DALMORE CAPITAL

CLIMATE-RELATED FINANCIAL DISCLOSURE

REPORTING PERIOD 1ST JANUARY TO 31ST DECEMBER 2024

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June 2025
SUSTAINABILITY COMMITTEE APPROVAL

June 2025
EXECUTIVE COMMITTEE APPROVAL

This report has been prepared in accordance with the Financial Conduct Authority's Environmental, Social and Governance Sourcebook, specifically:

Chapter 2 rules and guidance which outline the requirements for annual climate-related disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures;

Chapter 4 rules on the introduction of anti-greenwashing, requiring that sustainability-related claims made by firms are fair, clear and not misleading.

For all enquiries, please contact our Investor Relations team via: investor.relations@dalmorecapital.com

EXECUTIVE SUMMARY

This report presents Dalmore Capital's climate-related financial disclosure for the period 1st January to 31st December 2024, in accordance with the Financial Conduct Authority's (FCA) Environmental, Social and Governance (ESG) Sourcebook.

It outlines Dalmore's continued progress in embedding climate-related considerations across our policies, processes and procedures, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and details:

- Dalmore's understanding of the exposure of its operations and investment portfolio to climate-related risks and opportunities, and the materiality of these issues; and,
- The integration of material climate-related considerations into investment and asset management decision-making.

Over the past year, Dalmore has made substantial progress in embedding climate-related considerations across the business (see Table 1). This has been driven not only by the Sustainability Function but also by the active leadership of the Executive Committee and the engagement of key business functions.

A central pillar of this work has been the implementation of Dalmore's Climate Strategy. Following the successful completion of Phase One—focused on scoping and establishing a baseline—Phase Two was launched to deepen our understanding of the exposure of our assets and portfolio to material climate-related risks and opportunities.

Beyond analysis, Phase Two placed strong emphasis on active engagement and capacity-building across the business and portfolio. These efforts were designed to enhance our ability to identify, assess and manage climate-related risks effectively, while also supporting the alignment of our portfolio with Net Zero objectives.

This programme is a strategic initiative aimed at enhancing the quality of our financial decision-making, both in capital allocation and in the stewardship of our assets.

Whilst we are encouraged by the progress achieved to date, we recognise that sustained momentum is essential. Meeting our climate-related risk management objectives and delivering on our Net Zero commitments will require continued focus and action. As such, advancing this programme remains a strategic priority for Dalmore's Sustainability Function and will be a key theme in our 2026 and 2027 climate-related financial disclosures.

TABLE 1
DALMORE'S PROGRESS IN ALIGNING WITH INTERNATIONAL CLIMATE DISCLOSURE STANDARDS

ISSB S2[1] Alignment Rating 2025:

☐ Good Practice ■ Evidence of Leading Practice

Pillar	Content requirement	Reference
Governance	The governance bodies responsible for oversight of climate-related risks and opportunities	P11
	Management's role in the governance of climate-related risks and opportunities	P12
Strategy	Understanding of the exposure to material climate-related risks and opportunities	P14
	Understanding of the financial impact and resilience, under difference scenarios	P16
	Strategy for managing climate-related risks and opportunities	P18
Risk and Opportunity Management	Policies and processes to assess and manage material climate-related risks and opportunities	P24
	Consideration of material climate-related risks and opportunities in wider risk management framework	P27
Metrics and Targets	Climate-related metrics	P30
	Climate-related targets set to monitor progress towards achieving its strategic goals	P35

[1] International Financial Reporting Standards (IFRS) – International Sustainability Standards Board (ISSB) Standard 2 (S2) – Climate-related Disclosures. The rating represents Dalmore's assessment of its progress.

FOREWORD

FROM MICHAEL RYAN, DALMORE CAPITAL CEO

We are pleased to share Dalmore Capital's 2025 disclosure of climate-related financial information. This report reflects our continued commitment to responsible investment and stewardship, and we hope it provides all stakeholders with a clear and comprehensive view of how we manage climate-related risks and opportunities.

Dalmore's investment strategy is centred on core infrastructure projects that deliver meaningful socio-economic and environmental benefits, including advancing climate action. Our portfolio includes assets that:

- Support the UK's Net Zero 2050 goals, such as Blyth (a portfolio of primarily onshore wind farms) and WoDS OFTO (an energy transmission asset connecting the West of Duddon Sands off-shore wind farm), which are critical UK renewable energy generation and transmission assets.
- Enhance climate resilience, both at the asset level and across broader systems, including the M25 PPP (road maintenance) and the Thames Tideway Tunnel (wastewater infrastructure).
- Pioneer decarbonisation in high-emission sectors (see p15), such as Cory Riverside (energy-from-waste) and Cadent (gas distribution).

Throughout the year, we remained focused on optimising portfolio performance while pursuing value-enhancing opportunities. This included follow-on investments in existing assets and select opportunistic acquisitions. A prime example is our recent acquisition of a portfolio of nine run-of-river hydropower assets in Scotland. This investment is one of a number of examples of Dalmore investing in climate action and exemplifies our approach to the assessment of climate-related risks and opportunities (see p27).

We have also strengthened our internal capabilities to better integrate climate considerations into investment and asset management decisions. A notable achievement in 2024 was the awarding of the FAST-Infra Sustainable Infrastructure (SI) Label to the M25 PPP, recognising its significant contribution to Adaptation and Resilience (see p36).

This year marks a significant milestone for Dalmore, as we have entered into an agreement to be acquired by Royal London (subject to completion/consents) – the UK's largest mutual life, pensions, and investment company.[2] This acquisition represents an alignment of values and long-term vision, particularly in our shared commitment to sustainable investment.

Looking ahead, Dalmore will operate as a dedicated infrastructure capability within Royal London Asset Management. This will enable us to continue progressing our Climate Strategy, supporting our portfolio companies in their transition to a low-carbon economy and delivering long-term, stable returns for our investors.

Michael Ryan
Chief Executive Officer

[2] https://www.rlam.com/uk/press-centre/2025/royal-london-to-acquire-uk-based-infrastructure-asset-manager--dalmore-capital/

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CLIMATE-RELATED
FINANCIAL DISCLOSURE

ABOUT
DALMORE CAPITAL

ABOUT DALMORE CAPITAL

Dalmore Capital Limited ("Dalmore Capital," "Dalmore" "We or "Our") is a fund manager, specialising in the acquisition, management and long-term ownership of infrastructure assets on behalf of investors. With circa £5.7 billion in Assets Under Management (AUM) across five flagship funds and associated co-investment vehicles, our primary focus is Core Infrastructure in the UK, Ireland, Continental Europe and Canada.

We focus on low-volatility assets, that are insulated from the economic cycle. Our buy-and-hold investment strategy typically spans 15 to 25 years, reflecting our commitment to long-term value creation.

Our diverse investment portfolio covers sectors such as energy and utilities, education, healthcare, transport, justice, defence and emergency services. These assets include schools, hospitals, and care facilities, as well as housing, defence installations, transport networks, water and energy utilities, waste management systems and sustainable energy generation facilities. We invest in essential infrastructure that delivers significant socio-economic and environmental benefits, supporting sustainable economic growth.

DALMORE CAPITAL'S PORTFOLIO

Our AUM totals circa £5.7 billion via five flagship funds and associated co-investment vehicles. The assets within these funds can be distinguished as Public-Private Partnership (PPP)/Public Finance Initiative (PFI) assets and Core Infrastructure assets. See Table 2 for an overview of the asset types contained in our flagship funds.

TABLE 2
ASSET TYPES CONTAINED IN DALMORE'S FLAGSHIP FUNDS

Fund	PPP Equity PIP	Dalmore Capital Fund (DCF)	DCF 3	DCF 4	DII
Assets	Primarily PPP	Primarily PPP	Mix of PPP and Core Infrastructure	Core Infrastructure	Core Infrastructure

Our AUM totals circa

£5.7 billion

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CLIMATE-RELATED
FINANCIAL DISCLOSURE

CLIMATE-RELATED DISCLOSURE REQUIREMENTS

CLIMATE-RELATED DISCLOSURE REQUIREMENTS

Chapter 2 of the Financial Conduct Authority's (FCA) Environmental, Social and Governance (ESG) Sourcebook[3] requires asset managers and certain FCA-regulated asset owners to make annual disclosures in line with the TCFD recommendations.[4] These disclosures must be made at both the entity and product/portfolio levels.

The Disclosure of Climate-related Financial Information (Asset Manager and Asset Owner) Instrument 2021 (FCA 2021/62)[5] came into effect on 1st January 2022 for large firms and from 1st January 2023 for smaller firms with AUM exceeding £5 billion. As an Alternative Investment Fund Manager (AIFM) managing Alternative Investment Funds (AIF) with an average AUM above £5 billion, Dalmore Capital falls within the scope of these regulations.

Dalmore Capital has voluntarily produced disclosures of climate-related financial information since 2021 and is now required to publish annual reports aligned with TCFD guidelines. On 28th June 2024, Dalmore Capital published an entity-level report, outlining how climate-related risks and opportunities are integrated into its investment decisions.[6] This report represents Dalmore Capital's 2025 disclosures of climate-related financial information for the period from 1st January 2024 to 31st December 2024.

Investors may also request on-demand climate-related information to meet their own climate-related financial disclosure requirements.

IN ACCORDANCE WITH THE FCA'S GUIDELINES, THIS REPORT INCLUDES THE FOLLOWING PRODUCT/PORTFOLIO INFORMATION FOR DALMORE'S FIVE FLAGSHIP FUNDS:

Climate-related risk and opportunity metrics.

Concentrated exposures or significant investments in carbon-intensive sectors.

The content of this Report has also been reviewed in accordance with Dalmore's anti-greenwashing content review process to ensure that all sustainability-related communications comply with the FCA's guidance on its Anti-Greenwashing Rule (FG24/3). For further details, please refer to our Anti-Greenwashing Policy.[7]

[3] https://www.handbook.fca.org.uk/handbook/ESG/2/?view=chapter
[4] https://www.fsb-tcfd.org/recommendations/
[5] https://www.handbook.fca.org.uk/instrument/2021/FCA_2021_62.pdf
[6] https://www.dalmorecapital.com/policies-and-documents/
[7] https://www.dalmorecapital.com/policies-and-documents/

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CLIMATE-RELATED
FINANCIAL DISCLOSURE

GOVERNANCE

GOVERNANCE

OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Left to right:
John McDonagh (Partner, COO),
Michael Ryan (Partner, CEO)
and Alistair Ray (Partner, CIO)

Dalmore Capital's Board and Executive Committee are responsible for the firm's governance, including the oversight of climate-related risks and opportunities.

Their responsibilities include defining the organisational structure, assigning accountability, ensuring robust risk identification and management systems, implementing internal controls and making strategic decisions in the best interests of the firm and its clients.

Michael Ryan, CEO of Dalmore Capital, leads the oversight of climate and sustainability initiatives throughout the business.

All sustainability-related policies are reviewed and updated annually to reflect evolving regulatory requirements, investor expectations, international standards and industry practice. This process is led by James Dunham, Dalmore's Sustainability Director.

Dalmore's Responsible Investment Policy[8] outlines how climate and sustainability-related risks and opportunities are integrated into investment decision-making and asset management. Adherence is mandatory for all employees and is evaluated during annual performance reviews, which directly influence remuneration.

Dalmore's Stewardship Policy details how Dalmore meets its stewardship responsibilities in alignment with the UK Stewardship Code. A key focus is active engagement with portfolio companies to promote effective climate-related risk management and support progress toward net-zero goals.

Our **Anti-Greenwashing Policy** sets out Dalmore's commitment to ensuring all sustainability claims are accurate, credible and transparently reflect our actions and commitments, in line with the FCA's Anti-Greenwashing Rule.

[8] https://www.dalmorecapital.com/policies-and-documents/

MANAGEMENT'S ROLE IN THE GOVERNANCE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Dalmore's senior management is responsible for ensuring accountable investment and asset management practices, including the effective management of material climate-related risks and opportunities.

A central component of this governance is the Sustainability Committee, which reports directly to the Board. This Committee leads sustainability initiatives across both the corporate business and investment portfolios. It is chaired by James Dunham (Dalmore's Sustainability Director) and includes representatives from key business functions, with Michael Ryan (CEO) serving as the Board's representative.

In addition, other Dalmore committees have defined sustainability responsibilities, supporting a coordinated and integrated approach to climate governance across the firm.

THE SUSTAINABILITY COMMITTEE
provides oversight of Dalmore's sustainability governance.

Key Responsibilities

- Monitoring, reviewing and reporting on compliance with Dalmore's climate and sustainability policies, strategies and disclosure commitments.
- Ensuring that climate and sustainability policies, strategies and disclosures remain relevant, appropriate and aligned with regulatory requirements, investor expectations, industry standards and good practice.
- Overseeing the integration of climate and sustainability considerations into investment decision-making and asset management.

THE INVESTMENT COMMITTEE
is responsible for approving all acquisitions.

Key Sustainability Responsibilities

- Ensuring investment papers address material climate and sustainability-related risks and opportunities.
- Seeking input from the Sustainability Director and/or members of the Sustainability Committee when appropriate.

THE ASSET MANAGEMENT COMMITTEE
reviews asset performance and engages directly through board participation.

Key Sustainability Responsibilities

- Ensuring that portfolio companies are identifying, assessing and managing material climate and sustainability-related issues.

THE VALUATION COMMITTEE
is responsible for setting and approving asset valuation assumptions.

Key Sustainability Responsibilities

- Ensuring that material climate and sustainability-related risks to Dalmore assets are considered in the valuation process, as appropriate.

THE RISK MANAGEMENT COMMITTEE
maintains Dalmore's risk management framework and oversees fund-level risk registers.

Key Sustainability Responsibilities

- Ensuring that material climate and sustainability-related risks to Dalmore and its funds are identified and incorporated into the risk register.

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CLIMATE-RELATED
FINANCIAL DISCLOSURE

STRATEGY

STRATEGY

EXPOSURE TO MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

In December 2022, Dalmore engaged a specialist consultant to assess its portfolio's exposure to both physical and transition climate-related risks. The resulting analysis provided aggregated exposure ratings, offering a high-level overview of climate-related risk across the portfolio.

As the second phase of risk assessment, Dalmore has developed and implemented a comprehensive Climate Strategy, shifting towards a more asset-specific, bottom-up risk assessment. This approach enables a deeper understanding of each asset's exposure to climate-related risks and the materiality of those risks, thereby enhancing the quality of both risk management and financial decision-making.

Through the implementation of this strategy, Dalmore has made significant progress in building a more robust and nuanced understanding of climate-related risks across its portfolio. Material risks identified through this process have been formally integrated into Dalmore Capital's Risk Register, ensuring they are actively monitored and managed as part of our broader risk governance framework.

MATERIAL RISKS IDENTIFIED INCLUDE:

Transitional Climate-Related Risk (Policy):

Risks arising from governments striving to achieve their 2050 net-zero ambitions, delays in meeting these ambitions and government ambitions failing to progress beyond current policies. These factors can significantly impact asset revenue, expenditure and valuations, particularly for assets in carbon-intensive sectors (such as Cory and Cadent) and those that contribute significantly to climate mitigation (such as IEP, Porterbrook, Blyth and WoDS).

Sustainability Disclosure Requirements and Expectations (Regulatory, Investor and Voluntary):

There is a risk that Dalmore may not fully comply with evolving sustainability regulations, due to the increasing complexity and stringency of regulatory requirements. In addition, there is growing pressure from investors who expect timely, accurate and comprehensive sustainability-related disclosures to meet their own reporting obligations.

Asset Exposure to Other Material Climate and Sustainability-Related Issues:

Risks assets face through exposure to material climate and sustainability-related issues, both individually and in aggregate. This includes transitional risks (policy/legal, technology, market and reputational) and physical risks (acute/chronic) that can affect asset revenue, expenditure and valuations.

STRATEGY CASE STUDY

NAVIGATING UK SUPPORT FOR CARBON CAPTURE AND THE INTEGRATION OF EFW INTO THE UK ETS

Cory operates one of the UK's largest Energy from Waste (EfW) facilities, strategically located on the River Thames in London. Cory is currently constructing a second EfW facility adjacent to the existing plant, significantly expanding its capacity to convert residual waste into low-carbon energy.

This expansion comes at a pivotal time. The inclusion of EfW in the UK Emissions Trading Scheme (ETS) and the development of Cory's Carbon Capture and Storage (CCS) project are central to its ambition to achieve net zero carbon emissions by 2040. These initiatives also present a commercial opportunity through the potential sale of carbon credits and the opportunity for Track 2 carbon capture support from central government. However, the path forward is not without challenges. Key uncertainties remain, particularly around:

- The timing and scale of government support for Non-Pipeline Transport (NPT) CCS.
- EfW's inclusion in the UK ETS.

In response, Dalmore and Cory are taking a proactive, forward-looking approach. Scenario analysis has become a cornerstone of strategic planning, enabling both organisations to assess the commercial implications of various regulatory and market developments across a range of future outcomes.

STRATEGY

UNDERSTANDING FINANCIAL IMPACT AND RESILIENCE

Climate Value at Risk (CVaR) estimates the potential financial effects—both positive and negative—that climate-related risks and opportunities may have on a portfolio over a defined time horizon.

THERE ARE TWO PRIMARY METHODOLOGIES FOR CALCULATING CVaR:

Bottom-up Approach:
This method analyses individual assets or asset classes using macroeconomic indicators and climate projections across various regions. It offers detailed insights into how specific climate-related factors may influence asset-level performance.

Top-down Approach:
A broader, portfolio-level analysis that combines macroeconomic data with emissions trajectories and climate models to assess systemic financial risks from climate change.

We have adopted a bottom-up approach to better understand and manage material climate-related issues.

THIS ENABLES US TO:

Enhance financial decision-making through more accurate asset valuations and robust financial modelling.

Aggregate asset-level insights to the fund and portfolio levels, supporting strategic oversight and transparent reporting.

Whilst we have made significant progress in quantifying the climate-related impacts on many of our assets, Dalmore has chosen not to disclose CVaR metrics at this time.

THIS DECISION REFLECTS THE FOLLOWING KEY CHALLENGES, WHICH HINDER THE PRODUCTION OF A MEANINGFUL METRIC:

1 Data Limitations:
Reliable, asset-level climate risk data remains scarce and inconsistent, reducing the accuracy of CVaR estimates.

2 Uncertain Assumptions:
CVaR models depend heavily on assumptions about future climate policies, market behaviour and environmental scenarios — all of which are inherently uncertain.

3 Lack of Standardisation:
The absence of a universally accepted CVaR methodology makes it difficult to ensure consistency and comparability across portfolios.

Despite these challenges, Dalmore Capital remains committed to advancing its climate-related risk assessment capabilities. We continue to invest in tools, data and methodologies that will enable us to generate more meaningful and actionable climate-related financial metrics over time.

STRATEGY CASE STUDY

NAVIGATING THE TRANSITION IN UK RENEWABLE ENERGY SUPPORT MECHANISMS

EDF RENEWABLES (BLYTH)

Blyth's renewable energy portfolio, which includes both onshore and near-shore wind farms, operates under two key UK government support mechanisms: the Renewable Obligation Certificates (ROC) scheme and the Contract for Difference (CfD) scheme. These mechanisms have been crucial in incentivising renewable energy generation and ensuring financial viability for developers.

IMPLICATIONS OF THE EXPIRY OF THE RENEWABLE OBLIGATION CERTIFICATES SCHEME

Under the ROC scheme, renewable energy generators like the Blyth wind farms receive certificates for every megawatt-hour (MWh) of electricity produced. These certificates attract a guaranteed price which indexes with inflation and accredited wind farms benefit from ROCs for a period of 20 years.

The ROC scheme is closed to new generators and was superseded by the Contract for Difference support mechanism. The Blyth portfolio has a number of the oldest ROC accredited wind farms in the UK which are coming to the end of their subsidy period. The risk around the viability of these wind farms without subsidies needs to be carefully managed to avoid loss making sites, and decommissioning or potential repowering options are continuously reviewed by the Dalmore team.

THE IMPACT OF CONTRACT FOR DIFFERENCE EXPIRY

The CfD scheme supports low-carbon electricity generation through contracts between the Low Carbon Contracts Company (LCCC) and renewable energy developers. Successful bidders in competitive auctions enter into a CfD with the LCCC, guaranteeing a fixed, indexed rate for electricity over a 15-year period. If market prices fall below the strike price, the LCCC tops up the revenue. If prices exceed the strike price, developers pay the excess back to the LCCC. This provides revenue certainty and financial viability.

After the 15-year term, Blyth projects like Dorenell (the largest site within the Blyth portfolio) will no longer receive top-up payments and must sell electricity at market prices, introducing revenue risk. To manage this, Blyth may explore hedging strategies such as Power Purchase Agreements (PPAs) to lock in prices with buyers over the medium or long term. Participation in capacity markets and other grid balancing services could also help mitigate market price volatility and ensure steady income.

FINANCIAL IMPLICATIONS

While the expiry of the ROC scheme and transitioning to renegotiable merchant PPAs will have financial implications, these impacts are well understood and factored into Blyth's financial model and asset-level strategic planning. This proactive approach provides a clear understanding of the financial impact and allows for effective risk management.

STRATEGY FOR MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Dalmore Capital has established a comprehensive Climate Strategy to manage climate-related risks and opportunities while aligning with Net Zero ambitions and the goals of the Paris Agreement.

This Strategy is Structured Into Three Progressive Phases:

PHASE 1
STRATEGIC FOUNDATION
2023

Dalmore defined its overarching approach to climate-related risk and opportunity management and set the strategic direction for achieving Net Zero. Phase One was successfully completed (see Appendix 1).

PHASE 2
ACTIVE ENGAGEMENT AND ALIGNMENT
2024-2026

This current phase focuses on engagement with key portfolio companies to enhance asset level understanding and management of material climate-related risks and opportunities and alignment with Net Zero.

PHASE 3
INTEGRATION AND ACCELERATION
2027-2030

The final phase will focus on embedding robust climate-related risk management practices across all assets and intensifying engagement to ensure long-term alignment with Net Zero targets.

ASSESSING EXPOSURE TO CLIMATE-RELATED RISKS AND OPPORTUNITIES

Dalmore systematically evaluates each asset's exposure to climate-related risks and opportunities, building on the TCFD framework for assessing financial impacts (see Figure 1).

This process is conducted in close collaboration with portfolio companies and focuses on determining the materiality of each identified issue with consideration for:

- The nature of the climate-related issue (e.g., physical risk, transition risk or opportunity).
- How might the issue evolve over time under different scenarios.
- The actual or potential financial impact on the asset.
- The materiality of the issue in the context of the asset's financial and operational performance.

For many assets, Dalmore works in partnership with co-shareholders to share insights and data, pool resources and strengthen collective influence on climate-related decision-making.

A Climate-Related Risk or Opportunity is Deemed Material if it Meets Either of the Following Thresholds:

- It has an actual or estimated impact on annual revenue exceeding 2%, or leads to additional costs exceeding 2% of revenue.
- It results in non-compliance with Dalmore Capital's Responsible Investment Policy.

FIGURE 1
CLIMATE-RELATED RISKS AND OPPORTUNITIES AND FINANCIAL IMPACT[9]

[9] https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf

Scenario analysis is a critical component of Dalmore's materiality assessment process. It enables us to evaluate the potential future implications of climate-related risks—both transitional and physical—under a range of plausible climate futures.

To assess material transitional risks, we evaluate asset exposure against three core scenarios developed by the Network for Greening the Financial System (NGFS) (see Figure 2):

- **Net Zero** (Orderly): A proactive and coordinated transition to a low-carbon economy.
- **Delayed Transition** (Disorderly): A late and abrupt policy response, leading to higher transition costs.
- **Current Policies** (Hot House World): A continuation of current trends, resulting in severe climate impacts.

For physical climate risks, we assess the potential impact over the economic and financial life of each asset using at least two Representative Concentration Pathways (RCPs),[11] such as:

- **RCP 4.5** – A stabilisation scenario with moderate emissions reductions.
- **RCP 8.5** – A high-emissions scenario representing limited climate action.

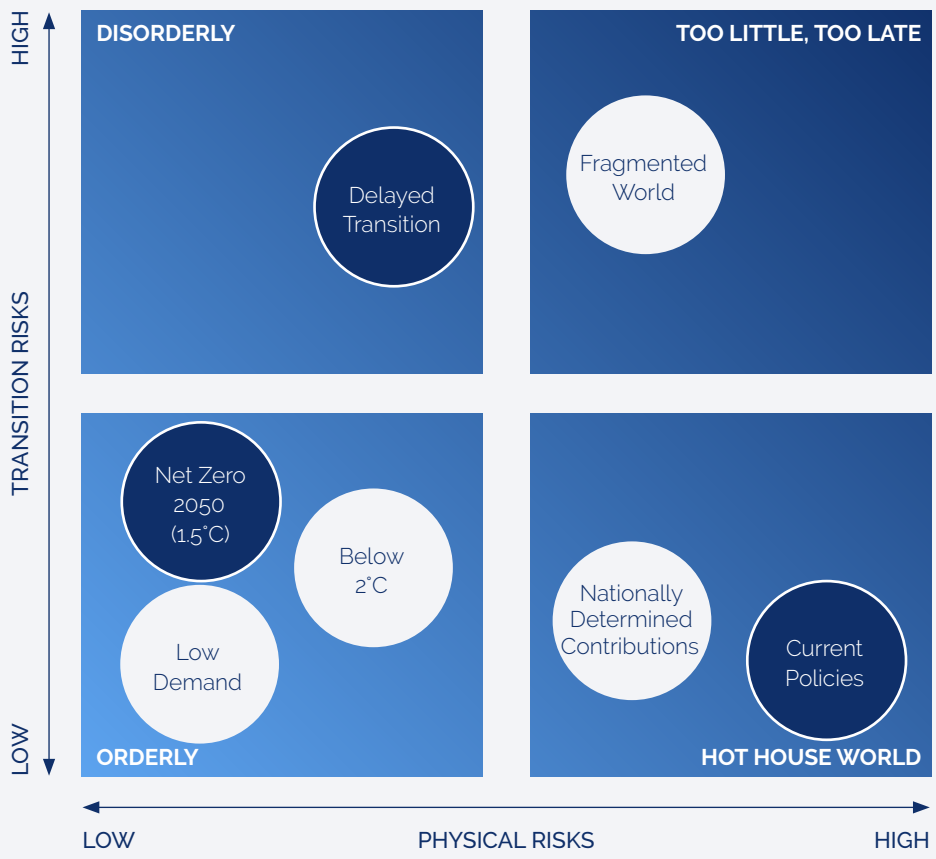
If a climate-related risk or opportunity is identified as material—or if multiple issues collectively pose a material threat—the following steps are taken:

- Present and discuss findings at board level to ensure effective oversight and accountability.
- Update the asset's risk register to reflect the findings.
- Implement appropriate risk mitigation measures in collaboration with the portfolio company.

To ensure portfolio companies are equipped to manage material climate-related risks and opportunities, we also assess their internal capabilities, focusing on:

- Climate strategy and Net Zero transition plans.
- Governance frameworks, including climate-related policies.
- Practices for managing risks and opportunities.
- Climate-related metrics, targets and disclosures.

FIGURE 2
NGFS SCENARIOS[10]



Source: https://www.ngfs.net/ngfs-scenarios-portal/explore

[10] https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf
[11] RCPs are climate scenarios that describe different levels of greenhouse gas concentrations and their resulting impact on global warming.

NET ZERO ALIGNMENT

Portfolio alignment metrics offer a simplified lens through which to view the complex journey toward Paris-aligned investments. These metrics help assess both progress toward Net Zero and exposure to transition risks. While financial institutions can adopt a range of methodologies tailored to their context and capabilities, implementing these approaches presents challenges—chief among them being inconsistent data, a lack of standardised methods and the inherent complexity of measuring alignment effectively.[12]

Despite these hurdles, portfolio alignment practices are evolving, with three primary approaches emerging:

- **Binary Target Measurements** – Calculates the percentage of investments or counterparties that have publicly committed to Net Zero targets.
- **Benchmark Divergence Models** – Evaluates how a portfolio's emissions trajectory compares to forward-looking decarbonisation benchmarks.
- **Implied Temperature Rise Models** – Translates alignment data into a temperature score, estimating the portfolio's contribution to global warming.

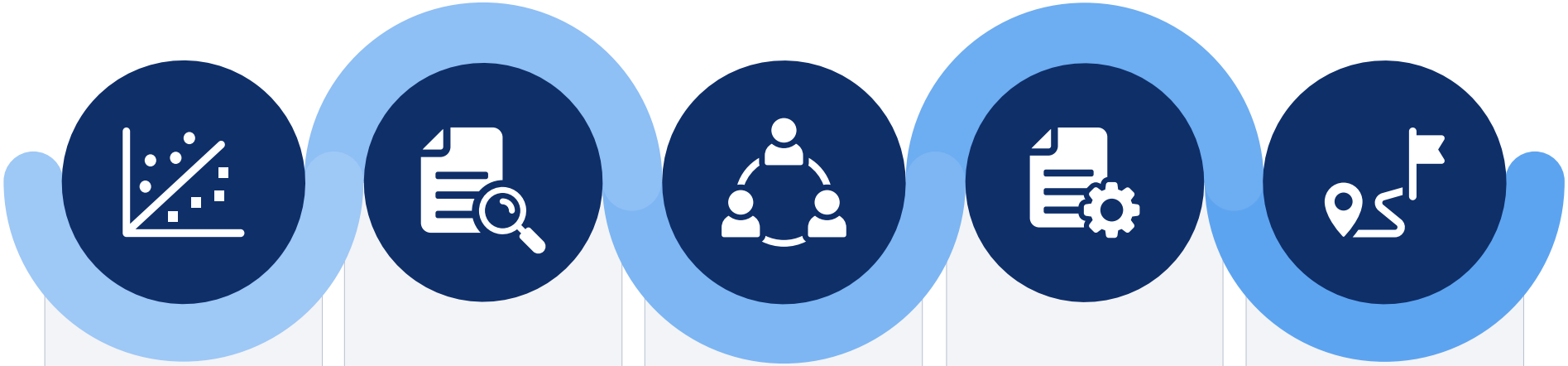
Dalmore has adopted Binary Target Measurement as its foundational approach to portfolio alignment. While this method provides a clear starting point, it can oversimplify the nuanced realities of climate action at the asset level. To address this, Dalmore's methodology goes further—incorporating a broader set of metrics that reflect the depth and complexity of our infrastructure investments. Key considerations include:

- **Exposure to Carbon Intensive Sectors** - Dalmore's investments are aligned with the European Development Finance Institutions (EDFI) Fossil Fuel Exclusion List.[13] We also actively assess our exposure to the fossil fuel sector. As a firm focused on acquiring, managing and owning infrastructure assets over the long term, we acknowledge that our portfolio inherently carries a high climate impact.[14]
- **Asset Alignment with Climate and Sustainable Finance Frameworks and Taxonomies** - Each asset is assessed against globally recognised frameworks and taxonomies to ensure consistency with international climate objectives. These include:
  - EU Taxonomy for Sustainable Activities (EU Taxonomy).[15]
  - FAST-Infra Sustainable Infrastructure (FAST-Infra) Label.[16]
  - Climate Bonds Initiative (CBI) Climate Bonds Taxonomy. [17]
  - Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework (NZIF). [18]
  - For PPP assets: the Infrastructure Projects Authority (IPA) Net Zero Working Group Decarbonisation Framework (Figure 3).[19]

These frameworks were selected for their credibility, global recognition and relevance to infrastructure investment. They provide a robust, consistent basis for evaluating each asset's contribution to climate goals.

[12] https://www.fca.org.uk/publication/policy/ps21-24.pdf
[13] https://edfi.eu/wp-content/uploads/2024/10/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf
[14] As defined by the European Financial Reporting Advisory Group (EFRAG) ESRS (European Sustainability Reporting Standards) E1 Climate Change. https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/08%20Draft%20ESRS%20E1%20Climate%20Change%20November%202022.pdf
[15] https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en
[16] https://www.fastinfralabel.org/
[17] https://www.climatebonds.net/
[18] https://www.parisalignedassetowners.org/net-zero-investment-framework/
[19] Dalmore is a member of the IPA Net Zero working group.

FIGURE 3
IPA DECARBONISATION OF OPERATIONAL PFI PROJECTS FRAMEWORK[20]



DATA FIRST

Begin by getting access to information about existing energy consumption and operational carbon emissions. This can be used to establish baselines from which targets can be set and progress tracked.

KNOW YOUR CONTRACT

PFI contracts of different vintages and in different sectors do not all treat energy management and risk in the same way. It is important to check your contract and understand where risk and responsibility is allocated and to ensure that existing requirements are being adequately met.

ENGAGE STAKEHOLDERS

Set up the right governance frameworks from the outset. Identify all stakeholders and ensure they are appropriately represented in groups that can approve, deliver and oversee change.

PRIORITISE

Maximise the effectiveness of available budgets by reducing energy demand first, before investing in more efficient mechanical systems and later looking to renewable energy generation options, with offsets a final consideration for the residual carbon position.

MAKE A PLAN

The project company and the contracting authority should together agree a long-term plan for de-carbonisation that identifies baselines and targets, supports the monitoring of progress over time and is flexible to change.

[20] https://assets.publishing.service.gov.uk/media/649ede5445b6a2000c3d469b/Decarbonisation_of_Operational_PFI_Projects_Executive_Summary.pdf

5

CLIMATE-RELATED
FINANCIAL DISCLOSURE

RISK AND OPPORTUNITY MANAGEMENT

PROCESSES FOR ASSESSING AND MANAGING MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

CLIMATE AND OTHER SUSTAINABILITY RISKS ARE CONSIDERED AT EVERY STAGE OF OUR FUND'S OPERATIONS, FROM FORMATION TO EXIT.

ACQUISITION

In line with our Responsible Investment Policy, all prospective investments undergo an initial screening against our exclusion criteria, which are aligned with the EDFI Fossil Fuel Exclusion List.

Following this screening, we conduct comprehensive sustainability due diligence, often with support from external advisers.

THIS ASSESSMENT FOCUSES ON:

1 Sustainability Objectives -

Evaluation of the target's climate and sustainability goals, ensuring alignment with the frameworks outlined in the Strategy section.

2 Environmental and Climate Risk Review -

Identification and analysis of environmental and climate-related risks associated with the target's operations.

3 Sustainability Governance -

Examination of the target's policies, procedures and social safeguards related to climate and sustainability.

Where material risks or opportunities are identified, we develop targeted risk mitigation measures. These findings are factored into the investment valuation where relevant.

In addition, all Investment Committee papers include a dedicated section on sustainability to ensure informed decision-making.

ACTIVE ASSET MANAGEMENT

Following acquisition, the effective management of material climate and sustainability-related risks and opportunities remains a core pillar of our approach to asset management.

This is achieved through close collaboration between our Asset Management Team, the Sustainability Function, portfolio companies and other key stakeholders.

OUR APPROACH IS TAILORED BASED ON THE LEVEL OF CONTROL WE HOLD:

1 Controlled Assets -

We implement tailored sustainability policies and standards that are specifically designed to address the unique context, risks and opportunities of each asset.

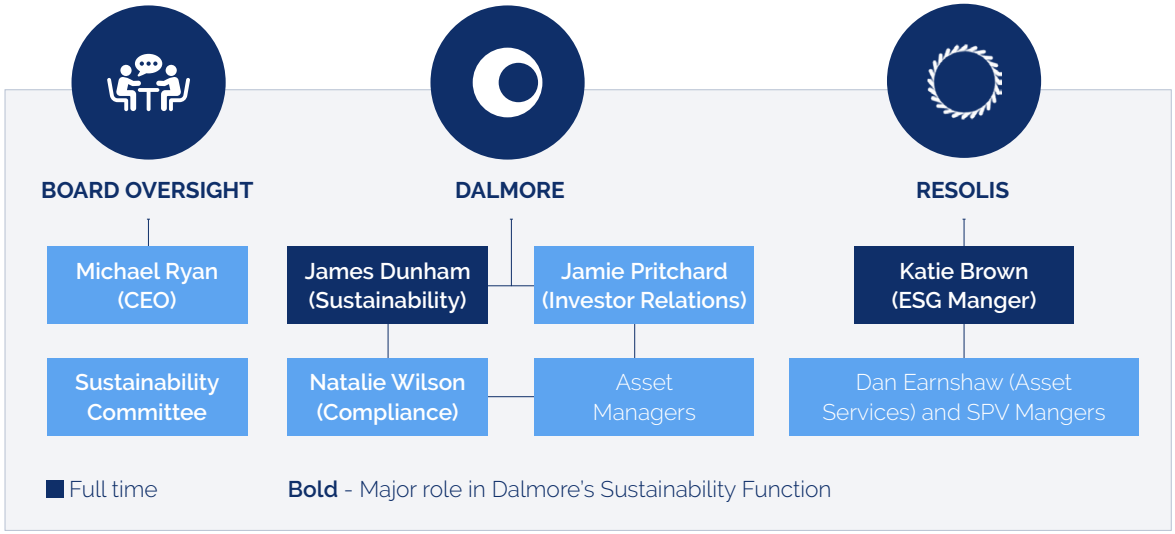
2 Minority Investments -

Where we hold a minority position, we secure governance rights that allow us to actively influence and support improved sustainability outcomes.

In all cases, we ensure that material climate and sustainability-related issues are thoroughly assessed and, where appropriate, integrated into ongoing valuation processes. This ensures that material climate and sustainability-related considerations are not only embedded operationally but also reflected in financial performance and long-term value creation.

DALMORE'S SUSTAINABILITY FUNCTION

Dalmore's commitment to sustainability is embedded across its governance and operational structures. Oversight is provided by the CEO and the Sustainability Committee (See Governance), ensuring that sustainability remains a strategic priority.



The Sustainability Function is responsible for leading the implementation of Dalmore's sustainability initiatives, including Dalmore's Climate Strategy.

This function is led by **James Dunham**, Dalmore's Sustainability Director, who oversees the development and execution of climate and sustainability strategies and practice.

Key Members of Dalmore's Sustainability Function:

Jamie Pritchard, Head of Investor Relations, provides oversight and line management of the function, and ensures alignment with investor expectations. Jamie also serves as a key liaison to Dalmore's asset managers, who play a fundamental role in supporting the work of the Sustainability Function.

Katie Brown, ESG Manager within Resolis,[21] leads Dalmore's ESG survey and engagement efforts across Resolis-managed assets, while also playing a broader role in advancing the initiatives of the Sustainability Function.

Natalie Wilson, Regulatory & Compliance Manager, ensures that Dalmore upholds transparency and adheres to regulatory requirements from a sustainability perspective.

[21] https://resolis.com/. Resolis, a member of the Dalmore Group, is dedicated to transforming service provision for investments in the PFI and PPP sectors. Resolis delivers both proactive and responsive support through high-quality Management Services Agreement (MSA) services.

RISK AND OPPORTUNITY MANAGEMENT CASE STUDY

ACQUISITION OF SCOTTISH RUN OF RIVER HYDROPOWER

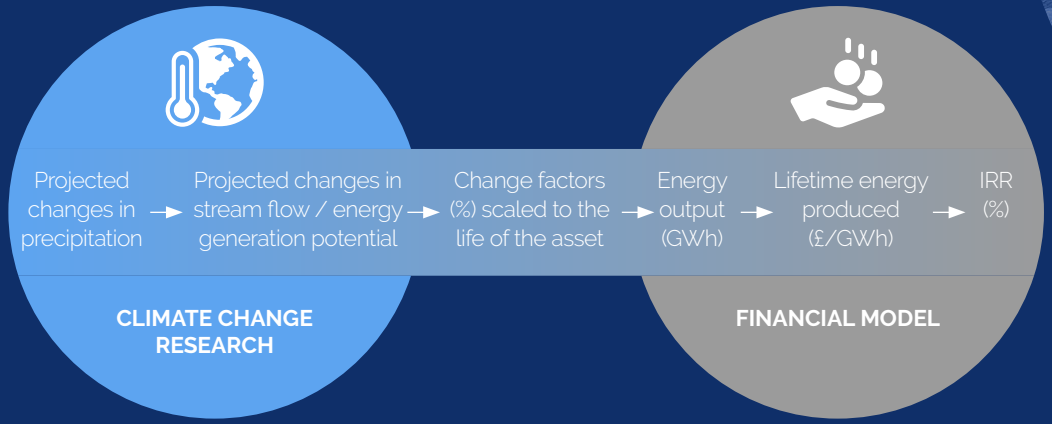
A comprehensive sustainability appraisal was undertaken to support the potential acquisition of a portfolio of run-of-river hydroelectric assets.

The primary objective was to identify and evaluate material sustainability-related risks and opportunities, providing critical insights to inform both the Investment Committee's (IC) decision-making and the asset valuation process.

A central component of the assessment involved the development of climate change impact factors to reflect projected changes in energy generation potential. These factors were derived from projections of seasonal rainfall variability over the financial and economic life of the assets, modelled under multiple climate scenarios.

The change factors developed were incorporated into the financial model as sensitivities, which served to:

- Capture a material climate-related opportunity — namely, the potential increase in average rainfall and its positive effect on energy output.
- Enable quantification of the financial impact, ensuring that climate-related considerations were not only acknowledged but also integrated into investment decision-making.



CONSIDERATION OF MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES IN WIDER RISK MANAGEMENT FRAMEWORK

Dalmore integrates material climate-related risks and opportunities into its broader corporate risk management framework. The illustration to the right presents the risk ratings for identified material climate-related risks, all of which are formally recorded in Dalmore's risk register. These ratings—based on both impact and likelihood—are informed by our operational experience managing a diverse portfolio of assets. Where feasible, estimated impacts are quantified in financial terms.

While scenario analysis is embedded at the asset level to assess the materiality of climate-related risks (see Strategy section), modelling the evolution of these risks at the Dalmore or portfolio-wide level under different climate scenarios remains complex. As such, this report does not include further aggregate-level scenario analysis.

Dalmore's climate-related risk mitigation strategy focuses on embedding material climate-related considerations:

- At the asset level (see Strategy and Targets sections).
- Across our corporate policies, processes and procedures (see Executive Summary).

Our objective is to reduce the inherent risk level of all material climate-related issues to low, with one exception: Transitional Climate-Related Risk (Policy) remains at a moderate level despite mitigation efforts.

RISK AND OPPORTUNITY MANAGEMENT CASE STUDY

THE IMPACT OF CLIMATE CHANGE ON NORTH SEA NEARSHORE WIND ASSETS

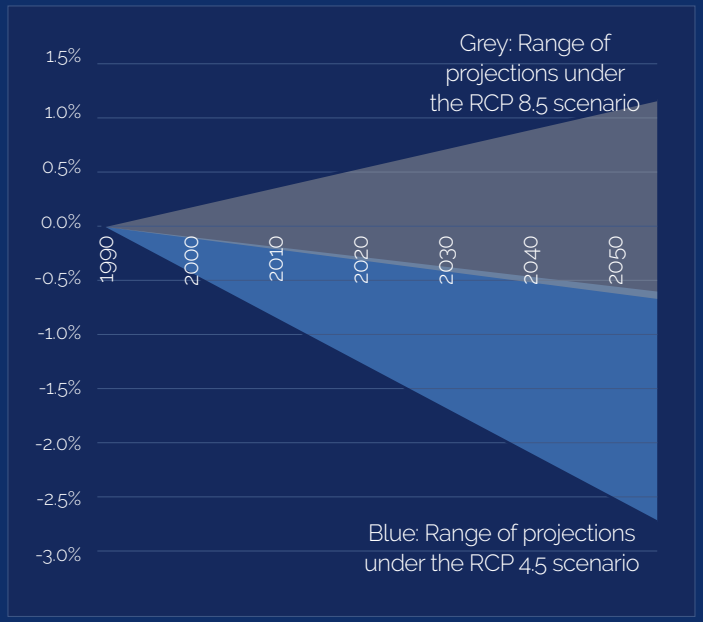
While broad climate trends are increasingly evident, the specific impact of climate change on the Blyth onshore and nearshore wind farms remains highly uncertain.

Dalmore is actively evaluating how climate change could affect Blyth's Teesside nearshore wind farm over its financial and operational lifespan. This assessment will also serve as a foundation for deeper engagement at the asset level.

To support this analysis, Dalmore used data from the Copernicus Climate Change Service to develop change factors that project the potential impact of climate change on energy generation (Figure 4). These projections were modelled under two RCPs: RCP 4.5 (moderate emissions) and RCP 8.5 (high emissions).

Due to the inherent uncertainty in long-term climate projections, directly integrating these scenarios into the asset's financial model was considered to have limited practical value. However, the projections are being used in sensitivity analyses to inform strategic decision-making—such as offtake agreements and hedging strategies—thereby enhancing the asset's resilience and long-term planning.

FIGURE 4
PROJECTED CHANGE IN ENERGY GENERATION POTENTIAL DUE TO CLIMATE CHANGE: NORTHERN NORTH SEA



6

CLIMATE-RELATED
FINANCIAL DISCLOSURE

METRICS AND TARGETS

METRICS

PORTFOLIO FINANCED EMISSIONS

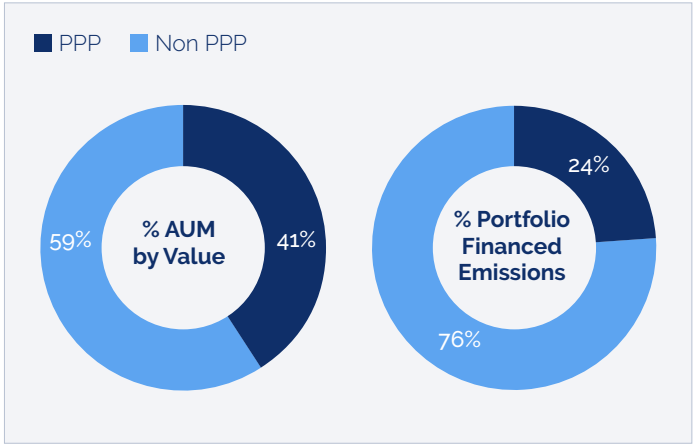
As an infrastructure-focused asset manager, we concentrate primarily on our financed emissions, which represent over 99% of our total Greenhouse Gas (GHG) emissions. PPP assets represent 41% of our portfolio by AUM but contribute only 24% of our financed emissions. In contrast, Core Infrastructure assets account for 59% of our portfolio by AUM and are responsible for 76% of our financed emissions.

Our approach to calculating financed emissions is in alignment with the Partnership for Carbon Accounting Financials (PCAF) for project finance[22] and the GHG Protocol[23] for asset-level emissions. Key methodological considerations for our emissions reporting and calculations are as follows:

- **Baseline:** 2022 was designated as the baseline year due to improved data collection and it represented a more typical year following the disruptions caused by the COVID-19 pandemic.
- **Organisational Boundary:** We use the 'Operational Control' approach from the GHG Protocol, covering emissions from operations where Dalmore has the authority to implement and enforce operating policies.
- **Attribution Factor:** Financed emissions are calculated using an attribution factor applied to Scope I, II and material Scope III emissions, based on financial data and fair value as of 31st December 2024.[24]
- **Exclusions:** Emissions calculations exclude projects under construction or with concession periods ending in 2024.
- **Scope I and II Calculations:** In 2022, 96% of AUM provided actual Scope I and II data, rising to 98% in 2023 and 99% in 2024. Remaining emissions were estimated using sector proxies. All Scope II emissions are location-based to reflect energy use.
- **Scope III Calculations:** In 2022, 46% of AUM reported Scope III emissions, rising to 66% in 2023 and 72% in 2024. Non-reporting assets' emissions were estimated using data on goods, capital expenditures, waste, water and transmission losses. Reported Scope III emissions may fluctuate as more data becomes available and methodologies evolve.

Data collection for financed emissions is facilitated through our annual ESG Survey, which gathers GHG emissions data directly from our assets.

FIGURE 5
DALMORE CAPITAL ASSET BREAKDOWN BY AUM AND FINANCED EMISSIONS



[22] https://carbonaccountingfinancials.com/
[23] https://ghgprotocol.org/about-wri-wbcsd
[24] Calculated as follows:

$$\text{Attribution Factor} = \frac{\text{Fair Value}}{\text{Asset Value (100\% of fair share value)} + \text{Net Debt}}$$

The following tables provide an overview of Dalmore's financed emissions across its entire portfolio (Table 3), as well as a breakdown by PPP and Core Infrastructure assets (Table 4). The increase in Scope 3 financed emissions is primarily due to higher reported emissions from Cory Riverside and Anglian Water. At Cory Riverside, this rise is linked to the construction of the Riverside 2 EfW facility and the adoption of a revised Scope 3 emissions calculation methodology. We will continue engaging with Anglian Water to better understand the factors behind their increased reported emissions.

At the fund level, the majority of Dalmore Capital's financed emissions are concentrated in DCF 3 which includes an energy-from-waste asset (Cory), Cadent (gas transmission infrastructure) and Anglian Water (Tables 5 and 6).

TABLE 3
DALMORE CAPITAL'S FINANCED EMISSIONS

	Emissions (tCO_2e)				Financed Carbon Footprint tCO_2e / €m invested	
Year	Scope 1	Scope 2	Scope 3	Total	Revenue-Weighted Carbon Intensity	Ownership-Based Carbon Intensity
2022	317,297	24,903	130,252	472,451	651	68
2023	299,719	24,693	128,152	452,564	783	63
2024	285,193	27,531	166,223	478,946	741	66

TABLE 4
DALMORE CAPITAL'S FINANCED EMISSIONS SPLIT BY PPP AND CORE INFRASTRUCTURE

	Total Emissions (tCO_2e)		Financed Carbon Footprint tCO_2e / €m invested (Ownership Based)	
Year	PPP assets	Core Infrastructure assets	PPP assets	Core Infrastructure assets
2022	93,279	379,172	13	54
2023	104,691	347,872	15	49
2024	113,400	365,547	16	51

TABLE 5
PORTFOLIO FINANCED EMISSIONS BY FUND

	Financed Emissions (tCO_2e)			
Fund	Scope I	Scope II	Scope III	Total
PPP Equity PIP Fund	16,091	4,498	8,539	29,128
DCF	3,922	3,060	3,165	10,146
DCF 3	66,986	5,036	26,168	98,190
DCF 4	11,345	43	20,217	31,605
DII[25]	0	7	4,305	4,312

TABLE 6
PORTFOLIO FINANCED EMISSIONS (INTENSITY) BY FUND

Fund	Revenue-Weighted Carbon Intensity (tCO_2e/€M)	Ownership-Based Carbon Intensity (tCO_2e/€M)
PPP Equity PIP Fund	13	4
DCF	5	1
DCF 3	167	13
DCF 4	48	4
DII	29	1

[25] DII operates as a single-asset vehicle that is not yet operational.

OUR OPERATIONAL EMISSIONS

We recognise the importance of monitoring and managing our own operational emissions as part of our broader climate strategy. Following significant operational changes in 2023, we have reset our baseline year for operational emissions to 2023 to ensure accurate and relevant tracking moving forward.

We report annually on our Scope 1, 2 and 3 operational emissions (see Table 7), and have taken several steps to reduce and better understand our environmental footprint:

Renewable Energy Procurement: Where available, we source electricity through REGO-backed green tariffs to support the transition to clean energy.

Enhanced Travel Emissions Tracking: We've improved the capture of business travel data through our expenses system, enabling more comprehensive reporting than in previous years.

Employee Travel Initiatives: We've introduced cycle-to-work and electric vehicle schemes to help employees reduce emissions from commuting and personal travel.

Landlord Engagement: We actively collaborate with office landlords to access and improve data on energy consumption across our office spaces.

Although our operational emissions represent less than 1% of our total GHG emissions, we remain committed to continuous improvement. At this stage, we have not set a net-zero target for operational emissions, focusing instead on strengthening our data collection and reporting processes to inform future action.

TABLE 7
DALMORE CAPITAL 2024 OPERATIONAL GHG EMISSIONS

Fund	GHG Emissions (tCO_2e)
Scope 1: Direct Emissions - Heating (Gas Consumption)[26]	7.0
Scope 2: Indirect Emissions Electricity Consumption (Market Based)[27] tCO_2e	n/a
Scope 2: Indirect Emissions Electricity Consumption (Location Based) tCO_2e	3.0
Scope 3: Indirect Emissions Business Travel[28]	45.1
Total Operational GHG Emissions	55.1
GHG Intensity per Employee	2.12

[26] In the absence of actual gas consumption data for our Edinburgh office, we used CIBSE Energy Benchmark "good practice" values for air-conditioned office spaces as a proxy.
[27] Electricity supplied to our Edinburgh offices is sourced through REGO-backed green tariffs. However, we were unable to obtain utility invoices containing the necessary emission factors to calculate our market-based electricity consumption. We will continue to engage with the landlord to secure this data in future reporting periods. For our London office, which operates within a shared workspace, we used CIBSE Energy Benchmark "good practice" values for air-conditioned office spaces as a proxy. To estimate gas and electricity usage, we applied a conservative assumption of 100 m^2 total floor area, including both office and communal spaces.
[28] In 2024, where the information is available, we have included emissions associated with accommodation/hotel use during business travel.

EXPOSURE TO CARBON INTENSIVE SECTORS

Dalmore's investments are aligned with the EDFI Fossil Fuel Exclusion List. The portfolio's only exposure to the fossil fuel sector is through Cadent (DCF 3), a regulated gas distribution network company (see Table 8).

Cadent, regulated by Ofgem, owns and operates four gas distribution networks spanning over 82,000 miles of pipeline across the UK. Importantly, Cadent does not produce or own the gas transported through its infrastructure and its revenues are not directly tied to the volume of gas distributed.

Natural gas is expected to play a transitional role in the shift to a low-carbon economy. Infrastructure like Cadent's will be critical in enabling the adoption of alternative low-carbon fuels, such as hydrogen, particularly in sectors that are difficult to electrify or decarbonise.

As a firm specialising in the acquisition, management and long-term ownership of infrastructure assets, our investments inherently have a high climate impact.[29] Table 9 provides a breakdown of the high climate impact sectors for our five flagship funds.

TABLE 8
INVESTMENT IN FOSSIL FUEL (%AUM BY VALUE)

Fund	EDFI Fossil Fuel Exclusion List	Companies active in the fossil fuel sector
PPP Equity PIP (PIP)	0%	0%
DCF	0%	0%
DCF 3	0%	15%
DCF 4	0%	0%
DII	0%	0%
All Assets	**0%**	**15%**

TABLE 9
INVESTMENT IN HIGH CLIMATE IMPACT SECTORS (%AUM BY VALUE)

Fund	Real Estate	Water, Wastewater or Waste Management	Electricity and Gas Supply	Transportation
PIP	74%	2%	11%	14%
DCF	100%	0%	0%	0%
DCF 3	12%	39%	24%	25%
DCF 4	0%	49%	0%	51%
DII	0%	100%	0%	0%
All Assets	**26%**	**35%**	**20%**	**19%**

Dalmore's investments are aligned with the EDFI Fossil Fuel Exclusion List.

[29] As defined by the European Financial Reporting Advisory Group (EFRAG) ESRS (European Sustainability Reporting Standards) E1 Climate Change. https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/08%20Draft%20ESRS%20E1%20Climate%20Change%20November%202022.pdf

ASSETS GHG EMISSION REDUCTION INITIATIVES

Table 10 highlights the proportion of assets across Dalmore's five flagship funds that are actively implementing GHG emission reduction initiatives.

These initiatives are more prevalent among Core Infrastructure assets, which typically possess greater internal capacity, technical expertise and operational flexibility to align with Net Zero targets based on sector-specific decarbonisation pathways. This distinction is clearly reflected in the distribution of Net Zero commitments across the funds.

By contrast, PPP assets often face structural constraints—such as fixed contractual terms or limited operational control—that can delay or limit the implementation of such initiatives.

TABLE 10
PORTFOLIO CARBON EMISSION REDUCTION INITIATIVES (%AUM BY VALUE)

Fund	Any Carbon Emission Reduction Initiative	Net Zero Target Set	Net Zero Target Set Aligned to Defined Sector Specific Pathway
PIP	60%	0%	0%
DCF	37%	0%	0%
DCF 3	71%	14%	0%
DCF 4	100%	100%	0%
DII[30]	n/a	n/a	n/a
All Assets	**63%**	**45%**	**0%**

[30] DII operates as a single-asset vehicle. As TTT is in the advanced stages of construction, it is not currently feasible to set a Net Zero commitment or Science-Based Target. However, Dalmore will collaborate with the TTT team to establish a Net Zero commitment specifically for the tunnel's operational emissions once it becomes active.

ALIGNMENT WITH CLIMATE/SUSTAINABLE FINANCE FRAMEWORKS/TAXONOMIES

Dalmore Capital's investments are designed to support economic growth, facilitate decarbonisation and enhance social prosperity. Assets have positive socioeconomic and environmental impacts by developing and maintaining new and refurbished infrastructure and essential public services. These assets include schools, hospitals, care facilities, housing, defence installations, transport links, water and energy utilities, waste management systems and sustainable energy generation facilities.

As outlined in Table 11, to demonstrate this contribution to sustainability goals, assets in our five flagship funds have been screened for their potential alignment with key sustainable finance frameworks and taxonomies.

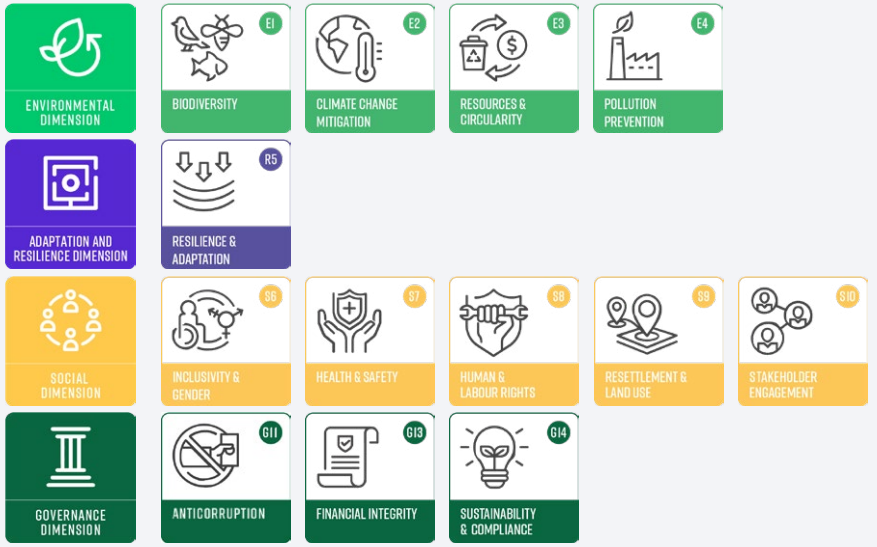
In addition to assessing asset alignment with various sustainable finance frameworks and taxonomies, Dalmore is actively supporting the FAST-SI Label. James Dunham, Dalmore's Sustainability Director, serves on the Executive Advisory Committee for the FAST-SI Label. In this capacity, he plays a role in shaping the label's development and advancing its recognition among current and prospective investors in private markets.

We are currently exploring the potential for our assets to achieve the 'self-assessment' process for demonstrating an asset's positive contribution to a specific sustainability objective. As previously noted, Connect Plus M25 has already been awarded the FAST-SI Label for meeting the Resilience criteria under the Adaptation and Resilience dimension (See Figure 6). Dalmore anticipates that several additional assets will also qualify for the label, particularly under the Climate Change criteria for the Environmental dimension.

TABLE 11
SUSTAINABLE FINANCE FRAMEWORK/TAXONOMY ALIGNMENT POTENTIAL (%AUM)

Fund	EU Taxonomy	FAST-Infra Label	CBI Climate Bonds Taxonomy
PPP Equity PIP Fund	29%	29%	29%
DCF	9%	9%	9%
DCF 3	53%	87%	27%
DCF 4	51%	100%	0%
DII	100%	100%	100%

FIGURE 6
FAST-INFRA SI LABEL DIMENSIONS AND CRITERIA



TARGETS

Dalmore has established medium and long-term goals for achieving Net Zero alignment and managing material climate-related risks and opportunities. We are on track for meeting these targets, but maintaining momentum is crucial to achieve our interim 2026 targets (Figure 7).

NET ZERO ALIGNMENT (CORE INFRASTRUCTURE)

Dalmore has set ambitious targets for achieving Net Zero alignment for its Core Infrastructure assets, which represent 76% of our financed emissions.[31] The goal is to reach 60% (Core Infrastructure AUM) alignment by 2030 and 100% by 2040. An asset's Net Zero alignment is defined by the PAII NZIF, specifically classifying an asset as 'net zero', 'aligned' or 'aligning'.

Dalmore has achieved this target ahead of schedule (see Table 12). Our Core Infrastructure assets are often at the forefront of the Net Zero agenda, utilising their internal capacity and resources to align their operations with Net Zero. Despite this process, Dalmore remains dedicated to engaging with these assets to maintain momentum and achieving long-term Net Zero goals.

In December 2024, Thames Tideway Tunnel (TTT) was in the advanced stages of construction. It was not feasible to set a Net Zero commitment or Science-Based Target. However, Dalmore will collaborate with the TTT team to establish a Net Zero commitment specifically for the tunnel's operational emissions once it becomes active.

FIGURE 7
DALMORE PROGRESS MEETING ITS CLIMATE STRATEGY TARGETS

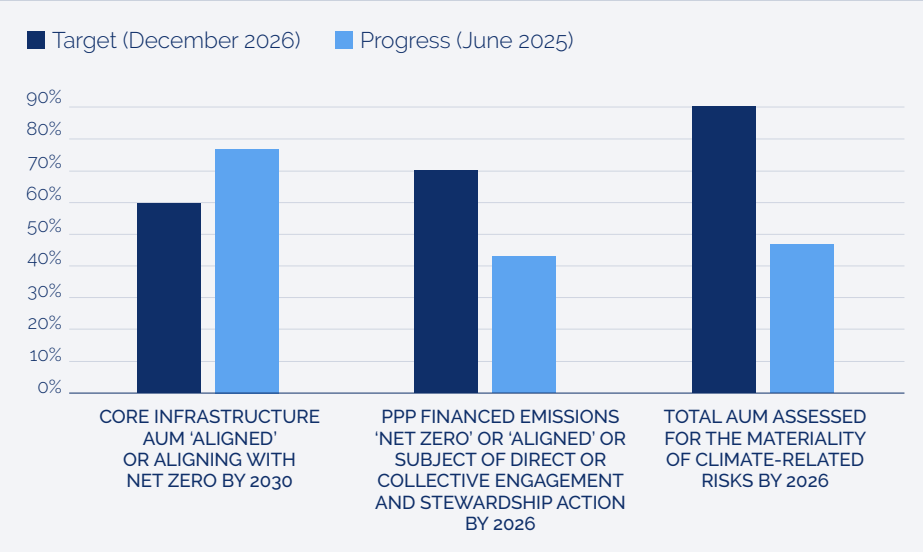


TABLE 12
CORE INFRASTRUCTURE ASSETS ALIGNMENT WITH NET ZERO

Asset	Sector	Alignment	Core Infrastructure AUM
Anglian Water	Water and Wastewater	Aligning	7.5%
Blyth (EDF Wind)	Renewable Energy	Net Zero	4.9%
Cadent	Gas Distribution	Aligning	26.3%
Cory Riverside	Energy from Waste	Aligning	29.5%
Porterbrook	Rail/Rolling Stock	Aligning	6.4%
Thames Tideway Tunnel	Wastewater	n/a[32]	-
WoDS OFTO	Energy Transmission	Net Zero	2.7%
Total			**77.3%**

[31] Ownership-Based.
[32] In December 2024, TTT was in the advanced stages of construction. It was not feasible to set a Net Zero commitment or Science-Based Target.

NET ZERO ALIGNMENT (PPP)

As active managers, we recognise the significant impact we can have on our portfolio companies in achieving Net Zero.

While investor influence and control often correlate with ownership share, for many of our PFI and PPP projects, where we may have 100% ownership, the public sector counterparts are the ultimate asset owners and users.

The complex contract structures of PPP projects can present barriers to decarbonisation initiatives. Dalmore is responsible for the maintenance of buildings and building services. However, our level of influence across our PPP assets at the portfolio company level to manage energy suppliers, energy use and lifecycle investment is governed by our responsibility for:

Energy Procurement:
<10%
of portfolio companies.

Lifecycle Risk:
<50%
of portfolio companies.

Energy Volume Risk:
<1%
of portfolio companies.

Engagement with our public sector clients and building users is therefore key to achieving collective action on Net Zero. This engagement will allow us to understand the ambitions of the public sector asset owners and consider how Dalmore can best support these goals.

Consequently, We Have Chosen the Following Engagement Targets for our PPP Portfolio:

2026

70% of PPP asset financed emissions classified as 'Net Zero' or 'aligned' according to the PAII NZIF, or subject to direct or collective engagement and stewardship actions in alignment with the IPA Net Zero Working Group decarbonisation framework.

2030

90% of PPP asset financed emissions classified as 'Net Zero' or 'aligned' according to the PAII NZIF, or subject to direct or collective engagement and stewardship actions in alignment with the IPA Net Zero Working Group decarbonisation framework.

We have already initiated engagement on Net Zero alignment with PPP assets representing

43% (Ownership-Based) and 61% (Revenue-Weighted) financed emissions.

FUND ALIGNMENT WITH NET ZERO

Many of our flagship funds have made significant progress towards Net Zero (Table 13). We will continue to engage with both our PPP and Core Infrastructure assets within these funds. Although engaging numerous assets and navigating contractual complexities is resource-intensive, we are committed to focusing our efforts on our portfolio of PPP assets, particularly within the DCF fund, to ensure we meet our interim Net Zero targets.

TABLE 13
ALIGNMENT WITH NET ZERO

Fund	Percentage of Core Infrastructure AUM Aligned with Net Zero	Proportion of PPP Financed Emissions Aligned with Net Zero	
		% of Financed Emissions (Ownership-Based)	% of Financed Emissions (Revenue-Weighted)
PPP Equity PIP Fund	100%	9%	15%
DCF	n/a	0%	0%
DCF 3	100%	77%	87%
DCF 4	100%	n/a	n/a
DII	n/a[33]	n/a	n/a

[33] DII is a single asset vehicle. As TTT is in the advanced stages of construction, it is not currently feasible to set a Net Zero commitment or Science-Based Target.

MANAGEMENT OF MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

Dalmore is committed to ensuring that, by 2026, 90% of AUM is assessed for the materiality of climate-related risks and opportunities. Over the past year, we've made strong progress toward this goal. To date, we have completed in-depth assessments across assets representing over 45% of our AUM, identifying financially material climate-related risks and opportunities (see Table 14) and implementing targeted mitigation measures.

This proactive approach is not only strengthening the resilience of asset-level business models but also enhancing the quality and robustness of Dalmore's financial decision-making.

Our initial assessments suggest that only a small number of our real estate PPP assets are exposed to material climate-related risks. Consequently, we focused our early efforts on Core Infrastructure and infrastructure PPP assets, where the potential for material climate-related issues is higher. This focus is reflected in our initial fund-level progress on climate risk and opportunity assessments (see Table 15).

Looking ahead, we are committed to expanding our efforts across the entire PPP portfolio. Over the next 12 months, we will dedicate equivalent time and resources to engaging with our real estate PPP assets to ensure we meet our 2026 climate-related risk management target and maintain a consistent, portfolio-wide approach.

TABLE 14
ASSET MANAGEMENT OF MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

Asset	Material Issue	Category of Climate-Related Risk	% of AUM
Cory Riverside	Delay to UK Government Support for NPT CCS Projects/ Changes to Environmental Tax Policy, including the inclusion of EfW in UK ETS.	Transitional (policy)	17.4%
Blyth	Expiry of ROC accreditation and CfD support.	Transitional (policy)	2.9%
	Changes in energy generation potential.	Physical (acute/chronic)	
Porterbrook	Government commitment to phaseout of diesel trains by 2040.	Transitional (policy)	3.8%
	Emerging climate/ sustainability reporting requirements.	Transitional (policy)	
IEP	Government commitment to phaseout of diesel trains by 2040.	Transitional (policy)	6.3%
	Depot flood risk.	Physical (acute)	
Thames Tideway Tunnel	Increase in the frequency of CSO discharge.	Physical (acute)	13.4%
M25 PPP	Shortening the lifespan of pavements/road surfaces and foundations.	Physical (acute)	2.8%
Hadley Schools	None	None	0.3%
Total			**46.8%**

TABLE 15
FUND LEVEL MANAGEMENT OF MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

Fund	% of AUM
PPP Equity PIP Fund	14%
DCF	0%
DCF 3	65%
DCF 4	100%
DII	100%

CLIMATE-RELATED
FINANCIAL DISCLOSURE

APPENDICES

APPENDIX 1 – SUMMARY OF PHASE ONE IMPLEMENTATION

TABLE 16
PHASE ONE PROGRESS

Activity	Progress
Make a Commitment	**Complete** – Dalmore's Climate Strategy outlines its climate vision, climate-related risk management and Net Zero commitments and targets.
Identify a Climate-Related Risk and Opportunity Management and Net Zero Framework	**Complete** – has committed to aligning its investments with the **PAII NZIF**.[34] Dalmore also has a mandatory requirement to annually disclose its progress in meeting the recommendations of the TCFD.
Define Scope Boundaries	**Complete** – For GHG reporting, Dalmore uses an 'Operational Control' approach, where Scope 1 and 2 emissions are tied to assets under its direct control, while Scope 3 emissions cover assets outside its operational control, classified as Financed Emissions. As an infrastructure-only asset manager, Dalmore's portfolio includes: • Public-Private Partnership/Public Finance Initiative (PPP/PFI) investments in education, healthcare, roads, rail and social infrastructure; • Utilities in energy transmission and water; and • Rail leasing stock. While investor influence and control typically align with ownership share, in many of our PPP/PFI projects—where we may hold 100% ownership—the Public Sector remains the ultimate asset owner and user. The complex contractual structures of these PPP/PFI projects also creates additional challenges for implementing climate-related risk management and decarbonisation initiatives.

Activity	Progress
Establish a GHG Baseline	**Complete** – Dalmore has been gathering climate data since 2019 and continually refining its approach. 2022 has been set as the baseline year, to reflect a typical post-COVID year. 96% of assets by value provided actual Scope 1 and 2 emission data, with the rest estimated using sector proxies. Dalmore has also started gathering Scope 3 emissions data, though this is expected to evolve as more information becomes available from suppliers and subcontractors. For 2022, financed emissions were calculated using the Greenhouse Gas Protocol and PCAF guidance. These baseline emissions will be used to track the performance of portfolio companies in meeting Net Zero targets.
Screen Asset Net Zero Alignment	**Complete** – Dalmore screens its investments against exclusion criteria[35] and collects data on asset-level GHG emissions and GHG emission reduction commitments and initiatives through its annual ESG Survey. The target of 100% reporting of Scope 1 and Scope 2 emissions has been achieved ahead of the 2025 deadline.
Screen Asset Exposure to Climate-Related Risk and Opportunity	**Complete** – In December 2022, Dalmore engaged a consultant to assess its portfolio for physical and transitional climate-related risks. The analysis provided aggregated ratings of fund exposure; however, its top-down methodology offered limited actionable insights and some findings could be challenged based on operational experience. To address these limitations, a more asset-specific, bottom-up approach will be adopted going forward. This aims to deliver a deeper understanding of climate risks and support a more robust and effective response.

[34] https://www.iigcc.org/hubfs/NZIF%202.0%20Report%20PDF.pdf
[35] See Dalmore's Responsible Investment Policy: https://www.dalmorecapital.com/policies-and-documents/.

Activity	Progress
Set Medium and Long-Term Net Zero Targets	**Complete** – Dalmore has set the following Net Zero targets: **Core Infrastructure Assets:** • **2030** – 60% of Core Infrastructure AUM 'aligned' or 'aligning' according to the PAII NZIF. • **2040** – 100% of Core Infrastructure assets to be classified as either 'Net Zero', 'aligned' or 'aligning' according to the PAII NZIF. **PPP Assets:** • **2026** – 70% of PPP financed emissions to be either 'Net Zero' or 'aligned' according to the PAII NZIF; or the subject of direct or collective engagement and stewardship actions in alignment with the IPA Net Zero Working Group decarbonisation framework. • **2030** – 90% of PPP financed emissions to be either 'Net Zero' or 'aligned' according to the PAII NZIF; or the subject of direct or collective engagement and stewardship actions.
Set Medium and Long-Term Climate-Related Risk and Opportunity Targets	**Complete** – By 2026, Dalmore has committed to ensuring that 90% of assets (by AUM) are assessed for the materiality of climate-related risks and opportunities. For any risks or opportunities identified as material, the following actions will be taken: • Update the risk register to incorporate the findings. • Identify and implement appropriate risk mitigation measures. • Present and discuss the findings at board level to ensure effective oversight of material climate-related risks and opportunities.
Project Portfolio Emissions Through to 2050	**Complete** – Dalmore has charted the Business-As-Usual (BAU) emissions profiles for its PPP assets (Figure 8) and Core Infrastructure assets (Figure 9) against the Science-Based Targets initiative's (SBTi) cross-sector pathway.

FIGURE 8
PROJECTED PPP ASSET EMISSIONS SCOPE 1 AND 2[36]

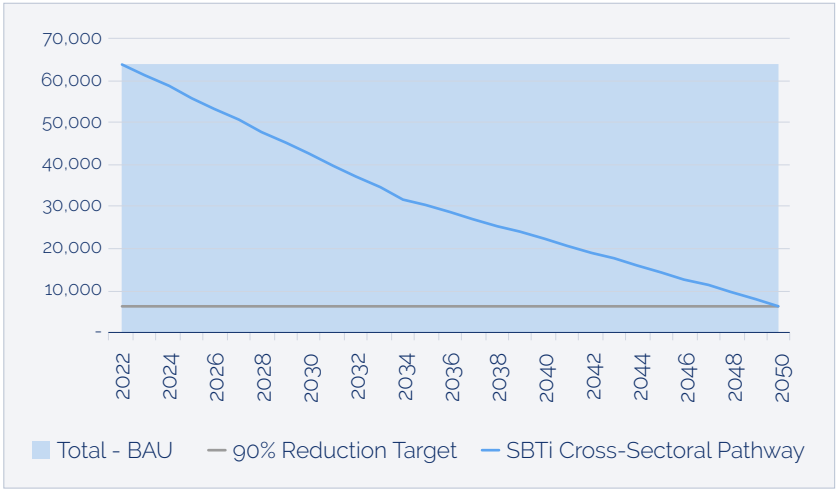
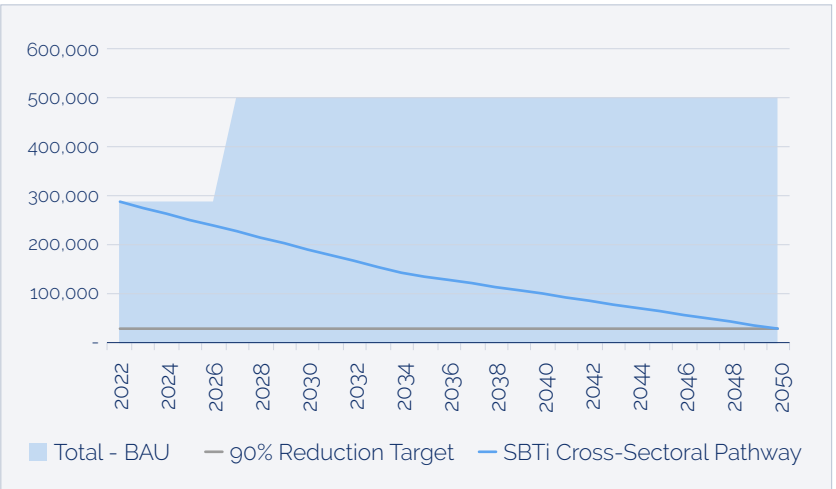


FIGURE 9
PROJECTED CORE INFRASTRUCTURE ASSET EMISSIONS SCOPE 1 AND 2[37]



[36] The asset hand back process is not accounted for.
[37] The Cory Waste to Energy plant will become operational in 2026, increasing the emissions profile.

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