21,000 homes in the London Borough of Bexley and the Royal Borough of Greenwich from Riverside 1 and Riverside 2.

The Riverside Heat Network will revolutionise how a large part of the city is supplied with heating, displacing natural gas to reduce new fossil carbon emissions, while bringing air quality improvements for residents. It will accelerate London's journey to Net Zero and will be the largest district heat project in the UK. During 2022, Cory continued to progress commercial discussions with their partner Vattenfall, who will be delivering the project.

Asset Profile

Asset Description: Waste to Energy plant processing approximately 900,000 tonnes of waste per year in London.

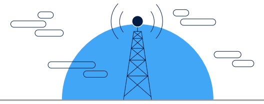
Fund: Dalmore Capital Fund 3

Infrastructure Sub Sector: Energy

Dalmore Investment: 52.55%

Year of Investment: 2018

Representation on Board: Yes



Responsible Investment in Practice

Asset Profile

Asset Description: Operation of 11 Schools (secondary, primary and special needs) in Newcastle

Fund: Dalmore Capital Fund & PIP Equity PIP

Infrastructure Sub Sector: Social Infrastructure

Dalmore Investment: 99%

Year of Investment: 2007

Representation on Board: Yes

Newcastle Schools

Supporting Net Zero goals in Private Financed Infrastructure.

Activities and Outcomes Contribute to our core ESG framework pillars of climate risk mitigation and energy use.

Newcastle Schools' is a PPP project consisting of 11 schools within Newcastle City Council's ("NCC") school estate. NCC have set an ambitious target to be carbon neutral by 2030. To support the delivery of this target the Newcastle Net Zero Schools programme was established to decarbonise the school estate across the city. 'NCC - in collaboration with Aura Newcastle Ltd (Dalmore's Project Management Company) and Robertsons FM (Facilities Management Company) - bid for and successfully secured funding from the Public Sector Decarbonisation Scheme (first launched in 2020). Through this collaborative effort Newcastle Schools secured grant funding of just over £5.m to fund decarbonisation plans for 11 schools, to install a range of decarbonisation options including solar panels, air source heat pumps, LED lighting and thermal insulation. Newcastle Schools supported the development of initial surveys, design and costings in applying for the funding and subsequently managed the procurement and construction of the works. Installation of agreed decarbonisation works began in 2021 and were completed in November 2022. In total, across the 11 schools, the decarbonisation measures installed are expected to result in total CO_2e reduction of 60.73 t/CO_2e per year and CO_2e of 7,044 t/CO_2e across the asset lifetime. As an example, at St Mary's school the solar panels are expected to generate 199,844 kWh every year which improves energy resilience enabling the school to generate 28% of its own electricity needs.

Farah Hussain, Capital Investment Team, NCC, said "The City Council sees this as an incredibly positive step towards demonstrating that the complexity of PFI arrangements does not mean that we cannot work together to improve energy efficiency and improve carbon reduction."

Dalmore is engaging with stakeholders within our PPP portfolio to identify other opportunities for similar collaborative initiatives that can help to unlock the challenges of decarbonising public sector buildings where long-term contractual mechanisms create barriers to innovation. Dalmore as part of the Infrastructure and Projects Authority's ('IPA') Net Zero Working Group are engaging across the sector and with other investors to identify pathways for Net Zero in social infrastructure projects we manage.

Responsible Investment in Practice

Asset Profile

Asset Description: Provider of rail leasing and asset management support

Fund: Dalmore Capital Fund 4

Infrastructure Sub Sector: Transport

Dalmore Investment: 20%

Year of Investment: 2021

Representation on Board: Yes

Porterbrook

Sustainability Linked Loan

Activities and Outcomes Contribute to our core ESG pillar of Energy Use, Climate Change and Environmental Impacts:

Coupled with the need to reduce greenhouse gas emissions, air quality impacts are of growing concern to the rail industry to protect the health of passengers, rail staff and communities served by our railways.

In October 2022 Porterbrook closed a Sustainability Linked Loan as part of the refinancing of a £500million Revolving Credit Facility.

The new facility includes a margin adjustment mechanism based on Porterbrook's performance against ambitious Sustainability Performance Targets (SPTs), further aligning our financing strategy with the company's ESG goals.

SPTs were developed working closely with CBC acting as the Sustainability Coordinator for the transaction. They cover the percentage of capital expenditure allocated to zero-tailpipe and bi-mode rolling stock, as well as the re-use and recycling of rate achieved for end-of-life assets.

Another innovation is Porterbrook's development of bi-mode and tri-mode FLEX units which improve operational flexibility across electrified and non-electrified routes by fitting a low emissions engine to an electric train. FLEX allows Porterbrook to extend the functional life of trains (thereby reducing whole-life emissions), whilst supporting the incremental electrification of the railway.

FLEX units are in passenger service with Transport for Wales and Northern and will enter commercial service at Great Western Railways in Spring 2022. In October 2021, FLEX won the Environment and Sustainability award in the Modern Railways' Innovation Awards.

Responsible Investment in Practice

Supporting Communities

Dalmore Capital Fund 3 portfolio company – EDF Renewables: Dorenell Wind Farm Community Benefit Fund

Launched in July of 2020, the Dorenell Wind Farm Community benefit fund, has awarded 62% of the funds £1,884,562 grant. Established as a charitable fund for the benefit of residents living within four communities local to the wind farm, the grants are managed on behalf of Dorenell Wind Farm project company by Foundation Scotland. Grant applications are open three times a year with focus around five core themes of 1) Environment and Heritage, 2) Community and Recreation, 3) Local Economy and Tourism, 4) Housing and Sustainable Development, and 5) Transport and Access Services. Some of the projects funded include:

- **Tomintoul & Glenlivet Development Trust** - To fund a design and costing feasibility study for a footpath network connecting the Dorenell communities.
- **Mortlach Memorial Hall Dufftown** fund car park resurfacing to provide a safe and attractive parking area for users of the Hall and the wider community.
- **Speyside community car share scheme** to continue to provide volunteer-based transport services, reducing isolation and improve access to local services and medical appointments.

The funding delivered by the Project Company plays a key role in providing an additional benefit sharing mechanism to the local communities within which the wind farm is located. Managing the fund through grant application scheme ensures ongoing engagement with local communities and that we are delivering projects led by and wanted by the community.

Responsible Investment in Practice

PPP Equity PIP Portfolio Company

Colchester Garrison: Colchester Memorial Garden

Colchester Garrison is a Ministry of Defence facility which provides living and working accommodation for 3,500 military personnel and 750 civilian staff in Colchester, Essex. The project site is 185ha encompassing 137 new buildings and refurbishment of some existing buildings. Facilities include training buildings, headquarters, mess buildings and accommodation, an indoor swimming pool and sports pitches.

A service of dedication was held at the barrack's memorial garden in June 2022 to unveil the 16 purple birches, planted as part of the Queen's Green Canopy initiative. The number of trees planted and the colour of their leaves represent the maroon berets of Colchester-based 16 Air Assault Brigade Combat Team.

The trees were planted as part of a renovation of the memorial garden and funded by Dalmore's project company RMPA Services, which manages the Colchester Garrison PPP contract.

Lieutenant Colonel Ed Rankin, Commander of Colchester Garrison, said: "The Maroon Canopy has been a fantastic way for the Garrison to mark the Platinum Jubilee celebrations and improve biodiversity on the barracks, with a unique twist that honours the identity and history of airborne forces. I hugely appreciate the work put in by our industry partners to deliver this project."

Greg Thomas, Chief Executive of RMPA Services, said: "We're proud to support the men and women of 16 Air Assault Brigade Combat Team, and the memorial garden is a small contribution we have made to demonstrate that. These trees will grow to become a significant element of the garden, to both remind future generations of soldiers of the Queen's Platinum Jubilee and to enhance this area of reflection and remembrance."

The Queen's Green Canopy is a unique tree planting initiative created to mark Her Majesty's Platinum Jubilee in 2022 which invites people from across the United Kingdom to 'Plant a Tree for the Jubilee'. The intent is to create a lasting legacy from the celebrations to benefit future generations.

Looking Ahead

Following continued improvement in establishing a robust data collection platform and the implementation of our ESG framework, Dalmore has established specific targets around climate risk, climate change, environmental performance and community engagement that will be the focus of our initiatives over the next 2-3yrs.

Looking Ahead

Delivering Best Practice

Dalmore's Responsible Investment and ESG journey is central to what we do as a firm, and how we do it. As part of Dalmore's philosophy of continual improvement and integration of ESG in the way we operate, we will update our Responsible Investment Policy in 2023 to reflect:

- Internal review as well as feedback from investors and portfolio companies on our material ESG risks and opportunities.
- Disclosure of our stewardship and engagement process.
- Evolving ESG regulatory requirements.

The road ahead includes a number of priorities which we will be working to implement during 2023 and beyond:

SFDR, EU Taxonomy and SDR

Both the European Union and the UK Government have committed to redirect capital flows to sustainable investments and to bring about a common framework under which sustainable investments can be defined and compared. The EU green finance roadmap is defined under the EU Taxonomy and the Sustainable Financial Disclosure Regulations ('SFDR') which are supported by Regulated Technical Standards ('RTS') which set out specific categories of alignment known Article 8 and Article 9 (light green and dark green characteristics).

In parallel, the UK Government and Financial Conduct Authority ('FCA') has been developing its own Sustainable Disclosure Requirements ('SDR') and taxonomy.

Dalmore Capital Funds will be required to implement either SFDR or SDR and we will continue to work on updating our internal processes to capture these requirements and aligning new investments to SFDR and the EU Taxonomy where relevant.

TCFD

Improving our understanding and disclosure of climate risk and opportunities is a key step in helping us understand the risk to our portfolio and helping us develop a Net Zero strategy. Over the next 12 months we will be undertaking physical and transition risk scenario analysis across our portfolio and engaging directly with our portfolio companies on the findings. We will be focusing our engagement at board level for those portfolio companies who have to date not provided their own TCFD disclosures. Working with our portfolio companies, we will be looking to define appropriate measures and targets to mitigate any risks identified. Equally, we see this as a way of engaging with portfolio companies on potential opportunities that can be pursued in addressing climate change risks. Our first standalone TCFD Report will be published in June 2024 in line with the FCA's requirements.

Looking Ahead

Net Zero

Although neither the EU SFDR nor the UK SDR mandate achieving Net Zero at this time, we wish to align with the goals of the Paris Agreement to limit global heating to under 1.5˚C, and generate sustainable returns for our investors. Exploration into how we can achieve this alignment is a key priority for 2023. We will be looking at how best to develop Net Zero targets across the many sectors we invest in. While some of the sectors in which we invest have established transition pathways, many are still in the process of defining what a pathway may look like. One such initiative is the Infrastructure and Projects Authority Net Zero working group, with key industry stakeholders including Dalmore looking to define a suitable pathway for the sector. Dalmore will continue to engage with its portfolio companies and key stakeholders in the development of its approach and in establishing a robust GHG baseline across its portfolio. Quality data coverage will be a key component for both defining existing performance, sign posting improvement areas, setting out pathways and reporting on progress. It is for this reason we have extended the scope of our ESG annual reporting to track progress against climate change and will increase our direct engagement on climate change with our portfolio companies.

Achieving Net Zero and demonstrating that our portfolio companies meet wider sustainable investment goals can only be achieved through coordinated and collaborative work across the supply chain. Our objective for 2023 is to develop a Climate Policy Framework which sets out our ambition and targets.

Going forward, we will continue to work with portfolio company management teams in managing the risks that climate change presents and we will consider potential opportunities to further expand our portfolios in projects/businesses which support the transition to a low-carbon economy. As a long-term investor in UK and European infrastructure, Dalmore recognises the important role we can play in countries decarbonisation plans to achieve Net Zero.

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