

Infratil Climate Statement

August 2023

1. BACKGROUND

This Climate Statement sets out Infratil's position on climate change, and its approach to integrating climate change considerations within its operations, in its investment portfolio and across the full investment cycle. This document should be read in conjunction with Infratil's approach to responsible investment¹ and our Manager, Morrison & Co's [Responsible Investment Policy](#), as well as Infratil's broader suite of policies.

Infratil's portfolio has incorporated sustainability characteristics since its inception in 1994, with its initial investments including renewable energy company, Trustpower (now Manawa Energy). Decarbonisation is a macro-trend tailwind that supports the thesis behind this investment. The broadening of Infratil's investment in renewable generation development companies in the US (Longroad Energy), in New Zealand and Australia with the establishment of Tilt Renewables in 2016 (sold in 2021) and now Mint Renewables, and further afield (Galileo in Europe and Gurin Energy in Asia) reflect a deepening of our conviction in this megatrend. However, our approach nonetheless continues to evolve and refine.

In its inaugural sustainability report, Infratil has reported in more detail on integration of climate risks and opportunities into its business and investment lifecycle, and its emissions metrics and targets. Infratil also intends to publish separate climate disclosures with reference to the Aotearoa New Zealand Climate Standards (NZ CS), which were released in December 2022. We expect that from FY2024, Infratil will be required to produce annual disclosures in line with the NZ CS.

2. POSITION STATEMENT

Infratil adopts the position recorded in the Paris Agreement that greenhouse gas (GHG) emissions are largely responsible for serious warming in the climate system. We acknowledge that increases in GHG emissions since the industrial revolution arise in large part due to human activities, and that the severity and frequency of global warming impacts depend on the extent and speed at which we transition to a low emissions economy.

Infratil acknowledges the work of the Intergovernmental Panel on Climate Change (IPCC) and accepts its findings, as laid out in its latest Working Group Assessment Reports, which have been distilled into a [Synthesis Report \(WR6 SYR\)](#). We also recognise the Paris Agreement, which sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C as reflected in the purpose of New Zealand's Climate Change Response Act 2002.

We believe it is important that governments, business, and society all play a role towards achieving a rapid, efficient, and just transition to a low emissions economy. Transition plans, activities and emissions reduction targets should be in line with international climate change science, recognised market standards and frameworks to provide confidence they will contribute to meeting the goals of the Paris Agreement.

3. OUR APPROACH

Infratil recognises that climate change has impacts on the economy and society that create both risks and opportunities for businesses and investors. Infratil is committed to understanding, measuring, mitigating, and reporting on the climate impacts of its activities, as well as the impact of climate on its activities (known as a "double materiality approach").

Infratil incorporates climate considerations into what we choose to invest in, as well as how our investments are managed, guided by our strategy, exclusion policy, and approach to responsible investment. We also seek to play a leadership role by using our sphere of influence to catalyse a rapid, efficient transition by engaging with board, management, and staff in our portfolio companies, by investing in our renewable energy platform, and through external partnerships as set out below.

In January 2023, Infratil and its manager, Morrison & Co, committed to establishing science-based emission reduction targets. These commitments have been registered with the Science Based Targets initiative (SBTi) under the Financial Institutions framework.

GOVERNANCE

Board

Infratil's Board is responsible for approving and monitoring Infratil's strategic direction which is informed by macro-trends, including, as referred to earlier, climate change risk and opportunities.

The Board has overall responsibility for ESG governance and reviews and approves Infratil's exclusion policy, the Sustainability Strategy as outlined on page 10 of Infratil's FY2023 Sustainability Report (which includes a focus on climate issues) and associated sustainability initiatives. The Board also has responsibility for approving external sustainability and climate related disclosure reporting, which may first be reviewed by Infratil's Audit & Risk Committee (ARC).

Infratil's ARC is the body with delegated responsibility for Infratil's enterprise risk management system and has the function of reviewing and reporting to the Board on the

¹ [Infratil's approach to responsible investment.](#)

preparation, review, verification and assurance processes in relation to sustainability and climate-related disclosure reporting.

We recently updated our risk management processes which now provide for the ARC to typically receive semi-annual reporting on all risks, including climate risk and for the Board to receive at least annual climate related reporting. The Board and ARC also hear about climate risk through ad-hoc updates and sustainability being a regular item on the Board's agenda.

Infratil's directors are all members of [Chapter Zero](#) (or its equivalent in another jurisdiction), the New Zealand chapter of a global network of board directors committed to taking action on climate change. Chapter Zero is hosted by the New Zealand Institute of Directors and supports directors with climate awareness, skills, and tools to steward their companies through the challenges presented by climate change.

Investment Management

Acting on behalf of Infratil, Morrison & Co is responsible for incorporating climate-related risks and opportunities into the investment and asset management process, working closely with the management of each portfolio company. Management executives are supported by the Executive Director, Sustainability Risk & Funding, and the wider sustainability team at Morrison & Co.

We set out further information on Morrison & Co and the role it plays as Infratil's manager on pages 6, 15 and 16 of Infratil's FY2023 Sustainability Report.

Portfolio Companies

At the portfolio company level, the board of each company is responsible for setting strategy and identifying and managing key risks, including climate risk. Infratil expects its portfolio companies within its emissions reporting boundaries to provide annual emissions reporting to Infratil and undertake annual [GRESB Infrastructure Assessments](#) which have a focus on climate data, management, and targets. The GRESB score for Infratil's portfolio companies contributes to Infratil's [GRESB Infrastructure Fund Assessment](#) score, along with Infratil's own submission.

STRATEGY

We are an infrastructure investment company that actively invests in **ideas that matter**. In things that societies need now and will need more of in the future. In things that keep society going and connected, like renewable electricity, data centres and telecommunications networks. In things we need more of as we age, like diagnostic technology that detects illness early. Some of Infratil's investment categories where climate change is a material consideration are:

Renewable Energy

The world's response to climate change is radically reshaping the energy sector, creating substantial demand for new investment through decarbonisation, while generating new business models and asset types. Infratil's renewable energy platform provides exposure to this opportunity through a highly diversified renewable energy operating and development portfolio, across different generation types (solar, wind, hydro) and geographies. Infratil has investments in renewable energy development companies across Asia, Australia, Europe, New Zealand, and the United States. In FY2023, Longroad Energy and Manawa Energy had combined renewable generation capacity of over 2GW and generated 5,750GWh of renewable energy.

Digital Infrastructure

Today, ubiquitous high-speed connectivity underpins most aspects of society – while data has been described as the “Fourth Utility”. Underpinning this is a network of long-dated infrastructure assets that are the building blocks of digital connectivity and data storage as essential services. Digital infrastructure is critical to support remote and flexible working, which provides the opportunity to reduce transport emissions and increase business resilience. Digital infrastructure businesses also have a broader role to play in the transition, for example enabling energy efficiency and optimisation and supporting early warning systems for extreme weather events, as well as decarbonising their own operations.

Airports

Wellington Airport is working on reducing its operational emissions and recognises that it has a role to play working directly with airlines to support decarbonisation of the wider aviation system. In August 2023, the Airport added a new layer of accountability to its 2030 net zero emissions target by signing a commitment letter with the SBTi. The company is preparing Climate Risk Disclosures in line with the Aotearoa New Zealand Climate Standards which, when released, will provide fulsome information on the Airport's climate-related risks and opportunities.

Technology

In addition to the above, Infratil has investments in [Clearvision Ventures](#), a venture capital firm that invests in technology companies to drive meaningful advances in energy and infrastructure sustainability. Clearvision has several climate-tech investments including [Persefoni](#), a carbon data platform, [Jupiter Intelligence](#), a physical climate risk platform and ChargePoint, a US-based EV charging network.

ESG INTEGRATION

Infratil seeks to integrate consideration of material ESG issues, including in relation to climate, through the investment process as set out below. Further information is provided in Infratil's FY2023 Sustainability report on page 16.

Exclusions

As part of our approach to responsible investment, Infratil will not invest in organisations that derive material² earnings directly from activities that, in our view, can harm the environment, such as:

- extracting, processing and transportation of thermal coal;
- oil exploration and production; and,
- generating electricity using fossil fuels, unless we are satisfied the entity has, or can feasibly develop, a credible 1.5°C aligned transition plan and will commit to setting emissions reduction targets that are validated by the SBTi.

Infratil does not invest in companies that derive material² earnings directly from controversial activities that, in our view, are likely to harm society such as munitions³, tobacco, gambling, or adult entertainment. Infratil seeks to invest in companies that predominantly operate in geopolitically stable countries with robust and reliable legal systems – any exception to this will be immaterial from a portfolio perspective.

Infratil has an internal guidance document that sets out how we support compliance with this exclusion policy. To assess transition plans, Infratil will look to recognised market frameworks, such as those provided by the Transition Pathway Initiative, Transition Plan Taskforce and/or SBTi, and may also seek independent advice and support.

Due Diligence

Infratil seeks to identify and consider material ESG issues, including in relation to climate, as part of the due diligence process for new investments, with reference to Morrison & Co and Infratil's sustainability frameworks and objectives.

Active Management

Infratil seeks to integrate climate considerations as part of the asset management process by:

- engaging with portfolio companies to support them to understand, measure, verify and reduce the emissions associated with their business, including material sources of emissions in their value chain;
- seeking to understand the sources of emissions in the portfolio (Scope 1 & 2 and, increasingly over time, material scope 3) and measuring and verifying emissions attributed to Infratil. Our emissions measurement and reporting is done in alignment with the GHG Protocol and Partnership for Carbon Accounting Financials;
- encouraging and supporting all material portfolio companies to undertake GRESB Infrastructure Assessments, which have a large focus on emissions

data and management. The GRESB reports and scores enable the portfolio companies to assess their performance relative to their sector peers and provide insights on opportunities for improvement;

- encouraging and supporting our portfolio companies, where we can, to contribute to [Infratil's planned SBTi portfolio coverage target](#) (see below) by setting their own SBTi-validated targets, in line with the SBTi frameworks relevant to their company and sector; and,
- analysing climate impacts and risks (both transition and physical) and opportunities in the portfolio, including through internal reporting. Infratil has been working through its first formal climate scenario analysis to understand the actual and potential impacts of climate change on its strategy, portfolio, and financial planning. When undertaking this work, Infratil uses credible climate scenarios to assess risks and opportunities out to at least 2050. Examples of scenarios Infratil is using include the Oxford Economics Global Climate Scenarios, which generate macro-economic outputs that can be integrated into financial valuation models and the Jupiter Intelligence physical climate risk platform, which is based on Coupled Model Intercomparison Project (CMIP6) models and the IPCC AR6 scenarios. Infratil intends to review its assessment of its climate risks and opportunities annually.

Benchmarking and Reporting

Infratil:

- seeks to be transparent about the emissions footprint and climate risk (transition and physical) and opportunities associated with its portfolio through regular reporting. As a large, listed company on the New Zealand Stock Exchange (NZX), Infratil expects to report in alignment with the NZ CS regime from FY2024. Under this regulation, the [Aotearoa New Zealand Climate Standards](#) are set by the XRB, and are broadly in line with the globally recognised TCFD reporting framework;
- seeks to understand the metrics that are useful for our stakeholders and primary users of our reporting and report in line with those metrics and works to improve performance as measured by those metrics; and,
- has committed to set near-term company-wide emission reductions targets in line with climate science and with the SBTi.

² More than 5% of gross revenue or EBITDA.

³ Including all controversial weapons as defined by MSCI Controversial Weapons Screening Index Methodology.

REDUCING OUR OPERATIONAL EMISSIONS

In addition to reporting on emissions in its investment portfolio, Infratil intends to undertake annual assessment and reporting of emissions in its own operations. Given Infratil has no offices, facilities, or direct employees, Infratil has no Scope 1 or Scope 2 emissions. Our material operational emissions relate solely to emissions from board travel (Scope 3, Category 6).

Our Manager, Morrison & Co, has also committed to setting a SBTi-validated target.

PARTNERSHIPS & TECHNOLOGY

Infratil seeks partnerships with other organisations and people to support Infratil and its portfolio companies to achieve their climate objectives. We aim to leverage technology to support efficient, robust, and reliable measurement, management, analysis, assurance and reporting of emissions and climate risks associated with our portfolio. By way of example, Infratil uses the Persefoni platform to manage its emissions data, calculations, and reporting.

ENGAGEMENT & COLLABORATION

Recognising the need to align with science, the importance of transparency, and the need for collaboration and leadership, Infratil is a member of / participant in:



Infratil's Manager, Morrison & Co, is a member of / participant in:



Morrison & Co's Climate Change Position Statement can be found [here](#).

Infratil will review and update this Climate Statement as appropriate.