Sustainability report

The Company has made significant progress on ESG topics during the year.

The Board of Directors is responsible for sustainability with day-to-day accountability resting with the Investment Manager. We are rigorous in assessing and managing sustainability-related risks in our portfolio and identifying opportunities to improve the sustainability of the businesses we invest in. Equally, we are keen to invest in, and actively seek, opportunities arising from the development of solutions to global sustainability challenges. These long-term trends are aligned with our strategy and investment mandate.

We continue to see a strong link between companies with high ESG standards and those that are able to achieve long-term sustainable business growth. As owners of a portfolio of infrastructure assets, we recognise our ability to influence our portfolio companies, their management teams, employees, customers and suppliers.

We have a responsibility to our shareholders to deliver long-term sustainable returns, and to the communities and environment in which we operate to manage essential infrastructure in a responsible manner. We operate with the highest level of stewardship standards and use our position as a shareholder in the businesses we own to influence and support management to operate responsibly.

Through our engaged asset management approach and representation on the boards of our investee companies we integrate stewardship and investment, including the consideration of material ESG and climate change issues, to make decisions that balance the requirements of all stakeholders. We require our businesses to review regularly their approach to, and ambition for, sustainability.

This matters to us as individuals, to the people managing and working within our portfolio companies and to their customers, suppliers and local communities. As investors, we depend on all of these stakeholders for our investments to be successful.

We act as a conduit for institutional and retail savings into these assets, helping our shareholders to achieve their own return objectives in a sustainable way with low levels of volatility and little correlation to wider equity markets.

Investing responsibly

We believe that a responsible approach to investment will add value to our portfolio. Responsibility starts when we first consider investing in a company. It is vital that we seek to identify all material ESG risks and opportunities at the point we invest, and that we put in place appropriate and robust plans to mitigate risks or capitalise on the opportunities. The Investment Manager is a signatory to the UN Principles for Responsible Investment and has embedded a Responsible Investment policy into its investment and asset management processes. This sets out the types of business in which the Company will not invest, as well as minimum standards in relation to ESG matters which we expect new portfolio companies to meet, or to commit to meeting over a reasonable time period.

The policy applies to all of our investments, irrespective of their country or sector.

For more information on the Investment Manager's sustainability policies, please refer to the 3i Group website: www.3i.com/sustainability. The Board has reviewed these policies and is satisfied that the adoption of these policies by the Investment Manager meets the Company's objectives in this area.

The Company has a long track record of investing in sustainable businesses and of working with portfolio company management teams to improve governance and operating standards and to develop growth strategies that align with long-term trends. Long-term trends such as the energy transition or climate change are considered both a risk and an opportunity for the portfolio, and are an increasingly important part of decision making for the Company.

Our influence and approach to ESG management

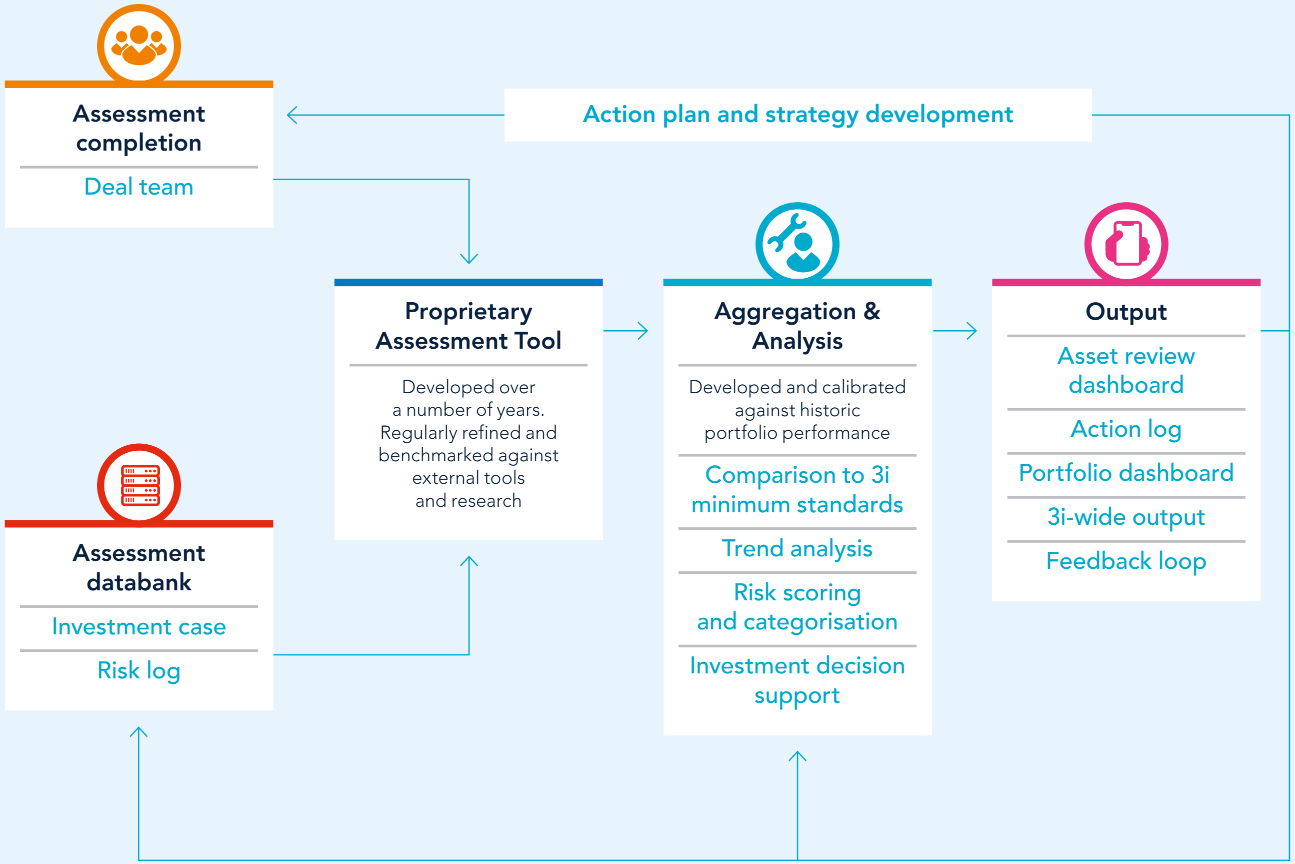
Individual portfolio company ESG-related performance is monitored on a regular basis and progress towards a broad set of objectives is reviewed in detail each year using the Investment Manager's proprietary ESG assessment tool, as shown on page 48. The Investment Manager completes this assessment for all economic infrastructure investments in the portfolio and prepares and prioritises, alongside management, an action plan for the business based on the recommendations from this assessment. ESG value creation opportunities are also reviewed and prioritised with the portfolio company management teams. Management incentives are aligned with achievement of these plans, where appropriate.

At the start of this financial year the Board of Directors and the Investment Manager set several specific sustainability objectives, with the desire to take a big step forward in this area. We are pleased to have met all of these objectives, as set out in the table opposite.

For further information
www.3i-infrastructure.com/sustainability

Category	Outcome
Greenhouse gas emissions	We supported portfolio companies with implementing GHG emissions reporting and worked with a third-party specialist firm to review and refine the data and calculations, ensuring the methodologies and results are robust, consistent across the portfolio and reflect best practice for GHG accounting. Scope 1 and Scope 2 GHG emissions for each portfolio company are presented in our TCFD disclosures on page 55. We are now working with portfolio companies to consider potential opportunities to reduce their GHG emissions over time.
Investment process	The Investment Manager introduced an ESG assessment earlier in its investment process in order to assess the potential ESG risk of early-stage investment opportunities and identify where specialist due diligence may be required.
Climate scenario analysis	The Investment Manager developed its approach to climate scenario analysis, in line with the TCFD's recommendations, to help it assess the impacts on our portfolio companies from different climate-related scenarios. This analysis is discussed in more detail in our TCFD disclosures on pages 51 to 55.
Governance and reporting	We continued to assess ESG and climate-related reporting frameworks and evolved the Company's risk governance to incorporate different climate-related risks.
Suppliers	We set a policy outlining the minimum sustainability standards the Company will expect from its suppliers and assessed our current key suppliers against these criteria.
Financial agreements	In November 2021 we refinanced the Company's revolving credit facility ('RCF') as a sustainability-linked RCF. The new facility follows the Loan Market Association's Sustainability Linked Loan Principles and includes stretching targets across Environmental, Social and Governance themes aligned with our purpose. During the year, the Company also entered into sustainability-linked FX hedging agreements with some of its hedge counterparties. The Company can receive 'sustainability rebates' dependent on meeting the same sustainability targets as set for the Company's RCF. We are also considering the appropriateness of sustainability-linked credit facilities across the portfolio. ESVAGT has recently signed a facility with ESG targets across several themes aligned with its sustainability strategy.

ESG assessment framework



We aim to act lawfully and with integrity, including complying with all regulatory and statutory obligations and disclosure requirements. We maintain open and constructive relationships with regulators, including the UK Financial Conduct Authority ('FCA') and the Jersey Financial Services Commission. We require that our portfolio companies comply with their legal and regulatory obligations.

Details of the Company's policies relating to the UK Bribery Act, Modern Slavery Act, Procurement, Prompt Payment, Whistleblowing and Equal Opportunities and Diversity can be found on our website www.3i-infrastructure.com.

UN Sustainable Development Goals

In order to assess the impact of our portfolio companies on the environment and the communities in which they operate, the Board and the Investment Manager reference a number of frameworks, including the UN's Sustainable Development Goals ('SDGs').

The Board and the Investment Manager consider each of the portfolio companies against the SDGs periodically and soon after we acquire a new company. This process, alongside the conversations between the portfolio companies and the Investment Manager around sustainability, helps us to understand the impact that each of the investments makes, to identify improvements and to help develop their sustainability objectives.

Many of our portfolio companies have embraced this framework, conducting their own assessment against the SDGs and incorporating that assessment in their sustainability strategies. Where relevant we have incorporated those assessments in the table opposite.

We believe that each of our portfolio companies is able to make a positive contribution to one or more of the SDGs. In particular our approach to governance, and to labour and health and safety, makes a positive contribution to the employees, customers, suppliers and the local communities in which they operate.

Additionally, through their operations, several of our businesses also make positive contributions to the provision of renewable energy, to the development of infrastructure to support economic growth, to managing and minimising the waste of precious resources and to providing high quality and safe healthcare.

Our assessment of where we are having the biggest impact through the portfolio is also shown in the table opposite. We believe the work we do to ensure that comprehensive and high quality policies are implemented by our portfolio companies is a step towards the objectives of SDG 16 Peace, Justice and Strong Institutions. We also believe our focus on health and safety governance and employee engagement at our portfolio companies is aligned with the objectives of SDG 3 Good Health and Well-being.

Oystercatcher	8 Decent work and economic growth; 9 Industry, innovation and infrastructure
Joulz	7 Affordable and clean energy; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production
tampnet	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production
ESVAGT	7 Affordable and clean energy; 8 Decent work and economic growth; 13 Climate action; 14 Life below water
infinis	7 Affordable and clean energy; 8 Decent work and economic growth; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action
IONISOS	3 Good health and well-being; 8 Decent work and economic growth; 12 Responsible consumption and production
attero	7 Affordable and clean energy; 8 Decent work and economic growth; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action
TCR	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production
VALOREM	7 Affordable and clean energy; 8 Decent work and economic growth; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action
DNSNET	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production
SRL	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production
GLOBAL CLOUD XCHANGE	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production

Where we are having the biggest impact

- 3 Good health and well-being
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 16 Peace, justice and strong institutions

Climate change and the transition to a low-carbon economy

Through its investment portfolio the Company supports the transition towards a low-carbon economy. Since 2016, the Company has invested in three businesses (Infinis, Attero and Valorem) that generate electricity from renewable resources. The installed capacity across these businesses is now almost 900MW, enough to power more than 60% of the households in London.

We have a strong pipeline of new potential generating capacity for future development. The chart shows the growth in renewable energy generating capacity over the last six financial years, since we first invested in Valorem and Infinis.

Infinis is the UK's leading generator of low-carbon power from captured methane and has begun installing solar panels across its sites to further expand its renewable energy generation capabilities. By capturing methane from landfill sites, Infinis is not only able to generate renewable electricity, but it also prevents methane from escaping into the atmosphere, a greenhouse gas which is 25 times more potent than CO_2.

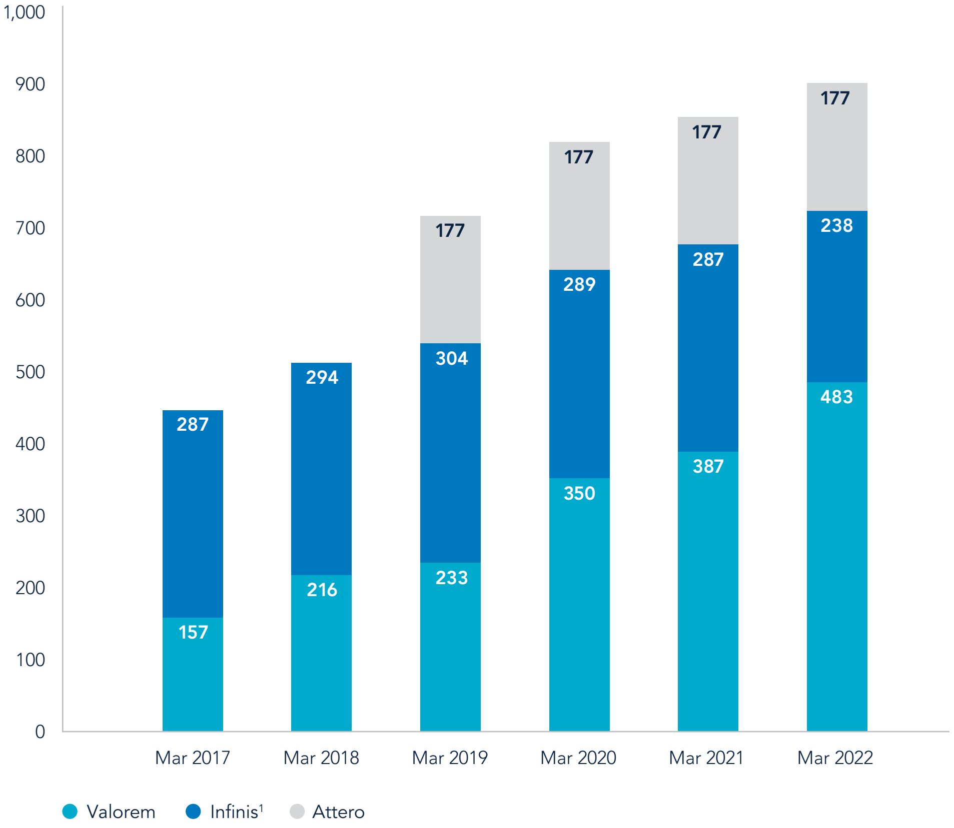
In GHG footprint terms, it prevents emissions equivalent to 7.1 million tonnes of CO_2 annually, which is comparable to that of over 750,000 UK households. Infinis generates nearly 1,300 GWh of electricity a year and is developing battery projects to store energy for usage during periods of low supply.

Valorem, our renewable energy development company, has grown its renewable assets base from 179MW to 663MW (of which 483MW is in operation) since our acquisition in September 2016.

Under our ownership, Valorem has moved from solely owning wind farms in France to now developing wind, solar and hydro assets in France, Finland and Greece.

Attero, one of the largest waste treatment companies in Europe, produces renewable electricity for 350,000 households by recovering energy from waste. Attero's recycling activities also help avoid GHG emissions by reducing the need for extraction or mining of virgin materials.

Renewable energy installed capacity
(at 31 March, MW)



1 Excludes Infinis Power Response business which is not deemed to be renewable for these purposes.

TCFD disclosures

This section of the Strategic report sets out how we incorporate climate-related risks and opportunities into our governance, strategy, risk management and targets, and is guided by the recommendations of the TCFD.

The Company is making good progress in its voluntary climate-related financial disclosures as recommended by the TCFD. As a listed investment company, these are not required by the UK Listing Rules. We expect that the Company's reporting of TCFD disclosures will evolve over time, consistent with the forthcoming requirement for the Investment Manager to publish a TCFD product report in respect of the Company.

The following should be read in conjunction with the rest of the Annual report and accounts.

We have cross-referenced the relevant sections under each of the headings below. As an investment company, the majority of the disclosures relate to the Company's portfolio of investments rather than to the Company itself.

Governance

The Board's oversight of climate-related risks and opportunities

The Board is responsible for the Company's overall approach to sustainability, ESG and related policies. The Board has adopted the Responsible Investment policy of the Investment Manager.

The Board discharges its responsibilities for the assessment and monitoring of sustainability and climate-related risks and opportunities through the Company's Audit and Risk Committee. The Audit and Risk Committee, amongst other areas, is responsible for internal controls and risk management, including the assessment and management of ESG risks and opportunities in the portfolio, considering physical and transition climate change risks including on terminal value assumptions, and for ensuring compliance with applicable ESG legislation and regulation. The Audit and Risk Committee is also responsible for reviewing and approving the Company's voluntary disclosures under the TCFD framework.

Day-to-day accountability for sustainability, including climate change-related issues, rests with the Investment Manager. Further detail on risk governance can be found in the Risk report on page 67.

The Investment Manager's role in assessing and managing climate-related risks and opportunities

The Investment Manager is responsible for the implementation of the Responsible Investment policy, as well as being responsible for making decisions concerning the acquisition, management, ongoing monitoring and sale of investments, and for making decisions concerning major investments made by our portfolio companies. In evaluating new and existing investments, the Investment Manager takes account of climate-related risks, including the impact of climate change on the markets each company serves and demand for its products; the climate change resilience of each company's assets and supply chain; and, in the case of emissions-intensive industries, the feasibility and potential cost of greenhouse gas emissions abatement. The 3i Group Risk Committee oversees the Investment Manager's risk management framework.

Sustainability report continued

TCFD disclosures continued

Strategy

Climate-related risks and opportunities identified over the short, medium, and long term and the impact on businesses, strategy, and financial planning

Climate-related risk and climate regulation risk have been identified as key risks as well as investment themes for the Company. This is further discussed in our Risk report on page 71. There are physical risks that arise directly from changing climate conditions and transition risks that occur as a result of the necessary transition to a lower-carbon economy. These risks exist for the Company and its portfolio.

The Board and the Investment Manager are increasingly considering the impact of climate-related risks and opportunities on our portfolio companies, investment strategy and financial planning.

Our investment strategy is to make a limited number of new investments each year, selected within our target sectors and geographies on the basis of their compatibility with our return targets and fit with the existing portfolio.

Whilst the Company does not operate a sustainability-driven investment strategy, it does seek to identify investments that benefit from long-term trends, many of which link to sustainability themes including the energy transition. As set out earlier in this section the Company, through its Investment Manager, carries out its investment activities under 3i Group's Responsible Investment policy, which is embedded in the Investment Manager's investment and portfolio management processes and is considered rigorous by industry standards. We will not invest in businesses that have unsustainable environmental practices or an unsustainable impact on the society in which they operate.

Once invested, we use our influence at portfolio companies to encourage the monitoring of environmental impacts, development of more environmentally sustainable behaviours and investments to mitigate portfolio companies' environmental impacts. We are continuously evolving our approach as a responsible investor by undertaking initiatives to improve our assessment of sustainability risks and opportunities within our investment and portfolio management processes.

Each of the portfolio companies we owned at the start of the year has set a formal sustainability strategy and identified a responsible individual to drive the strategy and to set and measure objectives for the company. Having a sustainability strategy in place provides a framework for setting specific objectives, and driving performance to achieve them.

During the year, the Investment Manager worked with portfolio companies to implement GHG emissions reporting and worked with a third-party specialist firm to review and refine the data and calculation methodologies.

We are now working with portfolio companies to consider potential opportunities to reduce their GHG emissions over time.

Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

As a company that invests over the medium to long term we recognise the importance of investing in the low-carbon energy transition and that this will ultimately impact all sectors in which we invest. The Investment Manager has recently completed its first climate scenario analysis to help it assess the impact on portfolio companies from different climate scenarios.

TCFD disclosures continued

The approach was developed with the support of a third-party climate modelling specialist firm and considers three climate pathways: i) Orderly net zero by 2050, ii) Disorderly net zero by 2050 and iii) Failed transition. The pathways differ in terms of policy and technological changes, physical risks and pricing-in mechanisms. The inputs, assumptions and macroeconomic modelling utilised draw from established academic and industry sources.

The assessment of the results from climate scenario analysis will be a focus for the Investment Manager in the coming year. This includes understanding how different climate scenarios will impact each portfolio company's strategy and help prioritise our areas of focus and engagement.

3i Infrastructure itself has no employees and a very limited direct impact on the environment and is not a significant producer of greenhouse gas emissions. We continue to monitor this position and will consider reporting if the emissions footprint increases materially.

Risk management

Processes for identifying and assessing climate-related risks

The Investment Manager monitors all relevant portfolio risks, including climate-related risks and changing consumer preferences in response to environmental issues, through its rigorous investment assessment and portfolio monitoring processes and using its proprietary ESG assessment tool. This is critical to protecting and enhancing the value of our assets and is at the core of our investment management process.

The Investment Manager always undertakes ESG due diligence, including environmental due diligence, before making new investments, and monitors ESG risks throughout the life of our investments. If appropriate this includes the engagement of specialist external firms to provide advice on specific sectors or topics.

During the year, the Investment Manager introduced an ESG assessment earlier in its investment process in order to assess the potential ESG risk of early-stage investment opportunities and identify where specialist due diligence may be required.

We continue to develop our governance and risk management framework to ensure that sustainability-related risks in our portfolio are treated as a priority by our portfolio company management teams.

We also assess the potential financial impact of climate change on the Company through our annual viability assessment (see page 79). Our analysis shows that the Company remains viable over the medium term from a climate change stress scenario on our portfolio.

As the regulatory environment is constantly evolving, the Investment Manager actively considers and monitors existing and emerging regulatory requirements related to climate change (eg limits on emissions and carbon taxes) as these requirements may pertain both to the Company and to our portfolio companies.

Processes for managing climate-related risks and integration into overall risk management

The processes for managing climate-related risks are determined by the Audit and Risk Committee.

The main focus area for the Committee and the Investment Manager is the development and integration of the data, tools and capabilities needed to support disclosure, risk identification and monitoring for ESG-related risks, including climate-related risks across the whole portfolio.

3i Infrastructure itself is not exposed to material environmental risks. The Company has no employees. The business of the Company is conducted through the Investment Manager and Jersey administrator who do not have any office locations dedicated to the Company.

Sustainability report continued

TCFD disclosures continued

The Company has a comprehensive risk governance framework and compliance processes and procedures to ensure that all risks, including ESG risks, are monitored and managed with due care and diligence and that the Company is fully compliant with all applicable environmental legislation. This is further described in the Risk report on pages 67 to 69.

Metrics and targets

Metrics used to assess climate-related risks and opportunities

We manage the environmental sustainability of each portfolio company as we would any other critical business activity in an integrated and consistent manner. Due to the changing nature of our portfolio, the Company does not carry out portfolio level scenario analyses, and we do not publish aggregated resource intensity or GHG intensity data.

As the portfolio is subject to continuous change as a result of investment and divestment activity, such portfolio level scenario analyses and data aggregation would not be meaningful or comparable year-on-year. The Investment Manager monitors the environmental performance of our portfolio companies, and uses its influence as an investor to promote a commitment in our portfolio companies to minimise their environmental footprint, invest in the mitigation of their environmental impact and implement energy efficiency measures. This is an important part not only of our portfolio risk management procedures, but also of the value creation plan for each of our investments.

During the year, the Investment Manager worked with all of our portfolio company management teams to identify and report their GHG footprint. There is a legal requirement for UK listed companies and UK large unquoted companies to provide certain climate-related disclosures, including in relation to GHG emissions. This applies to Infinis, which provides this reporting as part of its own annual report and accounts, which can be found on www.infinis.com.

Our portfolio companies include in their sustainability strategies long-term objectives for reducing GHG intensity. The objectives for each portfolio company will differ depending on the sector in which they operate.

Emissions reporting

As noted above, 3i Infrastructure itself has a very limited direct impact on the environment and is not a significant producer of greenhouse gas emissions. The Company consumed less than 40,000 kilowatt hours of energy in the financial year and is therefore exempt from the UK Streamlined Energy and Carbon Reporting disclosure requirements.

We are pleased to report Scope 1 and Scope 2 GHG emissions for our portfolio companies below for the first time. These are being disclosed voluntarily in order to provide a useful view on emissions across our portfolio.

We supported portfolio companies with implementing GHG emissions reporting and worked with a third-party specialist firm during the year to review and refine the data and calculations, ensuring that the methodologies and results are robust, consistent across the portfolio and reflect best practice for GHG accounting.

TCFD disclosures continued

We expect to continue to work with portfolio company management teams to refine their data collection and calculation methodologies over time, including the calculation of Scope 3 emissions. We are also working with portfolio companies to consider potential opportunities to reduce their GHG emissions over time. The work performed to collect Scope 1 and Scope 2 emissions helped identify several potential areas for reduction across the portfolio.

Emissions data are not currently available for our two most recent investments: SRL Traffic Systems, which was signed and completed in December 2021, and Global Cloud Xchange, which was signed in November 2021 and has not yet completed.

We will work with their management teams to implement processes for emissions data collection in order to report their emissions in the next Annual Report.

Tonnes of CO_2 equivalent	Scope 1	Scope 2
Oystercatcher[1]	14	1,717[2]
ESVAGT	99,248	331[3]
TCR	1,656	2,031[2]
Infinis	66,591	2,822[2]
Valorem	13	106[3]
Attero	792,245	37,729[2]
Tampnet	31	103[2]
Joulz	533	98[2]
Ionisos	3,502	1,952[2]
DNS:NET	418	1,880[2]

1 Represents GHG emissions from Oystercatcher's terminal in Singapore. Excludes GHG emissions from Oystercatcher's European terminals, which were divested during the year.

2 Location-based, using grid-average emissions factors.

3 Market-based, using contract-specific emissions factors.

The most significant sources of Scopes 1 and 2 emissions across the portfolio relate to specific operations that support the essential nature of the businesses in our portfolio.

Attero is the largest direct emitter in the portfolio. Its emissions are primarily a result of Attero's waste processing activities and from the landfills that Attero owns and operates. However, Attero's recycling operations help to avoid waste being sent to landfills and emitting more greenhouse gases than Attero emits through its own processing activities, thereby reducing net GHG emissions in the Netherlands.

Attero's operations help further to avoid emissions through its production of renewable energy from the waste it processes and from the sale of secondary materials. During calendar year 2021, the emissions that these two activities helped offset its Scope 1 and Scope 2 emissions.

ESVAGT's Scope 1 emissions relate to the fuels used in its vessels. ESVAGT aims to transition its vessels to renewable sources of fuel and electrical power, and has set itself an environmental goal to become carbon neutral by 2035 and to have zero carbon emissions by 2050.

ESVAGT has several innovations in progress, including a recent agreement with Ørsted for a new SOV powered by dual-fuel engines capable of sailing on renewable e-methanol as well as batteries.

Infinis's Scope 1 emissions primarily relate to the natural gas used in its Power Response business, which provides highly responsive power during times of peak demand. This is a critical activity to help overcome the current gaps in supply from renewable power sources. Infinis has begun developing battery projects that will allow renewable energy to be stored in order to meet peaks in demand. This will lessen the reliance on natural gas to fill gaps in supply. In addition, Infinis's Captured Landfill Methane ('CLM') and Captured Mineral Methane ('CMM') operations contributed to the capture of 258,000 tonnes of methane in FY22, equivalent to preventing the emission of 6,400,000 tonnes of CO_2.