

 DALMORE CAPITAL

# CLIMATE-RELATED FINANCIAL DISCLOSURE

REPORTING PERIOD 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup> DECEMBER 2025

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**April 2026**  
**SUSTAINABILITY**  
**COMMITTEE APPROVAL**

**May 2026**  
**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.

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# FOREWORD

## FROM MICHAEL RYAN, DALMORE CAPITAL CEO

I am pleased to introduce Dalmore Capital's 2025 climate-related financial disclosure. This report outlines the progress we have made over the past year and sets out how we continue to strengthen the way we assess and manage climate-related risks and opportunities. It reflects our ongoing commitment to responsible investment and stewardship, and we hope it provides all stakeholders with a clear and transparent view of how climate-related considerations shape our decisions.

Dalmore's focus remains unchanged: to deliver attractive, inflation-linked returns with resilience across varying macroeconomic and market conditions through the long-term stewardship of essential UK infrastructure. Building resilience to both physical and transition risks is central to delivering this purpose.

2025 has been an important year of progress. We have further developed our understanding of financially material climate-related risks and opportunities across our portfolio and remain on track to meet our 2026 Climate Strategy Targets. We have strengthened our data foundations, enhanced our analytical

capabilities and engaged closely with our portfolio companies, operators and other stakeholders. These actions are improving the quality of our investment decisions and providing clearer insight into how our assets can continue to perform as the UK transitions to a more sustainable economy.

Our investment activity during the year reflects our long-term approach and our commitment to supporting the UK's low-carbon transition. Key developments include Porterbrook's acquisition of 404 predominantly electric vehicles operated by West Midlands Trains, and the addition of a further seven run-of-river hydropower assets in Scotland.

Both investments strengthen the resilience of our portfolio while contributing to lower-carbon transport and renewable energy generation.

We were also delighted to receive a five-star rating in the 2025 PRI assessment. Achieving the highest possible rating demonstrates the maturity of our sustainability governance and is consistent with the responsible investment standards expected across the Royal London Group.

A major milestone this year was the completion of Dalmore's acquisition by Royal London Asset Management. As Royal London's dedicated infrastructure capability, we now have the scale, stability

and long-term backing to broaden our impact, while remaining aligned with the values and principles we share with Royal London.

I am confident that the foundation we have built in 2025 positions Dalmore for continued resilience, performance and positive impact.

**Michael Ryan**  
Chief Executive Officer

## EXECUTIVE SUMMARY

This report presents Dalmore Capital's climate-related financial disclosure for the period 1st January to 31st December 2025, in accordance with the Financial Conduct Authority's (FCA) Environmental, Social and Governance (ESG) Sourcebook.

It sets out Dalmore's understanding of the exposure of its operations and investment portfolio to climate-related risks and opportunities, and how material climate-related considerations are integrated into investment and asset management decision-making, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

2025 has been a year of material progress, driven by the active leadership of the Executive Committee and the engagement of key business functions across the firm, as well as the Sustainability Function. Dalmore achieved five-star ratings across all modules in the 2025 PRI Assessment, reflecting the maturity of its sustainability governance and integration practices. Dalmore's progress in aligning with international climate disclosure standards is summarised in Table 1.

A central pillar of this work has been the implementation of Phase Two of Dalmore's Climate Strategy, launched in 2024 to deepen our asset-level understanding of material climate-related risks and opportunities and strengthen alignment with Net Zero objectives. Our interim target for Net Zero alignment of Core/Core+ Infrastructure assets — 60% of AUM aligned or aligning by 2030 — has been met ahead of schedule. In-depth climate risk and opportunity assessments have been completed across assets representing 77% of AUM, and we remain on track to meet our 2026 target of 90%. This programme is designed to enhance the quality of financial decision-making, both in capital allocation and in the active stewardship of assets, as well as to meet evolving regulatory requirements and investor expectations.

Whilst we are encouraged by the progress made, we recognise that sustained momentum is essential. Specific assets have been identified for further engagement in 2026, and advancing this programme remains a strategic priority as we move into the final year of Phase Two.



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

**ISSB S2<sup>1</sup> Alignment Rating 2025:**

Good Practice     Evidence of Leading Practice

Pillar	Content requirement	Reference
<b>Governance</b>	The governance bodies responsible for oversight of climate-related risks and opportunities	<a href="#">P14</a>
	Management's role in the governance of climate-related risks and opportunities	<a href="#">P15</a>
<b>Strategy</b>	Understanding of the exposure to material climate-related risks and opportunities	<a href="#">P17</a>
	Understanding of the financial impact and resilience, under different scenarios	<a href="#">P19</a>
	Strategy for managing climate-related risks and opportunities	<a href="#">P22</a>
<b>Risk and Opportunity Management</b>	Policies and processes to assess and manage material climate-related risks and opportunities	<a href="#">P31</a>
	Consideration of material climate-related risks and opportunities in wider risk management framework	<a href="#">P36</a>
<b>Metrics and Targets</b>	Climate-related metrics	<a href="#">P38</a>
	Climate-related targets set to monitor progress towards achieving its strategic goals	<a href="#">P46</a>

<sup>1</sup>International Financial Reporting Standards (IFRS) – International Sustainability Standards Board (ISSB) Standard 2 (S2) – Climate-related Disclosures. The rating represents Dalmore's own internal assessment of its progress.

CASE STUDY

# DALMORE'S PRI ASSESSMENT RESULTS

Dalmore achieved five-star ratings across all relevant modules in the 2025 Principles for Responsible Investment (PRI) Assessment. These results provide independent assurance of how the firm governs, integrates and reports on sustainability and climate-related considerations across its infrastructure investment activities.



ASSESSMENT RESULTS:

<p><b>Policy, Governance &amp; Strategy</b></p> <p><b>95%</b> ★★★★★</p> <p>This score demonstrates that oversight of sustainability and climate-related issues is embedded at Board and senior-management levels, supported by defined responsibilities and structured processes for identifying and escalating such issues across the organisation.</p>	<p><b>Direct – Infrastructure</b></p> <p><b>92%</b> ★★★★★</p> <p>This module evaluates how material sustainability and climate-related risks and opportunities are integrated across the infrastructure investment lifecycle. We apply structured sustainability and climate-risk assessments during due diligence and maintain ongoing monitoring to identify and manage material sustainability and climate-related risks and opportunities across our assets.</p>	<p><b>Confidence Building Measures</b></p> <p><b>100%</b> ★★★★★</p> <p>A full score reflects strong data governance, internal controls and transparent reporting processes. We prioritise consistent, high-quality data to support the accuracy and reliability of our sustainability and climate-related disclosures.</p>
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■ PRI Median   ■ Module Score

Module score / Star score	AUM coverage	1 ★ (0%–25%)	2 ★ (>25%–40%)	3 ★ (>40%–65%)	4 ★ (>65%–90%)	5 ★ (>90%)
Policy, Governance & Strategy ★★★★★						95
Direct – Infrastructure ★★★★★	>50%					92
Confidence Building Measures ★★★★★						100

Our 2025 PRI results confirm that Dalmore's sustainability and climate-integration practices align with recognised international responsible-investment standards. The enhanced ratings reflect the progress we have made since 2023 in strengthening sustainability integration across our investment activities. Our scores exceed the median for similar infrastructure investors and are broadly consistent with the performance of larger asset managers assessed by the PRI.<sup>2</sup>

<sup>2</sup> See our PRI 2025 Assessment and Transparency Reports: <https://www.dalmorecapital.com/policies-and-documents/>. Dalmore achieved 5-star ratings well above the median. Our scores are higher than RLAM and the median for RLAM's European peers from the previous round of ratings: <https://www.rlam.com/uk/institutional-investors/responsible-investment/>.



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CLIMATE-RELATED  
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# 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/Core+ Infrastructure, with current investments spanning the UK, Ireland, Continental Europe and Canada.



We focus on low-volatility assets. Our buy-and-hold investment strategy typically spans 10 to 15 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 AT A GLANCE:

**Founded:**  
**2009**

**Assets Under Management:**  
**£5.7+ billion**

**Flagship Funds:**  
**5**  
actively managed funds

**Investor Base:**  
**42+**  
leading institutional investors

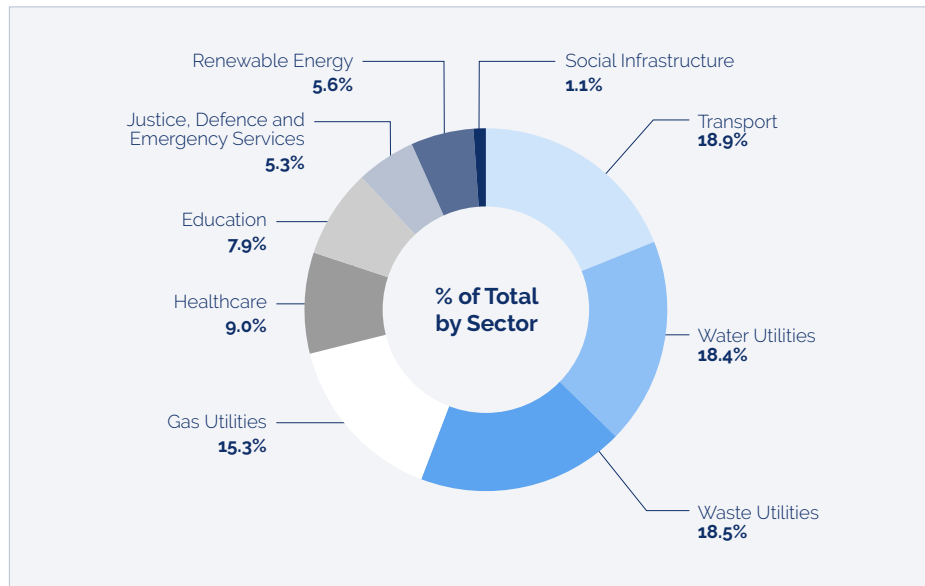
**Impact:**  
Supporting the retirement futures of over  
**3.5 million**  
pension scheme members



### 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/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	<p>Primarily PPP</p>	<p>Primarily PPP</p>	<p>Mix of PPP and Core/Core+ Infrastructure</p>	<p>Core/Core+ Infrastructure</p>	<p>Core/Core+ Infrastructure</p>



### Redefining Service Delivery in the PFI/PPP Sector

Resolis,<sup>3</sup> 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.

Resolis' core mission is to manage infrastructure investments that support vital public services — including schools, hospitals, roads, government departments and emergency services. With expertise spanning asset management, finance and legal services, Resolis works closely with project teams to ensure contractual compliance and consistent, high-quality service delivery.

<sup>3</sup><https://resolis.com/>

**£1.5+ billion**  
in assets under management on behalf of Dalmore Capital

**80+**  
projects across the UK

**1.8 million m<sup>2</sup>**  
of managed infrastructure

**300+**  
buildings across over 5 key public service sectors



## Acquisition of Dalmore by Royal London Asset Management

In November 2025, Dalmore Capital was acquired by Royal London Asset Management (RLAM), one of the UK's leading fund management companies. RLAM provides investment management solutions to both wholesale and institutional clients, including not for profit organisations, local authorities, and the insurance sector. RLAM forms part of the Royal London Group, the largest mutual life, pensions, and investment company in the United Kingdom, and one of the top 30 mutuals globally.<sup>4</sup>

The acquisition by RLAM forms part of its ongoing strategy to expand its presence in private markets. Dalmore's focus on UK infrastructure and its portfolio of environmentally and socially beneficial assets represents a strong strategic fit for Royal London. As part of the transaction, RLAM has committed a minimum of £500 million to future Dalmore managed funds, providing significant long term support for the platform's continued growth.

Although Dalmore and Resolis form part of the Royal London Group, both operate as standalone subsidiaries with their own identities, governance frameworks, cultures, and office locations. The full Dalmore team in place prior to the acquisition has been retained, and additional team members have and continue to be recruited to support the anticipated growth associated with future funds.

### ROYAL LONDON AND RLAM:

Royal London was founded in London in 1861 as a purpose driven friendly society and has since grown into the largest mutual life, pensions, and investment company in the UK. As of December 2025, the Group manages £199 billion of assets and employs more than 5,000 people. As a mutual organisation, Royal London is owned by its customers rather than shareholders, enabling it to take a long term, partnership oriented approach that differentiates it from listed peers and has underpinned its sustained success.



As of December 2025, Royal London manages 8.5 million life and pension policies and provides a broad range of long term savings, protection, and asset management solutions across the UK and Ireland.

Established in 1988, RLAM invests across all major asset classes, including UK and international equities, government bonds, investment grade and high yield corporate bonds, property, and cash. With assets under management in excess of £170 billion as of December 2025, RLAM holds highly diversified equity and debt positions across a broad range of companies, reflecting the composition and dynamics of both the UK and global economies.

**£199 billion**  
in assets under  
management

**5,000+**  
employees

**8.5 million**  
life and pension  
policies under  
management

<sup>4</sup> <https://www.royallondon.com/about-us/media/Media-Centre/press-releases/press-releases-2025/may/royal-london-to-acquire-UK-based-infrastructure-asset-manager-dalmore-capital/>



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# CLIMATE- RELATED

DISCLOSURE  
REQUIREMENTS



## CLIMATE-RELATED DISCLOSURE REQUIREMENTS

Chapter 2 of the FCA ESG Sourcebook<sup>5</sup> requires asset managers and certain FCA-regulated asset owners to make annual disclosures in line with the TCFD recommendations.<sup>6</sup> 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)<sup>7</sup> 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.

This report represents Dalmore Capital's 2025 disclosures of climate-related financial information for the period from 1st January 2025 to 31st December 2025.

Investors may also request product-level climate-related disclosures on demand to support their own reporting obligations, including to meet their own climate-related financial disclosure requirements. Dalmore routinely provides this information in response to investor queries and through its ongoing investor reporting processes. Investors wishing to request this information should contact the Investor Relations team at [investor.relations@dalmorecapital.com](mailto:investor.relations@dalmorecapital.com).

**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.<sup>8</sup>

<sup>5</sup> <https://handbook.fca.org.uk/handbook/esg2>

<sup>6</sup> <https://www.fsb-tcfd.org/recommendations/>

<sup>7</sup> [https://www.handbook.fca.org.uk/instrument/2021/FCA\\_2021\\_62.pdf](https://www.handbook.fca.org.uk/instrument/2021/FCA_2021_62.pdf)

<sup>8</sup> <https://www.dalmorecapital.com/policies-and-documents/>

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CLIMATE-RELATED  
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# GOVERNANCE





GOVERNANCE

# OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

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<sup>9</sup>**

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.<sup>10</sup> 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.

Top to bottom: Michael Ryan (CEO), Alistair Ray (CIO), John McDonagh (COO), John Murphy (CFO) and Jennifer McKay (GC)

<sup>9</sup> <https://www.dalmorecapital.com/policies-and-documents/>

<sup>10</sup> Although Dalmore is not a signatory to the UK Stewardship Code 2026, it is committed to contributing to RLAM's annual Stewardship Report and to coordinating its stewardship activities with Royal London in relation to its investments in Dalmore funds.

**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 meets quarterly and 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  
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# STRATEGY



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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 is implementing a comprehensive Climate Strategy,<sup>11</sup> shifting towards a more asset-specific, bottom-up risk assessment. Our bottom-up 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:**



**Transition 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 Cadent) and those that contribute significantly to climate mitigation (such as our hydropower portfolio, Porterbrook 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 requirements 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 arising from asset-level exposure to material climate and sustainability-related issues, including transitional risks (policy/legal, technology, market and reputational) and physical risks (acute and chronic), each of which can affect asset revenue, expenditure and valuations.

<sup>11</sup> <https://www.dalmorecapital.com/policies-and-documents/>

CASE STUDY

# NAVIGATING UK SUPPORT FOR CCS AND THE INTEGRATION OF EFW INTO THE UK ETS

Cory is one of the UK's leading Energy-from-Waste (EfW) operators, providing a vital service that keeps London's residual waste out of landfill and converts it into reliable, low-carbon energy.



From its riverside site on the Thames, Cory uses a unique river-based logistics network to move waste efficiently, cutting congestion and emissions across the capital.

Each year, Cory transforms 800,000 tonnes of non-recyclable waste into energy and reusable materials. In 2025, the company generated 543 GWh of electricity—enough to power around 200,000 UK homes—and its river operations displaced more than 100,000 road vehicle journeys, improving air quality and reducing carbon emissions.

Construction of Riverside 2 continued to progress towards commissioning in 2026. Once operational, the new facility will process a further 650,000 tonnes of non-recyclable waste annually and, alongside Riverside 1, expand the site's total throughput to roughly 1.5 million tonnes per year. It will also generate enough electricity to power 176,000 homes, further strengthening London's energy resilience.<sup>12</sup>

This expansion comes at a pivotal moment for the sector. The proposed inclusion of EfW in the UK Emissions Trading Scheme (ETS), together with the development of Cory's Carbon Capture Storage (CCS) project, which received Development Consent Order approval in November 2025, are central to the company's ambition to achieve net-zero emissions by 2040. These policy and technology shifts also create potential commercial upside, including the future sale of carbon credits and the prospect of securing Track 2 CCS support from central government.

## HOWEVER, THE PATHWAY IS NOT YET FULLY DEFINED. KEY UNCERTAINTIES REMAIN, PARTICULARLY REGARDING



The timing, scope and funding mechanisms for Non-Pipeline Transport (NPT) CCS solutions.



The final design and implementation timeline for EfW's entry into the UK ETS.

In response, Dalmore and Cory are adopting a proactive and analytical approach. Scenario analysis is now a core component of strategic planning, allowing both organisations to evaluate the commercial, regulatory and market implications of a wide range of future outcomes.

## HEAT OFFTAKE AND LONDON'S LOW-CARBON HEAT NETWORK

Cory is also advancing a major heat offtake programme, representing one of the most significant low-carbon heat opportunities in the UK. In August 2025, the Secretary of State for Energy Security and Net Zero designated Cory's proposed strategic heat transmission main as a project of national significance — a recognition that reflects both the scale and strategic importance of

the scheme. The project involves constructing a new underground heat transmission main from Cory's Riverside site in Bexley into south-east and central London, with the capacity to supply waste heat to approximately 300,000 homes and businesses and the potential to unlock an estimated £5 billion of investment in heat networks across the capital.

Cory is working in partnership with Vattenfall to develop the Riverside Heat Network, which will provide low-carbon heat to homes and businesses in Thamesmead, Abbey Wood, Bexley and Greenwich. Cory is also working with a broader range of partners — including 1Energy, Bring Energy, E.ON, Hemiko and Vital Energi — to connect waste heat into new and existing local schemes across multiple London boroughs.

One innovative near-term option within this programme involves transporting waste heat along the River Thames using thermal storage barges, building on Cory's extensive marine logistics capabilities. This approach has been identified by the City of London Corporation as a priority option for supplying low-carbon heat to the Square Mile and central London, and is being actively incorporated into London's strategic heat network planning.

Taken together, these initiatives position Cory's heat offtake programme as a material climate opportunity — converting waste heat that would otherwise be lost into a citywide low-carbon heat supply, while generating potential new revenue streams and strengthening the case for Cory's long-term role in London's energy transition.

<sup>12</sup> The commissioning of Riverside 2 in 2026 will increase Dalmore's portfolio financed emissions, primarily within DCF 3. This reflects the expansion of processing capacity rather than a deterioration in emissions intensity, and should be read in the context of Cory's net zero by 2040 ambition and its CCS development programme. Dalmore will report the full emissions impact of Riverside 2 in its 2026 climate-related financial disclosure.

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:**  
Assesses physical and transition risks at the individual asset or company level across a range of climate scenarios, capturing asset-specific vulnerabilities. Particularly well-suited to concentrated or illiquid portfolios, it provides the granularity needed to inform engagement and stewardship decisions.


**Top-down Approach:**  
Draws on economy-wide climate scenarios from Integrated Assessment Models (IAMs) — such as the NGFS framework — to capture systemic risks across sectors and estimate aggregate portfolio losses via macroeconomic damage functions. Particularly well-suited to large, diversified portfolios.

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.

CASE STUDY

# QUANTIFYING PHYSICAL CLIMATE RISKS TO INFRASTRUCTURE INVESTMENTS



As expectations from financial regulators and institutional investors continue to evolve, infrastructure asset managers are increasingly required to incorporate physical climate risks into investment valuations.

While frameworks for assessing transition risks are becoming more established, the practice of quantifying physical climate risks in financial terms remains comparatively underdeveloped.

In the context of limited market guidance and emerging practice, Dalmore has demonstrated how these risks can be identified, quantified, and actively managed—enhancing financial analysis while also better meeting evolving regulatory requirements and investor expectations. It also highlights the importance of robust due diligence and asset stewardship.

Dalmore's experience offers a practical insight into the opportunity to integrate consideration for physical climate risk into asset valuations to better inform investment and asset management decision-making.

An article on this work was published in the Institute of Sustainability and Environmental Professionals (ISEP) Sustainable Finance



Insight Journal Volume 5: Financing Resilience and Adaptation.<sup>13</sup>

## ACQUISITION OF SCOTTISH RUN-OF-RIVER HYDROPOWER ASSETS

For renewable energy assets such as solar, wind, and hydropower, the relationship between weather and climate, and operational performance is well established.

It is widely recognised that fluctuations in these factors can materially affect the financial performance of such projects. However, despite the availability of long-term climate projections, the financial implications of climate change are not consistently or rigorously assessed and managed across the sector.

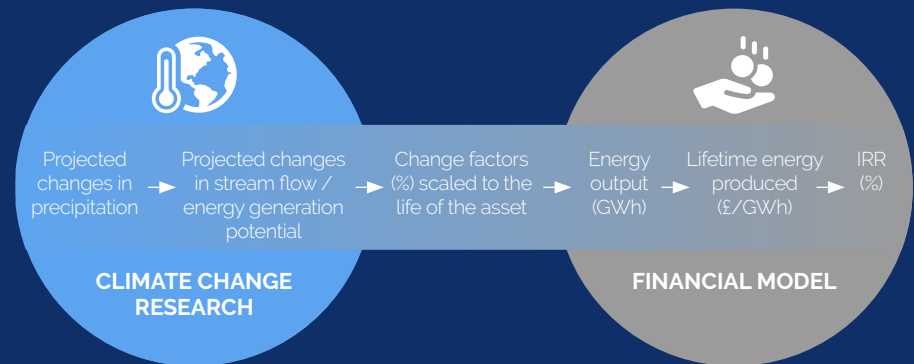
In support of a potential acquisition of a portfolio of run-of-river hydroelectric assets in Scotland, Dalmore conducted a comprehensive sustainability appraisal. The primary objective was to identify and evaluate material sustainability-related risks and opportunities, delivering critical insights to both the Investment Committee and the asset valuation process to inform investment decision making.

A central element of the appraisal involved the development of climate change impact factors ("change factors"), for projected changes in seasonal rainfall over the assets' financial and operational life (see Figure 1).

These projections were modelled across multiple climate scenarios and incorporated into the financial model as sensitivities.

This approach enabled Dalmore to quantify a material climate-related opportunity: the potential increase in average rainfall and its positive impact on energy generation, with results expressed as basis point changes to the Internal Rate of Return.

**FIGURE 1**  
INTEGRATING CONSIDERATION FOR CLIMATE CHANGE INTO THE FINANCIAL MODEL



<sup>13</sup> <https://www.isepglobal.org/resources/blogs/2026/february/sustainable-finance-insight-journal-volume-5-financing-resilience-and-adaptation/>

## EXTREME WEATHER AND ROAD SURFACE DEGRADATION

One of Dalmore Capital's portfolio companies is responsible for the operation and maintenance of a strategically important road network.

In FY 2024, pavement replacement costs exceeded budget expectations due to accelerated deterioration caused by extreme weather. Asphalt surfaces showed significant vulnerability, leading to earlier-than-anticipated replacements. This raised the risk of additional resurfacing occurring before the end of the concession period—posing a potential financial challenge.

In response, Dalmore, alongside its co-shareholders and the portfolio company, worked with advisors to identify and implement early interventions aimed at extending the lifespan of the asphalt surfaces. These measures were designed to delay full resurfacing, thereby reducing financial impact and preserving asset valuation. The treatment was also applied during existing maintenance regimes to minimise the cost of deployment.

By comparing the cost of an extra resurfacing cycle with the cost of preventative surface treatments, the portfolio company was able to assess the asset's exposure to physical climate

risks under two scenarios. These insights could then be built into the valuation model to show both a "with adaptation" and "without adaptation" case. This made it possible to clearly quantify the financial risk and demonstrate that, with risk mitigation measures in place, the impact on valuation would be minimal. This information could then be used to give investors confidence that climate-related financial risks were well understood and being effectively managed.



As a result of these proactive climate adaptation efforts, the asset was awarded the FAST-Infra Label on a self-assessed basis. This recognition highlights its contribution to climate resilience and its broader socio-economic benefits.





## STRATEGY FOR MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Dalmore Capital has established a comprehensive Climate Strategy to manage climate-related risks and opportunities.

**This Strategy is Structured Into Three Progressive Phases:**



Following the successful completion of Phase One — which focused on scoping and establishing a baseline — Dalmore’s Sustainability Function has advanced to Phase Two of its Climate Strategy.

This phase is designed to deepen our understanding of how climate-related risks and opportunities affect both individual assets and the broader portfolio. Phase Two places strong emphasis on active engagement and capacity building across the business. It aims to strengthen our ability to manage material climate-related issues effectively and support the alignment of our portfolio with Net Zero objectives. This





programme is not only designed to meet regulatory requirements, investor expectations and international standards — it is also a strategic initiative to enhance the quality of financial decision-making, both in capital allocation and in the active stewardship of assets.

Dalmore has set clear targets for Net Zero alignment and the management of material climate-related risks and we are on track to meet these goals. Specific assets have been identified for engagement in 2026 to further support this effort.

## 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:

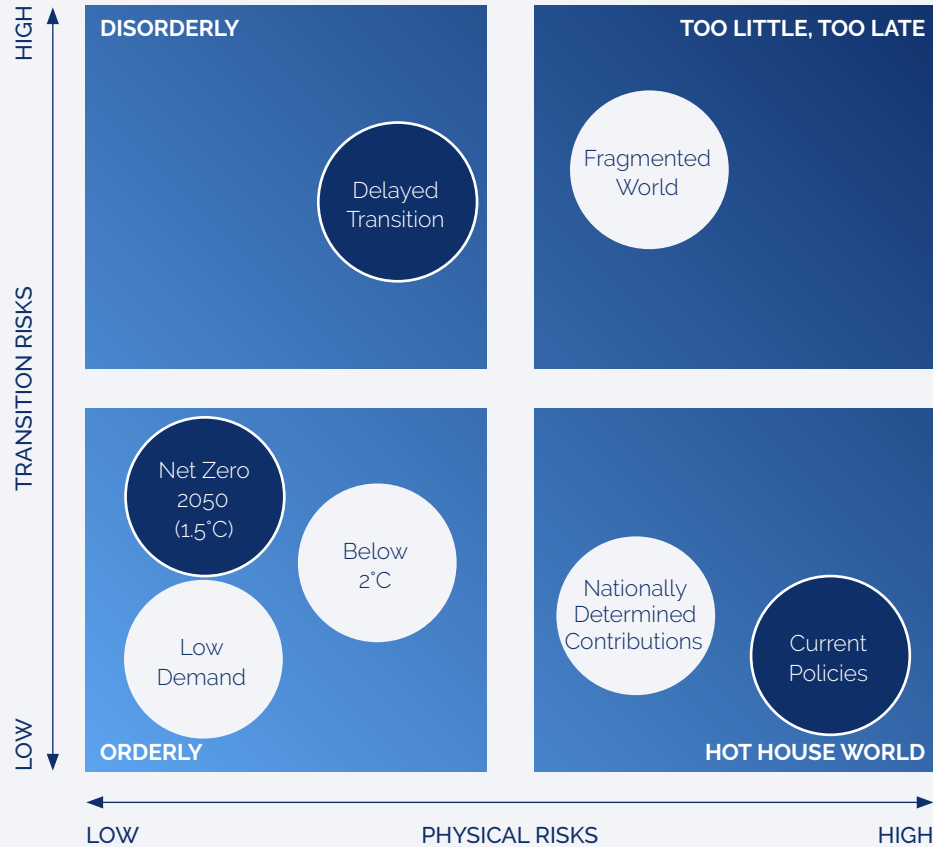
-  It has an actual or estimated impact on annual revenue exceeding 2%, or leads to additional costs exceeding 2% of revenue.
-  It results in non-compliance with Dalmore Capital's Responsible Investment Policy.

**FIGURE 1**  
CLIMATE-RELATED RISKS AND OPPORTUNITIES AND FINANCIAL IMPACT<sup>14</sup>



<sup>14</sup> [https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf)

**FIGURE 2**  
**NGFS SCENARIOS**



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

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 transition and physical—under a range of plausible climate futures.

To assess material transition 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.

This analysis spans from exploring qualitative narratives to conducting more quantitative assessments.

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),<sup>15</sup> or equivalent scenarios, 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.

<sup>15</sup> RCPs are climate scenarios that describe different levels of greenhouse gas concentrations and their resulting impact on global warming.

## CASE STUDY

## NAVIGATING THE UK RO AND FIT INDEXATION REFORM

In 2025, the Department for Energy Security and Net Zero (DESNZ) consulted on reforms to the indexation of the Renewables Obligation (RO) and Feed-in Tariff (FiT) schemes, reflecting the UK's wider policy commitment to phase out RPI by 2030<sup>16</sup>.

The RO remains a significant support mechanism for UK renewable generation, so changes to indexation directly affect asset cash flows, debt sizing, and long-term valuations. DESNZ set out two options for reform.



**Option 1 –  
Immediate switch  
from RPI to CPI**

Proposed an immediate, forward-looking switch from RPI to CPI from April 2026, with all historic RPI-linked uplifts retained.



**Option 2 –  
Freeze RO and FiT  
at 2025/26 levels**

Proposed freezing RO and FiT rates at 2025/26 levels and only resuming CPI-linked indexation once a CPI "shadow path" had caught up with the historic RPI-based values — an alignment that analysis suggested might not occur until the mid-2030s.

Sector assessments indicated that Option 2 would lead to significantly deeper reductions in real-terms revenue and valuations relative to Option 1.

The consultation attracted 247 responses, representing generators, suppliers, investors, lenders, and consumer groups. A common message across these submissions was that retrospective-style changes could damage investor confidence at a time when the UK was seeking to accelerate clean-energy deployment.

Dalmore took an active role in investor-industry engagement, contributing directly through the Global Infrastructure Investor Association (GIIA) to push back on the proposed reforms, stressing the importance of regulatory predictability for long-duration infrastructure assets and the risk of retrospective-style changes to investor confidence.

On 28 January 2026, DESNZ confirmed it would adopt Option 1, implementing a clean, forward-looking CPI transition from April 2026. The government cited the historical tendency of RPI to run higher than expected—driving up levy

costs—and estimated that the CPI switch could deliver peak consumer savings of around £270 million per year by 2030. It highlighted Option 1 as the "least disruptive" and most proportionate approach, avoiding the significant valuation and refinancing pressures that Option 2 would have created. While Option 1 is the less disruptive outcome, it is not without financial consequence. The transition to CPI indexation from April 2026 reduces projected revenues for RO-accredited assets relative to the pre-reform RPI baseline — a cost impact that Dalmore's scenario analysis had already modelled and factored into portfolio-level assumptions.

For Dalmore, the outcome was the more manageable of the two options. Dalmore's proactive engagement through the GIIA and its early scenario analysis of both options meant the portfolio was well-positioned to respond to the confirmed decision. The process reinforced the importance of ongoing policy monitoring and constructive industry engagement in protecting stable, climate-aligned investment conditions.



<sup>16</sup> <https://www.gov.uk/government/consultations/renewables-obligation-ro-scheme-indexation-changes>

# 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.<sup>17</sup>

## 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.<sup>18</sup> 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.<sup>19</sup>

### • 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)<sup>20</sup>
- FAST-Infra Sustainable Infrastructure (FAST-Infra) Label<sup>21</sup>
- Climate Bonds Initiative (CBI) Climate Bonds Taxonomy<sup>22</sup>
- Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework (NZIF) for Infrastructure.<sup>23</sup>

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.

For PPP assets, we also use the Infrastructure Projects Authority (IPA)<sup>24</sup> Net Zero Working Group Decarbonisation Framework (Figure 3)<sup>25</sup> to guide how we engage with PPP assets and public-sector authorities to identify and pursue opportunities to reduce operational carbon emissions.

<sup>17</sup> <https://www.fca.org.uk/publication/policy/ps21-24.pdf>

<sup>18</sup> <https://edfi.eu/wp-content/uploads/2024/10/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf>

<sup>19</sup> 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>

<sup>20</sup> [https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities\\_en](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en)

<sup>21</sup> <https://www.fastinfralabel.org/>

<sup>22</sup> <https://www.climatebonds.net/>

<sup>23</sup> <https://www.parisalignedassetowners.org/net-zero-investment-framework/>

<sup>24</sup> Now the National Infrastructure and Service Transformation Authority (NISTA)

<sup>25</sup> Dalmore is a member of the IPA Net Zero working group.

**FIGURE 3**  
**IPA DECARBONISATION OF OPERATIONAL PFI PROJECTS FRAMEWORK<sup>26</sup>**



<sup>26</sup> [https://assets.publishing.service.gov.uk/media/649ede5445b6a2000c3d469b/Decarbonisation\\_of\\_Operational\\_PFI\\_Projects\\_Executive\\_Summary.pdf](https://assets.publishing.service.gov.uk/media/649ede5445b6a2000c3d469b/Decarbonisation_of_Operational_PFI_Projects_Executive_Summary.pdf)

CASE STUDY

# UCLH: DECARBONISING A 24/7 HOSPITAL AT THE HEART OF LONDON

University College London Hospitals (UCLH) NHS Foundation Trust is one of the UK's largest and most complex hospital estates. Serving close to one million outpatients and more than 150,000 inpatients every year.



Delivering specialist care in cancer treatment, neurology and neurosurgery, urology, infectious diseases, women's health, cardiac care, complex orthopaedics, and hyper-acute stroke, the Trust operates at a scale and intensity that makes decarbonisation uniquely difficult. Add to this a central London location, complex architectural design and intricate building services – and the path to net zero is anything but straightforward.

UCLH has set clear, time-bound targets to reach net zero carbon emissions across its entire operations:

- **Scope 1 and 2** — Net zero by 2031, covering all energy used in buildings, transport, and clinical operations.
- **Scope 3** — Net zero by 2040, addressing the full complexity of supply chain emissions.

**THESE ARE NOT ASPIRATIONAL STATEMENTS. THEY ARE BACKED BY TWO ACTIVE PROGRAMMES:**



**Care Without Carbon**

The Trust's Green Plan — provides a whole-estate roadmap integrating energy efficiency, sustainable procurement, and digital innovation, without compromising patient safety or care quality.



**Critical Care for Our Climate**

It goes further, targeting the most carbon-intensive activities within clinical practice itself: eliminating high-carbon anaesthetic gases, optimising ventilation and life-support systems, reducing clinical waste, and embedding sustainability into clinical culture.

**AS ACTIVE ASSET MANAGER, DALMORE DOES NOT SIMPLY OVERSEE THE ESTATE. IT DRIVES DECARBONISATION FORWARD BY:**

**1 Unlocking collaboration**

Convening the Trust, the Special Purpose Vehicle (SPV), contractors, and wider stakeholders around shared sustainability goals.

**2 Navigating contractual complexity**

Working within the NITSA (formerly IPA) Decarbonisation of PFI Framework to progress initiatives within the contractual parameters.

**3 Enabling investment**

Identifying and structuring funding solutions that bring forward capital.

**4 Sequencing delivery**

Providing strategic oversight on the order and timing of interventions within the lifecycle management process.



**CONCRETE MEASURES ARE ALREADY IN PLACE ACROSS THE UCLH ESTATE:**



**HVAC optimisation**

Upgraded heating, ventilation, and cooling systems delivering measurable energy savings while maintaining clinical standards.



**LED lighting upgrades**

Estate-wide replacement of legacy lighting with energy-efficient LED technology.



**Solar PV**

Rooftop photovoltaic installations generating clean electricity onsite.



**Renewable electricity procurement**

Mains electricity is already procured via a green tariff. A target has been set to secure an indirect Power Purchase Agreement (PPA) covering 50% of UCLH's total energy demand by March 2027.



**Waste diversion**

Increased recycling reducing the volume of operational waste sent to landfill.

Challenge	Response
Limited space for heat pump installation in a dense urban estate.	Exploring alternative configurations and phased deployment with specialist technical advisers.
Electrical grid capacity insufficient for full electrification.	Engaging network operators; sequencing grid upgrades alongside capital planning.
Hydrogen unavailability until at least 2032	Monitoring market development; incorporating hydrogen-readiness into long-term asset planning.
Boiler end-of-life replacements needed within three years	Installing high-efficiency gas boilers as a bridging measure while electrification infrastructure is prepared.
Capital and funding constraints limiting pace of investment	Actively pursuing grant mechanisms; designing funding structures suited to the PFI framework.

UCLH demonstrates that progress towards net zero is achievable even in the most demanding environments — a continuously operating, life-critical institution, a complex contractual structure, and constrained by urban density.

The progress being made here demonstrates what active, technically informed, collaborative asset management can achieve. It also sets a benchmark for the wider NHS estate, where hundreds of similar PPP structures face the same challenge.

5

CLIMATE-RELATED  
FINANCIAL DISCLOSURE

# RISK AND OPPORTUNITY MANAGEMENT



## PROCESSES FOR ASSESSING AND MANAGING MATERIAL CLIMATE AND SUSTAINABILITY-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 Exclusion List and Fossil Fuel Exclusion List.

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

### THIS ASSESSMENT FOCUSES ON:



#### Sustainability Objectives

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



#### Environmental and Climate Risk Review

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



#### 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:



#### Controlled Assets

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



#### Minority Investments

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

Dalmore engages actively with policymakers and standard-setters to help shape the regulatory and disclosure environment in which its assets operate.

In Spring 2026, Dalmore submitted a formal response to the UK Government's Adaptation Reporting Power (ARP5) consultation,<sup>27</sup> advocating for alignment with TCFD and ISSB S2, proportionate requirements for smaller operators, and a focus on adaptation action rather than risk disclosure alone.

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.

<sup>27</sup> <https://consult.defra.gov.uk/adaptation-and-rural-communities/consultation-on-the-fifth-round-of-the-climate-ad/consultation/intro/>

## CASE STUDY

# CADENT GAS – ENABLING THE TRANSITION TO A NET ZERO ENERGY SYSTEM

Cadent Gas, the UK's largest gas distribution network, is reshaping its business model in response to the UK Government's 2050 Net Zero target and an evolving regulatory landscape.

Its 82,000-mile network supplies gas to 11 million homes and businesses across the North West, West Midlands, East Midlands, East of England and London. As national policy accelerates the shift away from fossil fuels, Cadent is repositioning its network to support the growing role of low-carbon gases such as hydrogen and biomethane.

Dalmore supports these processes as an active asset manager, including through its representatives on Cadent's Board, ensuring that climate-related risks, regulatory change and transition planning remain central to strategic decision-making.

## NAVIGATING REGULATORY CHANGE AND TRANSITION RISK

Heat decarbonisation measures—including rapid heat pump rollout and hydrogen demonstration programmes—are altering expectations for the future role of gas distribution networks. Under Ofgem's RIIO-3 framework proposals, all newly commissioned gas distribution assets are expected to be fully depreciated by 2050, shortening cost-recovery periods and increasing the risk of stranded assets. Cadent has integrated these transition risks into its planning through scenario analysis, stress testing and active regulatory engagement, while ensuring new assets are hydrogen-ready or capable of being repurposed for CO<sub>2</sub> transport.

## REPURPOSING THE NETWORK FOR LOW-CARBON GASES

**Cadent is preparing its network to support the transition to low-carbon fuels:**

Over  
**43**  
biomethane plants are already connected

Aiming to deliver 20 TWh biomethane and 5 TWh hydrogen blending by  
**2035**

Feasibility demonstrated for up to  
**20%**  
hydrogen blending

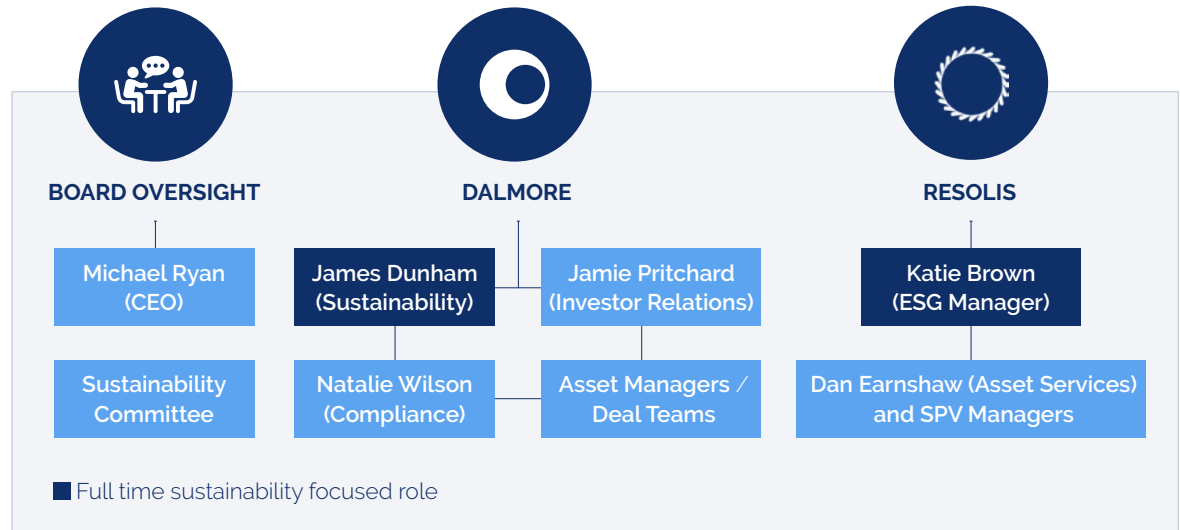
Exploring options for full hydrogen conversion and  
**future CO<sub>2</sub> transport**

## HYNET – UPDATED PROJECT STATUS

Cadent remains a partner in HyNet, the North West and North Wales industrial decarbonisation cluster. However, the HyNet Hydrogen Pipeline planning application remains paused pending finalisation of the Government's Hydrogen Transport Business Model (HTBM). Investment decisions continue to await policy clarity, reflecting wider uncertainty around early hydrogen infrastructure. Cadent continues environmental and routing assessments, but investment decisions await policy clarity—reflecting wider uncertainty around early hydrogen infrastructure.

## 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.



### THOUGHT LEADERSHIP AND EXTERNAL APPOINTMENTS

Members of Dalmore's Sustainability Function have been asked to review the Finance chapter of the Intergovernmental Panel on Climate Change (IPCC) Seventh Assessment Report (AR7) Working Group II.



Dalmore's Sustainability Function is also represented on both the FAST-Infra Steering Committee and the ISEP Sustainable Finance Steering Committee.



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, 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.

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

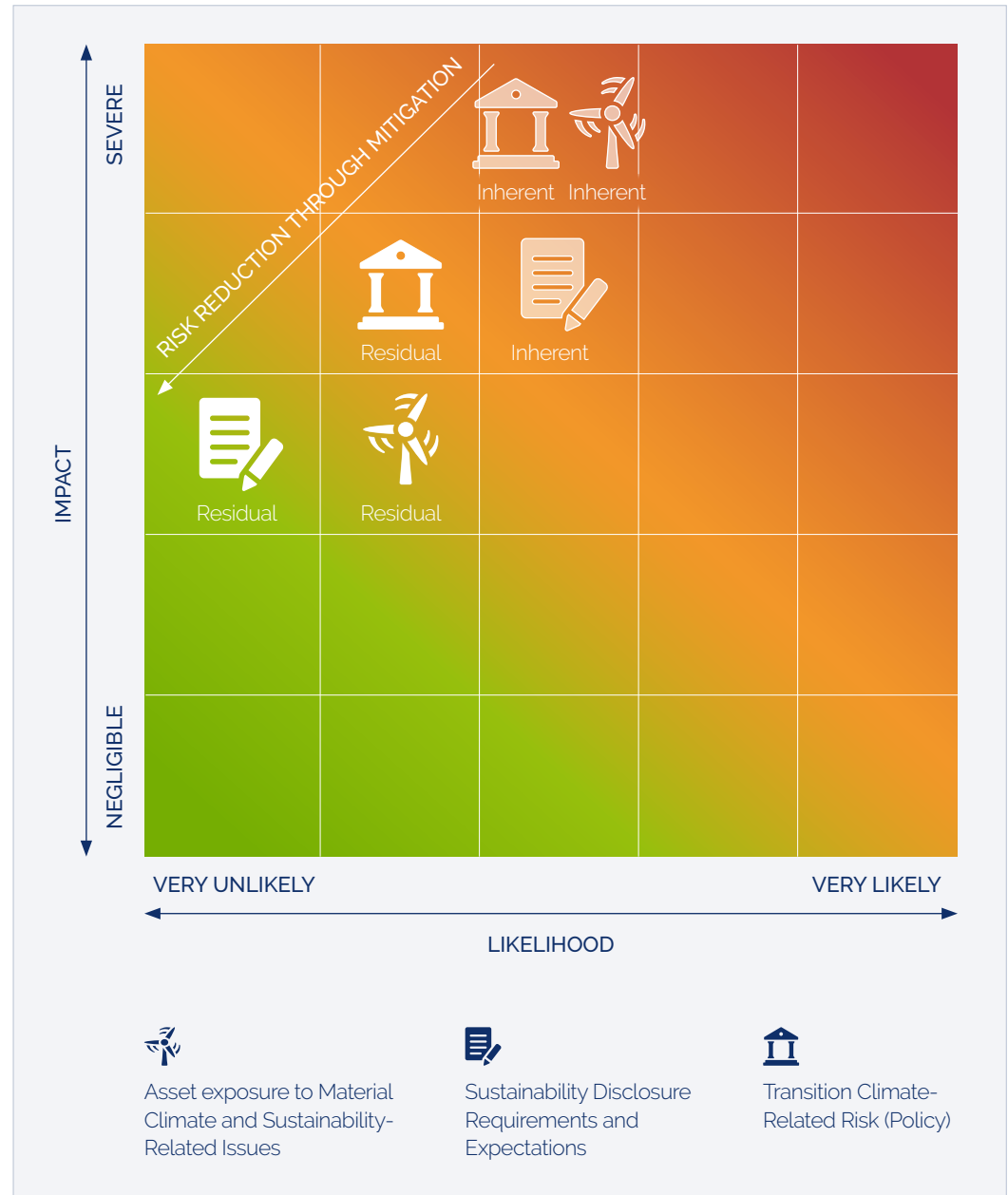
Dalmore integrates material climate-related risks and opportunities into its broader corporate risk management framework. The matrix to the right presents inherent and residual risk ratings for each identified material climate-related risk, as recorded in Dalmore's risk register. These ratings—based 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.

Scenario analysis is conducted at the asset level to assess the materiality of climate-related risks (see Strategy section). Portfolio-wide scenario modelling remains methodologically complex; aggregate-level analysis is therefore not included in this report.

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

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

The objective is to reduce the inherent risk level of all material climate-related issues to low. The exceptions are Transition Climate-Related Risk (Policy), and Asset exposure to Material Climate and Sustainability Related Issues, which remain at a moderate residual level.





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 39% of our portfolio by AUM but contribute only 25% of our financed emissions. In contrast, Core/Core+ Infrastructure assets account for 61% of our portfolio by AUM and are responsible for 75% of our financed emissions.

Our approach to calculating financed emissions is in alignment with the Partnership for Carbon Accounting Financials (PCAF) for project finance<sup>28</sup> and the GHG Protocol<sup>29</sup> for asset-level emissions. Key methodological considerations for our emissions reporting and calculations are as follows:

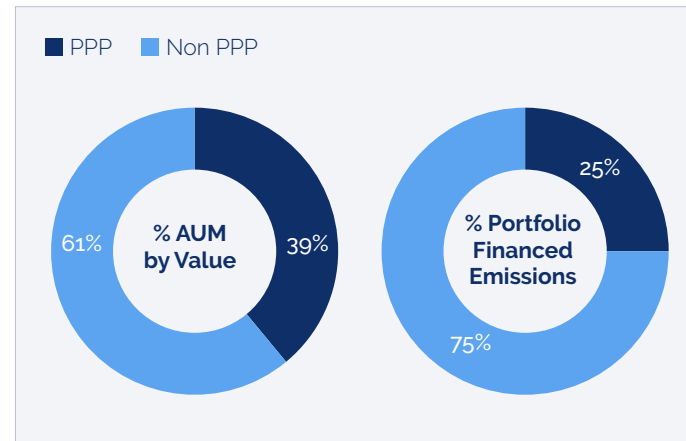
- **Baseline:** 2022 was designated as the baseline year due to improved data collection and it represented a more typical year following the disruptions caused by the COVID-19 pandemic.
- **Organisational Boundary:** We use the 'Operational Control' approach from the GHG Protocol, covering emissions 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 1, 2 and material Scope 3 emissions, based on financial data and fair value as of 31st December 2025.<sup>30</sup>
- **Exclusions:** Emissions calculations exclude projects under construction or with concession periods ending in 2025.
- **Scope 1 and 2 Calculations:** In 2022, 96% of AUM provided actual Scope 1 and 2 data, rising to 99% in 2025. Remaining emissions were estimated using sector proxies. All Scope 2 emissions are location-based, reflecting the average emissions intensity of the electricity grid in each asset's operating geography.
- **Scope 3 Calculations:** In 2022, 46% of AUM reported Scope 3 emissions, rising to 72% in 2025. Non-reporting assets' emissions were estimated using data on goods, capital expenditures, waste, water and transmission losses. Reported Scope 3 emissions may fluctuate as more data becomes available and methodologies evolve. A key focus continues to be enhancing the quality of Scope 3 emissions data, in line with evolving industry practice.

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



<sup>28</sup> <https://carbonaccountingfinancials.com/>

<sup>29</sup> <https://ghgprotocol.org/about-wri-wbcsd>

<sup>30</sup> Calculated as follows:

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



**DALMORE'S 2025 ESG SURVEY**

Each year, Dalmore conducts a comprehensive ESG Survey to assess key sustainability metrics across our entire portfolio.

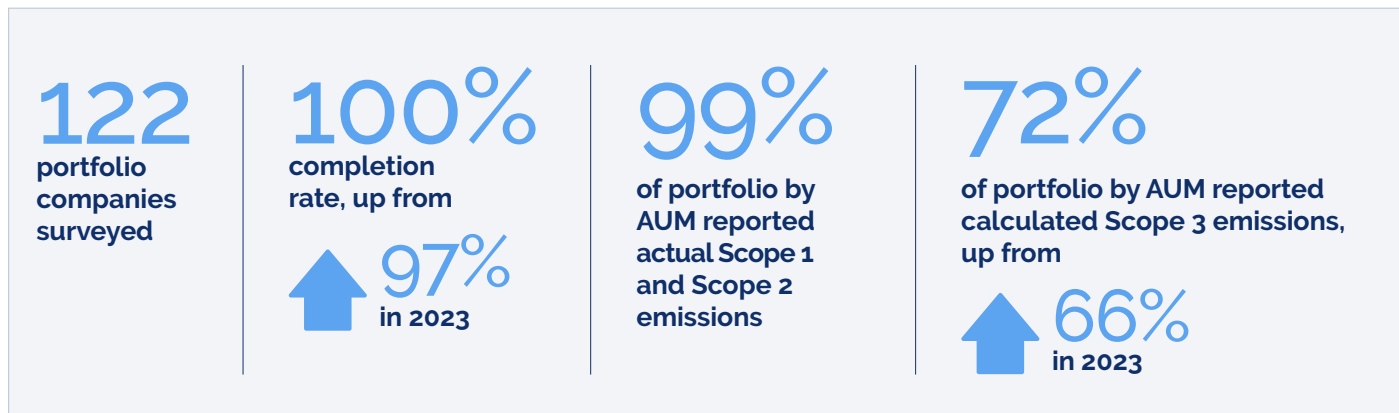
Led by our ESG Manager at Resolis, the survey plays an important role in enhancing transparency around the environmental and social performance of our assets. It helps identify both risks and opportunities, while also fostering meaningful engagement with

portfolio companies on material sustainability issues. The insights gathered support both regulatory and voluntary disclosures, investor reporting, and enable us to track both our portfolio's sustainability performance and progress toward our climate strategy targets.

We are committed to improving the quality of sustainability data across our portfolio. Wherever feasible, we source actual data directly from portfolio companies and apply rigorous processes to ensure its completeness and accuracy. A key focus continues to be enhancing the quality of Scope 3 emissions data, in line with evolving industry practice.

Each year, we review and enhance our survey process based on feedback from portfolio companies. This commitment to continuous improvement helps streamline data collection and ensures the survey remains relevant, efficient and impactful. We also recognise that collaboration is essential to overcoming data challenges. That is why we actively engage with peers, partners, clients and industry groups to share insights and drive collective progress.

**2025 ESG SURVEY HIGHLIGHTS:**



The following tables provide an overview of Dalmore's financed emissions across its entire portfolio (Table 3) and by asset class (Table 4). Financed emissions decreased year-on-year across all three scopes, with the most material reductions recorded in Scope 1 and Scope 2.

Scope 1 financed emissions are heavily concentrated in a small number of Core/Core+ Infrastructure assets, principally Cadent and Cory, reflecting the high direct emission intensity of gas distribution infrastructure (where fugitive methane losses are the dominant source) and EFW operations. Cadent is by some margin the largest single contributor and the primary driver of the year-on-year Scope 1 reduction. This reduction may in part reflect decreased network leakage associated with ongoing mains replacement activity, though Dalmore is engaging with the asset to confirm the basis for this variance.

Scope 2 financed emissions are more broadly distributed across the portfolio. Anglian Water is the largest single contributor, and the year-on-year reduction in Scope 2 is principally attributable to its transition from a market-based to a location-based methodology, consistent with GHG Protocol Scope 2 Guidance. IEP also reports a significantly lower Scope 2 figure, attributed to a methodology revision.

Scope 3 financed emissions are similarly concentrated, driven by the downstream use of products and services linked to investee operations. For Cadent, this predominantly reflects the combustion of gas by end users, which accounts for the

substantial majority of the asset's total GHG footprint. For Porterbrook and IEP, Scope 3 is dominated by emissions from the operational use of leased rolling stock by train operating companies. The year-on-year reduction in Scope 3 is primarily attributable to Thames Tideway Tunnel, which entered operations during the period and no longer reports construction-phase upstream emissions, and

to Thameslink, where a change in the grid emissions factor applied to traction energy produced a lower reported figure despite an increase in underlying energy consumption.

At the fund level, financed emissions are concentrated in DCF 3, which holds Cadent, Cory and Anglian Water — assets whose scale and operational emissions profile

account for the majority of Dalmore's portfolio-level financed emissions across all three scopes (Tables 5 and 6). PPP assets, which represent the majority of holdings by number, contribute a comparatively small share of total financed emissions, reflecting their social infrastructure character and lower operational carbon intensity relative to Core/Core+ Infrastructure assets.

**TABLE 3**  
**DALMORE CAPITAL'S FINANCED EMISSIONS**

Year	Emissions (tCO <sub>2</sub> e)				Financed Carbon Footprint tCO <sub>2</sub> e /€m invested	
	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
2025	241,341	19,592	155,528	416,460	734	61

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

Year	Total Emissions (tCO <sub>2</sub> e)		Financed Carbon Footprint tCO <sub>2</sub> e /€m invested (Ownership Based)	
	PPP assets	Core/Core+ Infrastructure assets	PPP assets	Core/Core+ Infrastructure assets
2022	93,279	379,172	13	54
2023	104,691	347,872	15	49
2024	113,400	365,547	16	51
2025	103,574	312,886	15	46

**TABLE 5**  
**PORTFOLIO FINANCED EMISSIONS BY FUND**

Fund	Financed Emissions (tCO <sub>2</sub> e)			
	Scope 1	Scope 2	Scope 3	Total
PPP Equity PIP	16,096	3,904	8,888	28,887
DCF	3,879	3,144	3,728	10,751
DCF 3	54,600	2,684	25,156	82,440
DCF 4	8,594	58	18,891	27,543
DII <sup>31</sup>	0	3	4	7

**TABLE 6**  
**PORTFOLIO FINANCED EMISSIONS (INTENSITY) BY FUND<sup>32</sup>**

Fund	Revenue-Weighted Carbon Intensity (tCO <sub>2</sub> e/€M)	Ownership-Based Carbon Intensity (tCO <sub>2</sub> e/€M)
PPP Equity PIP	159	59
DCF	146	38
DCF 3	1,055	71
DCF 4	2,117	167
DII	0	0

<sup>31</sup> DII operates as a single-asset vehicle. TTT became fully operational in August 2025. Formal handover to Thames Water remains pending, subject to the completion of storm condition testing. Until handover is complete, it is not yet feasible to set a Net Zero commitment or Science-Based Target for the tunnel's operational emissions. Dalmore will engage with the TTT team on Net Zero once the handover has been completed.

<sup>32</sup> Fund-level financed emissions (intensity) figures published in prior year reports were calculated using total AUM as the denominator rather than fund-level AUM, resulting in an understatement of those figures. This calculation error has been identified and corrected by our third-party data platform; prior year figures are therefore not directly comparable to those reported here.

## 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 Renewable Energy Guarantee of Origin (REGO)-backed green tariffs.



**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<sup>33</sup> 2025 OPERATIONAL GHG EMISSIONS**

Fund	GHG Emissions (tCO <sub>2</sub> e)
Scope 1: Direct Emissions - Heating (Gas Consumption) <sup>34</sup>	6.28 (3%)
Scope 2: Indirect Emissions Electricity Consumption (Market Based) <sup>35</sup> tCO <sub>2</sub> e	n/a
Scope 2: Indirect Emissions Electricity Consumption (Location Based) tCO <sub>2</sub> e	2.93 (1%)
Scope 3: Indirect Emissions Business Travel <sup>36</sup>	210.8g (96%)
Total Operational GHG Emissions	220.11
GHG Intensity per Employee	1.4

<sup>33</sup> Including Resolis

<sup>34</sup> In the absence of actual gas consumption data for Dalmore's Edinburgh office, we used CIBSE Energy Benchmark "good practice" values for air-conditioned office spaces as a proxy.

<sup>35</sup> 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.

<sup>36</sup> In 2025, where the information is available, we have included emissions associated with accommodation/hotel use during business travel.

## EXPOSURE TO CARBON INTENSIVE SECTORS

Dalmore screens all investments against the EDFI Fossil Fuel Exclusion List and holds no direct exposure to fossil fuel production or extraction. The portfolio's sole exposure to the fossil fuel sector is through Cadent (DCF 3), a regulated gas distribution network operator (see Table 8).

Cadent does not produce or own the gas it distributes, and its revenues are not linked to gas volumes. Income is derived from a regulated asset base – determined by Ofgem – rather than commodity markets. This provides structural insulation from both price movements and volume-related stranded asset risk, and is central to how transition risk is assessed at the asset level. Dalmore's approach to managing Cadent's transition risk exposure is discussed in the case study on p.34.

Gas distribution infrastructure is also expected to support UK decarbonisation by enabling the adoption of low-carbon fuels – including hydrogen and biomethane – particularly in sectors where electrification is not yet technically or commercially viable.

Infrastructure investment is inherently concentrated in sectors classified as having high climate impact.<sup>37</sup> Table 9 provides a fund-level breakdown of Dalmore's exposure to these sectors across its 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	0%	0%
DCF	0%	0%
DCF 3	0%	14%
DCF 4	0%	0%
DII	0%	0%
<b>All Assets</b>	<b>0%</b>	<b>15%</b>

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

Fund	Real Estate	Water, Wastewater or Waste Management	Electricity and Gas Supply	Transportation
PPP Equity PIP	73%	2%	10%	15%
DCF	100%	0%	0%	0%
DCF 3	11%	41%	23%	25%
DCF 4	0%	51%	0%	48%
DII	0%	100%	0%	0%
<b>All Assets</b>	<b>25%</b>	<b>36%</b>	<b>20%</b>	<b>18%</b>

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

<sup>37</sup> 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/Core+ Infrastructure assets, which typically possess greater internal capacity, technical expertise and operational flexibility to align with Net Zero. While a number of assets are making material progress on decarbonisation and contributing to the

net zero goals of their respective sectors, Anglian Water is the only asset to have published a Net Zero by 2030 route map aligned to the Water UK sector-wide decarbonisation pathway.

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	Aligned to a Recognised Net Zero Decarbonisation Trajectory
PPP Equity PIP	70%	10%
DCF	43%	0%
DCF 3	72%	69%
DCF 4	100%	100%
DII <sup>38</sup>	n/a	n/a
<b>All Assets</b>	<b>61%</b>	<b>43%</b>

<sup>38</sup> DII operates as a single-asset vehicle. TTT became fully operational in August 2025. Formal handover to Thames Water remains pending, subject to the completion of storm condition testing. Until handover is complete, it is not yet feasible to set a Net Zero commitment or Science-Based Target for the tunnel’s operational emissions. Dalmore will engage with the TTT team on Net Zero once the handover has been completed.

## SUSTAINABLE FINANCE

Dalmore has a strong track record of investing in infrastructure that delivers demonstrable positive environmental — including climate-related — and social outcomes, in alignment with a broad range of sustainable finance frameworks, infrastructure labels, and ratings.

Over 85% of AUM across Dalmore’s three most recent flagship funds is aligned with a recognised sustainability standard or has been awarded a 5-star rating<sup>39</sup> by an independent sustainability rating provider. The sustainability standards and rating providers that have been used for assets in these funds are shown below.

### SUSTAINABILITY STANDARDS AND RATING PROVIDERS USED FOR ASSETS IN DCF3, DCF4 AND DII



Dalmore contributes actively to the FAST-Infra Label’s development: James Dunham (Director, Sustainability) sits on its Steering Committee — the Label’s main decision-making governance body<sup>40</sup> — and both he

and CEO Michael Ryan have spoken at FAST-Infra events representing a private markets investor perspective. As the Label continues to develop its framework and expand market adoption, this engagement gives

Dalmore direct input into its evolution and early visibility of emerging climate and sustainability assessment standards for infrastructure.

As outlined in our Responsible Investment Policy<sup>41</sup>, Dalmore takes a pragmatic, purpose-driven approach to responsible investment — grounded in the fiduciary duty to act in clients’ best interests while delivering tangible, real-world outcomes. While there may be bespoke elements for specific products, the approach remains consistent across all funds.

### OUR RESPONSIBLE INVESTMENT FRAMEWORK IS BUILT ON THREE PILLARS THAT BALANCE STRONG FINANCIAL PERFORMANCE WITH SUSTAINABILITY PERFORMANCE:



<sup>39</sup> A 5-star rating represents the highest rating category under the relevant sustainability rating framework. Each of the rating providers used is an independent organisation that assesses assets against a standardised set of ESG criteria, covering matters such as sustainability risk exposure, management quality and performance. Whilst the specific methodologies and scales differ across providers, a 5-star rating in each case indicates that the relevant asset has demonstrated best-in-class sustainability performance, whether measured on an absolute basis or relative to peers. All ratings are assigned by the relevant provider following its own independent assessment process, are not determined by or subject to the control of Dalmore Capital, and may change over time.

<sup>40</sup> Dalmore has assessed a number of its assets against the FAST-Infra Label on a self-assessed basis. These assessments were conducted independently of James Dunham’s role on the Steering Committee and in accordance with Dalmore’s anti-greenwashing content review process.

<sup>41</sup> <https://www.dalmorecapital.com/media/cssltcsj/dalmore-capital-responsible-investment-policy-2025-june.pdf>

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.

Subject to a Fund's investment strategy and risk/return objectives, Dalmore invests across a broad range of essential infrastructure assets with sustainability characteristics. Dalmore also recognises that the spectrum of sustainable finance is broad.



**OUR INVESTMENT STRATEGY THEREFORE CONSIDERS (NON-EXHAUSTIVELY) ASSETS THAT:**



**Green**

Directly support environmental and climate objectives.



**Social**

Deliver tangible socio-economic benefits to local communities.



**Transition**

Enable the shift to a low-carbon, climate-resilient economy.

Table 11 highlights the alignment of assets in our five flagship funds with key sustainable finance frameworks and taxonomies.

**TABLE 11**  
**SUSTAINABLE FINANCE FRAMEWORK/TAXONOMY ALIGNMENT (%AUM)<sup>42</sup>**

Fund	EU Taxonomy	FAST-Infra Label	CBI Climate Bonds Taxonomy
PPP Equity PIP	10%	42%	10%
DCF	0%	18%	0%
DCF 3	29%	63%	29%
DCF 4	34%	100%	34%
DII	100%	100%	100%
All Assets	24%	56%	24%

<sup>42</sup> Self-assessed - Alignment with the relevant sustainability standard has been assessed by Dalmore Capital, without independent third-party verification. Assessments are conducted as part of Dalmore's sustainability due diligence process at acquisition and kept under review throughout the ownership of each asset, having regard to the performance criteria applicable to the relevant standard. Evidence is drawn from asset-level reporting, operational disclosures and Dalmore's annual ESG Survey. Self-assessments of this nature are not subject to external audit or third-party certification and are reliant on information provided by, or otherwise available in respect of, each asset.

# 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).

**FIGURE 7**  
DALMORE PROGRESS MEETING ITS CLIMATE STRATEGY TARGETS (APRIL 2026)

## NET ZERO ALIGNMENT – CORE/CORE+ INFRASTRUCTURE



**Interim Target:**

**60%**

of Core/Core+ Infrastructure AUM to be 'aligned' or 'aligning' with the PAII NZIF for Infrastructure by 2030.



**Progress:**

**77%**

of Core/Core+ Infrastructure AUM 'aligned' or 'aligning' with the PAII NZIF for Infrastructure.

Dalmore has already met this target ahead of schedule.

Our Core/Core+ Infrastructure assets are often leaders in the Net Zero transition in their respective sectors, leveraging their internal capacity and resources to align operations with climate goals.

## NET ZERO ALIGNMENT – PUBLIC-PRIVATE PARTNERSHIPS (PPP)



**Interim Target:**

By 2026,  
**70%**

of PPP-financed emissions to be either 'Net Zero' or 'aligned' under the PAII NZIF for Infrastructure or subject to direct or collective engagement in line with the IPA Net Zero Working Group's decarbonisation framework.



**Progress:**

We are on track to meet this target.

**53%-62%**

of PPP-financed emissions either 'Net Zero' or 'aligned' under the PAII NZIF for Infrastructure, or subject to direct or collective engagement.

We also have a clear and actionable plan in place to close the gap by 2026.

## MANAGEMENT OF MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES



**Interim Target:**

**90%**

of total AUM assessed for the materiality of climate-related risks and opportunities by 2026.<sup>43</sup>



**Progress:**

**77%**

of total AUM assessed for the materiality of climate-related risks and opportunities.

Strong progress has been made, having completed in-depth assessments across assets representing over 75% of our AUM.

Work to date shows that few of our real estate PPP assets present material climate-related risks. As a result, early efforts have focused on Core/Core+ Infrastructure and infrastructure PPP assets.

<sup>43</sup> For the purposes of this target, an asset is considered 'assessed' where Dalmore has completed a bottom-up, asset-specific evaluation of climate-related risks and opportunities in accordance with the methodology described in the Strategy section.



**NET ZERO ALIGNMENT (CORE/CORE+ INFRASTRUCTURE)**

Dalmore has set ambitious targets for achieving Net Zero alignment for its Core/Core+ Infrastructure assets, which represent 75% of our financed emissions.<sup>44</sup>

The goal is to reach 60% (Core/Core+ Infrastructure AUM) alignment by 2030. An asset’s Net Zero alignment is defined by the PAII NZIF for Infrastructure, specifically classifying an asset as ‘net zero’, ‘aligned’ or ‘aligning’.

Dalmore has achieved this target ahead of schedule (see Table 12). Our Core/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.

Thames Tideway Tunnel (TTT) completed construction in 2024 and has been functionally operational since August 2025, intercepting combined sewer overflows along the tidal Thames.

Formal operational handover to Thames Water is anticipated in early 2026, having been subject to delay due to unusually dry weather limiting the completion of required storm condition testing. Dalmore will engage with TTT to establish an operational emissions baseline and on Net Zero alignment following formal handover.

**The goal is to reach**

**60%**

(Core/Core+ Infrastructure AUM) alignment by 2030.

**TABLE 12**  
**CORE/CORE+ INFRASTRUCTURE ASSETS ALIGNMENT WITH NET ZERO**

Asset	Sector	Alignment	Core/Core+ Infrastructure AUM
Anglian Water	Water and Wastewater	Aligning	7%
Belivat Hydro	Renewable Energy	Aligned	1%
Cadent	Gas Distribution	Aligning	25%
Cory Riverside	Energy from Waste	Aligning	30%
EDF Renewables	Renewable Energy	Net Zero	4%
Porterbrook	Rail/Rolling Stock	Aligning	6%
TENT (hydro)	Renewable Energy	Aligned	1%
Thames Tideway Tunnel	Wastewater	n/a <sup>45</sup>	n/a
WoDS OFTO	Energy Transmission	Net Zero	2%
<b>Total</b>			<b>77%</b>

<sup>44</sup> Ownership-Based.

<sup>45</sup> TTT became fully operational in August 2025. Formal handover to Thames Water remains pending, subject to the completion of storm condition testing. Until handover is complete, it is not yet feasible to set a Net Zero commitment or Science-Based Target for the tunnel’s operational emissions. Dalmore will engage with the TTT team on Net Zero once the handover has been completed.

**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:

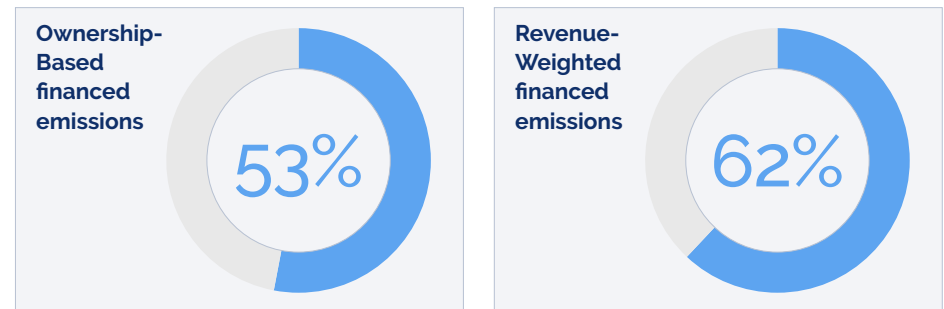


Engagement with our public sector clients and building users is therefore key to achieving collective action on Net Zero. This engagement will allow us to understand the ambitions of the public sector asset owners and consider how Dalmore can best support these goals.

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



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



## 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/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/Core+ Infrastructure AUM Aligned with Net Zero	Proportion of PPP Financed Emissions Aligned with or Subject to Engagement on Net Zero	
		% of Financed Emissions (Ownership-Based)	% of Financed Emissions (Revenue-Weighted)
PPP Equity PIP	100%	59%	62%
DCF <sup>46</sup>	n/a	25%	21%
DCF 3	100%	67%	83%
DCF 4	100%	n/a	n/a
DII	n/a <sup>47</sup>	n/a	n/a



<sup>46</sup> DCF comprises primarily PPP assets. While assessment coverage for DCF remains low, it has increased from 0% in 2024. Some assets will be assessed during Phase Two, but DCF's assessment coverage will remain relatively low compared with the rest of the portfolio. However, the remaining assets represent a relatively low proportion of total PPP financed emissions.

<sup>47</sup> DII is a single asset vehicle. TTT became fully operational in August 2025. Formal handover to Thames Water remains pending, subject to the completion of storm condition testing. Until handover is complete, it is not yet feasible to set a Net Zero commitment or Science-Based Target for the tunnel's operational emissions. Dalmore will engage with the TTT team on Net Zero once the handover has been completed.

## 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 75% of our AUM, identifying financially material climate-related risks and opportunities (see Table 15) and implementing targeted mitigation measures.

This proactive approach is not only strengthening the resilience of the operational and financial models underpinning individual assets, but also enhancing the quality and robustness of Dalmore’s financial decision-making.

Our assessments suggest that our real estate PPP assets aren’t typically exposed to material climate-related risks. Consequently, we have focused our early efforts on Core/Core+ Infrastructure and infrastructure PPP assets. This focus is reflected in our fund-level progress on climate risk and opportunity assessments (see Table 14).

Looking ahead, we are committed to expanding our efforts across our PPP portfolio to ensure we meet our 2026 climate-related risk management target and maintain a consistent, portfolio-wide approach.

**TABLE 14**  
**FUND LEVEL MANAGEMENT OF MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES**

Fund	% of AUM
PPP Equity PIP	65%
DCF <sup>48</sup>	30%
DCF 3	75%
DCF 4	100%
DII	100%



<sup>48</sup> DCF comprises primarily PPP assets. While assessment coverage for DCF remains low, it has increased from 0% in 2024. Some assets will be assessed during Phase Two, but DCF’s assessment coverage will remain relatively low compared with the rest of the portfolio.

**TABLE 15**  
**MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES BY ASSET**

Asset	Material Issue	Category of Climate-Related Risk	% of AUM	Asset	Material Issue	Category of Climate-Related Risk	% of AUM
Belfast Schools	None	n/a	<1%	IEP	Government commitment to phaseout of diesel trains by 2040.	Transition (policy)	6%
Belivat Hydro	Impact of climate change on energy generation potential and annual and seasonal variability	Physical (acute/chronic)	1%		Depot flood risk.	Physical (acute)	
	Impact of extreme weather on equipment, assets, and grid connection	Physical (acute)		Knowsley Schools	None	n/a	1%
	Expiry of the FIT	Transition (policy/regulation)			Leeds Schools PPP	None	n/a
Buxton HSL	None	n/a	1%	M25	Shortening the lifespan of pavements/road surfaces and foundations.	Physical (acute)	3%
Cadent Gas	Accelerated depreciation	Transition (policy/regulatory)	15%	Newcastle Hospital	None	n/a	1%
	Green gas and hydrogen infrastructure	Transition (market)		Northumberland EfW	Changes to UK Landfill Tax	Transition (market)	<1%
Carlisle Hospital	Damage or operational disruption to assets and equipment	Physical (acute/chronic)	<1%		Porterbrook	Government commitment to phaseout of diesel trains by 2040.	Transition (policy)
	None	n/a		Emerging climate/sustainability reporting requirements.		Transition (policy)	
Colchester Barracks	None	n/a	2%	TENT (hydro)	Impact of climate change on energy generation potential and annual and seasonal variability	Physical (acute/chronic)	1%
Cory Riverside	Delay to UK Government support for NPT CCS projects/changes to environmental tax policy, including the inclusion of EfW in UK ETS.	Transition (policy)	18%		Impact of extreme weather on equipment, assets, and grid connection	Physical (acute)	
	Shortening the lifespan of pavements/road surfaces and foundation	Physical (acute/chronic)			<1%	Expiry of the FIT	
D4 R7 Slovakia	None	n/a	1%	Thameslink	None	n/a	3%
Dudley Hospital	None	n/a	1%	Thames Tideway Tunnel	Increase in the frequency of CSO discharge.	Physical (acute)	14%
EDF Renewables	Expiry of ROC accreditation and CfD support.	Transition (policy)	3%	UCLH	None	n/a	1%
	Changes in energy generation potential.	Physical (acute/chronic)		VSS Portsmouth	None	n/a	<1%
Forth Valley Royal Hospital	None	n/a	1%	WoDS OfTO	Increasing frequency and severity of extreme weather and sea-level rise	Physical (acute/chronic)	1%
Hadley Schools	None	n/a	<1%	<b>Total</b>			<b>77%</b>

CLIMATE-RELATED  
FINANCIAL DISCLOSURE

# APPENDICES



## APPENDIX 1 – SUMMARY OF PHASE ONE IMPLEMENTATION

**TABLE 16**  
**PHASE ONE PROGRESS**

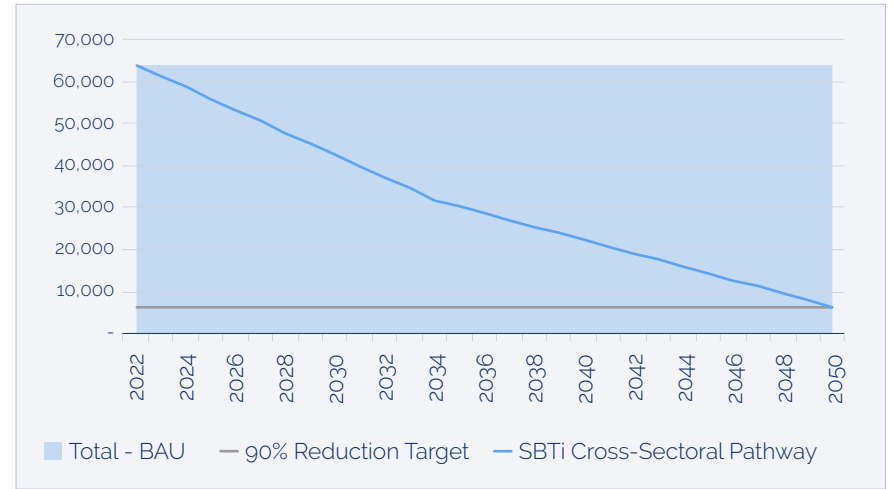
Activity	Progress	Activity	Progress
<b>Make a Commitment</b>	<b>Complete</b> – Dalmore's Climate Strategy outlines its climate vision, climate-related risk management and Net Zero commitments and targets.		
<b>Identify a Climate-Related Risk and Opportunity Management and Net Zero Framework</b>	<b>Complete</b> – has committed to aligning its investments with the <b>PAII NZIF for Infrastructure</b> . <sup>49</sup> Dalmore also has a mandatory requirement to annually disclose its progress in meeting the recommendations of the TCFD.	<b>Establish a GHG Baseline</b>	<b>Complete</b> – 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.
<b>Define Scope Boundaries</b>	<b>Complete</b> – 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: <ul style="list-style-type: none"> <li>• PPP/PFI investments in education, healthcare, roads, rail and social infrastructure;</li> <li>• Utilities in energy transmission and water; and</li> <li>• Rail leasing stock.</li> </ul> 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.	<b>Screen Asset Net Zero Alignment</b>	<b>Complete</b> – Dalmore screens its investments against exclusion criteria <sup>50</sup> 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.
		<b>Screen Asset Exposure to Climate-Related Risk and Opportunity</b>	<b>Complete</b> – In December 2022, Dalmore engaged a consultant to assess its portfolio for physical and transition 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.

<sup>49</sup> <https://www.iigcc.org/hubfs/NZIF%202020%20Report%20PDF.pdf>

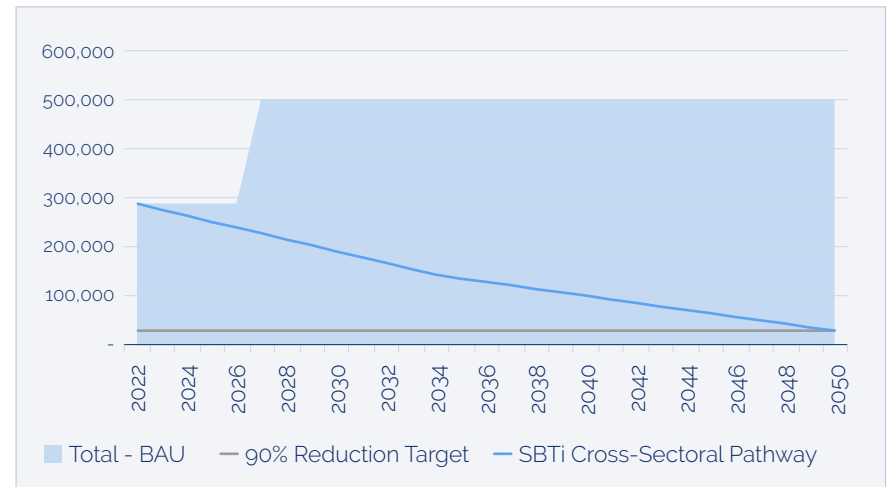
<sup>50</sup> See Dalmore's Responsible Investment Policy: <https://www.dalmorecapital.com/policies-and-documents/>.

Activity	Progress
<p><b>Set Medium and Long-Term Net Zero Targets</b></p>	<p><b>Complete</b> – Dalmore has set the following Net Zero targets:</p> <p><b>Core/Core+ Infrastructure Assets:</b></p> <ul style="list-style-type: none"> <li>• <b>2030</b> – 60% of Core/Core+ Infrastructure AUM 'aligned' or 'aligning' according to the PAII NZIF for Infrastructure.</li> <li>• <b>2040</b> – 100% of Core/Core+ Infrastructure assets to be classified as either 'Net Zero', 'aligned' or 'aligning' according to the PAII NZIF for Infrastructure.</li> </ul> <p><b>PPP Assets:</b></p> <ul style="list-style-type: none"> <li>• <b>2026</b> – 70% of PPP financed emissions to be either 'Net Zero' or 'aligned' according to the PAII NZIF for Infrastructure; or the subject of direct or collective engagement and stewardship actions in alignment with the IPA Net Zero Working Group decarbonisation framework.</li> <li>• <b>2030</b> – 90% of PPP financed emissions to be either 'Net Zero' or 'aligned' according to the PAII NZIF for Infrastructure; or the subject of direct or collective engagement and stewardship actions.</li> </ul>
<p><b>Set Medium and Long-Term Climate-Related Risk and Opportunity Targets</b></p>	<p><b>Complete</b> – 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:</p> <ul style="list-style-type: none"> <li>• Update the risk register to incorporate the findings.</li> <li>• Identify and implement appropriate risk mitigation measures.</li> <li>• Present and discuss the findings at board level to ensure effective oversight of material climate-related risks and opportunities.</li> </ul>
<p><b>Project Portfolio Emissions Through to 2050</b></p>	<p><b>Complete</b> – Dalmore has charted the Business-As-Usual (BAU) emissions profiles for its PPP assets (Figure 8) and Core/Core+ Infrastructure assets (Figure 9) against the Science-Based Targets initiative's (SBTi) cross-sector pathway.</p>

**FIGURE 8**  
PROJECTED PPP ASSET EMISSIONS SCOPE 1 AND 2<sup>51</sup>



**FIGURE 9**  
PROJECTED CORE/CORE+ INFRASTRUCTURE ASSET EMISSIONS SCOPE 1 AND 2<sup>52</sup>



<sup>51</sup> The asset hand back process is not accounted for.

<sup>52</sup> Recognising that Cory Riverside 2 would become operational in 2026, increasing the emissions profile.

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