

## Sustainability

# Investing in the world of tomorrow

## 1. Infrastructure as a catalyst for sustainable development

Infrastructure is the backbone of a modern society, and is often the catalyst for various forms of development - **economic, social and personal development**. That development is a gradual process and only becomes meaningful if it brings continuous improvement, and if it is anchored in a sustainable philosophy.

TINC is committed to sustainable development by helping to build infrastructure that not only meets the needs of today but also anticipates the needs of future generations. TINC summarises this ambition in its motto: “Invest in the world of tomorrow”.

Infrastructure that enables sustainable development must itself embrace sustainability. This means that every stage of its lifecycle – from planning and design to operation and eventual decommissioning – must comply with principles that ensures economic, financial, social, environmental and institutional sustainability.<sup>1</sup>

The core of TINC’s sustainability policy is based on the United Nations Sustainable Development Goals (UN Sustainable Development or UN SDGs), a comprehensive set of goals that aim at sustainable development and are also a reference model ([sdgs.un.org/goals](https://sdgs.un.org/goals)).

The investment strategy of TINC is based on four themes, four important pillars underpinning that sustainable development.

<sup>1</sup> <https://www.unep.org/explore-topics/green-economy/what-we-do/sustainable-infrastructure-investment>

<sup>2</sup> International Good Practice Principles for Sustainable Infrastructure, United Nations Environment Programme, 2021. <https://wedocs.unep.org/bitstream/handle/20.500.11822/34853/GPSI.pdf>

What is sustainable infrastructure?

- It takes into account sustainability principles over the entire lifecycle
- It avoids or tries to minimise environmental impact
- It makes an efficient and circular use of resources
- It enhances economic benefits (through employment generation and support for the local economy)
- It employs transparent, inclusive and participatory decision-making (through stakeholder analysis, public participation, and reporting channels)<sup>2</sup>

These include

- the transition to a low-carbon society
- pervasive digitalisation as an engine for communication and connection
- renewal and expansion of public infrastructure in a more intelligent, efficient, and sustainable way
- an attractive and inclusive environment serving the care and well-being of each individual

The portfolio investments of TINC are therefore located in four focus areas, namely public infrastructure, energy infrastructure, digital infrastructure and Selective Real Estate.

By investing in these focus areas, TINC, as a long-term investor, contributes to the fulfilment of several of the Sustainable Development Goals set by the United Nations.

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TINC uses the Sustainable Development Goals as a benchmark and has selected the development goals that are most closely related to its activities and on which it can have an impact, either within its own organisation or as a responsible investor through its investment portfolio.

### Own organisation



#### Contribution of TINC:

- conducting corporate governance and respecting the rule of law (including through policies on acting with integrity, anti-corruption, etc.) as a responsible investor

### Investment portfolio



#### Contribution of TINC:

- promoting access to affordable, reliable, sustainable modern energy for all
- building infrastructure with reliable partners, and thus creating employment and stimulating the economy, on the basis of long-term and stable business models with attention to risk management
- developing quality and resilient infrastructure that underpins economic development and human well-being

## 2. TINC as a responsible organisation

### 1. Board

TINC is a listed investment entity whose management is entrusted to a sole director, TINC Manager NV.

Governance by TINC Manager is characterised by the following features:

- A balanced dual governance structure (for a more detailed description, see chapter Corporate Governance Statement)
- **Responsibility for sustainability** is entrusted to the management board with a reporting line to the audit committee that advises the supervisory board which has the ultimate oversight authority
- Members of the supervisory board and management board endorse
  - a **code of conduct** with guidelines on integrity, conflicts of interest, anti-corruption and compliance with laws and regulations
  - a **code of dealing relating** to TINC shares with respect to the prevention of market abuse
- Internal policies and, in particular, additional policies established during the past financial year relating to
  - a **whistleblowing policy** that allows for the safe and anonymous notification of possible breaches of legislation through an internal channel;
  - an **anti-money laundering and terrorist financing policy** (AML/CTF policy).

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### 2. Management

TINC does not have staff of its own but relies on TDP NV to perform a number of management tasks (see Corporate Governance Statement).

TDP is a Belgian company with Belfius and Gimv as shareholders and has the following characteristics:

- TDP strictly follows Belgian social legislation, which is based on **international treaties**, in particular the labour standards laid down by the **International Labour Organisation (ILO)**
- TDP has a team of 17, composed of seven women and ten men who together have 200 years of experience in investment and infrastructure
- TDP employees individually subscribe to the **code of conduct** and **code of dealing rules** which also apply to TINC Manager
- TDP also applies the **whistleblowing** and anti-money laundering policies mentioned above

TDP also pays attention to the environment and especially the reduction of carbon dioxide emissions. The vehicle fleet has already been largely electrified and will be 100% electric in the next few years. The company operates from a building that is equipped with solar panels and has a green power contract, reducing CO<sub>2</sub> emissions as much as possible. The CO<sub>2</sub> emissions of TDP are part of the scope 3 emissions of TINC.

### CO<sub>2</sub> emissions of TINC as an organisation<sup>3</sup>

#### TINC as an organisation - emissions (in tonnes of CO<sub>2</sub>)

	2021	2022*	2023*
Scope 1	0	0	0
Scope 2	0	0	0
Scope 3 (partial)	52.15	151.97	146.95
Total emissions	52.15	151.97	146.95

\* based on a full scope 1, 2 and 3 analysis at TDP

### 3. TINC as a responsible investor

In carrying out its activities, TINC implements the sustainability policy both in the deployment of funds in the investment portfolio (assets side) and in the raising of funds (liabilities side). As a listed infrastructure investment company, TINC thereby seeks to maintain an open and trustworthy relationship with its stakeholders (see box for an overview of the stakeholders of TINC).

#### 1. Investment portfolio

TINC is actively involved in different phases of the infrastructure lifecycle within its participations. Each phase has its own dynamics, characteristics and challenges in terms of sustainable and responsible investment.

<sup>3</sup> As TINC has no staff of its own, no office buildings and only portfolio investments, only categories 1 and 15 of scope 3 are applicable. This table includes only category 1 (purchased goods and services) and is specifically limited to services provided by TDP. Figures are calculated according to the hybrid method.

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### a. The initial investment trajectory

A new investment in an infrastructure company is preceded by a, usually lengthy, process of careful assessment and consideration of the merits and associated risks. This investment process involves a number of aspects that touch on sustainability.

### Exclusions

Each new investment opportunity is assessed as to whether it fits within the investment policy of TINC. TINC applies a number of grounds for exclusion.

Therefore, in accordance with its Sustainability Policy, TINC will not allocate investment money to

- companies involved in or associated with
  - domains such as slavery, illegal narcotics, pornography, human trafficking, social exploitation, organised crime, compulsory labour or harmful child labour or any other domain considered to be illegal under any applicable laws or regulations
  - the production, sale, use of or trade in arms, ammunitions, weapons of mass destruction or inhuman weapons or critical components or technologies associated thereto
  - the production of cigarettes, tobacco, e-cigarettes and associated smoking products
  - the production and trade of gambling equipment and associated products
  - the extraction and production of thermal coal
  - products tested on animals and production and sale of fur
  - the financing of terrorism
- companies that are, or whose direct or indirect owners or controllers are, on a sanctions list of the United Nations or the European Union.

### Due diligence

If no grounds for exclusion apply and TINC considers that the investment potentially fits within the investment policy, in a subsequent phase the investment opportunity is subjected to a thorough investigation ('due diligence'). As part of this due diligence, TINC uses questionnaires to get a view on the sustainability content of the investment opportunity by means of general and sector-specific questions. The analysis of the responses will be taken into account by TINC in the final assessment of the investment proposal by the competent bodies.

### SDG impact analysis

In addition, for each new investment, an analysis is made of the impact (positive or negative) of the investment on the Sustainable Development Goals. This allows TINC to monitor the impact and take action to prevent negative effects or strengthen positive ones. See opposite for examples relating to a recent new investment.

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Impact analyse - Higher Education Buildings

→ Direct impact      ● Negative impact  
 - - - - - Indirect impact      ● Positive impact



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**b. During the investment period**

While participation its portfolio investments, TINC also pays attention to sustainability aspects specific to or linked to each participation. Where possible, TINC makes use of the central guiding role it often plays in its portfolio companies.

Particularly in participations where TINC is the sole shareholder, TINC generally takes responsibility for the management and administration of the infrastructure company, with the assistance of specialist subcontractors (in operational, financial, legal and administrative matters).

In the participations in which TINC is a co-shareholder, TINC (or its representatives) holds one or more directorships, thus being actively involved in decision-making. Alternatively, in the case of smaller minority participations, agreements are made with other shareholders on participation in major decisions.

TINC is not represented in the governing bodies of investments where only debt financing is provided.

**From that active role as director and shareholder, TINC also interacts with its portfolio companies on sustainability to encourage further awareness and action.**

This manifests itself, for example, in awareness of the importance of greenhouse gas emissions for the climate.

Participations in the investment portfolio contribute to fulfilling the **United Nations Sustainable Development Goals.\***



\* [www.undg.org/sustainable-development-goals](http://www.undg.org/sustainable-development-goals)

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In the past financial year, a large number of participations took steps to measure their CO<sub>2</sub> emissions, with a view to examining opportunities to reduce them. In more than half of the participations (about 70% of the portfolio in terms of fair value), steps have been taken to regularly measure and monitor CO<sub>2</sub> emissions.

Some initial observations can already be made:

### Construction phase

- CO<sub>2</sub> emissions are of course unavoidable in infrastructure construction, both as a result of the production of the required materials and during the construction process.

### Exploitation phase

- For many infrastructure participations, the operating phase of the investment does not involve the use of either fossil fuels or electricity. The operating phase of Public Infrastructure participations, for instance, simply involves making the completed infrastructure available to a government that uses it for its own account. The same also applies to investments in energy generation, where the production process itself requires virtually no external energy.
- Moreover, the operational management of those participations is often outsourced.
- Consequently, quite a few of the portfolio participations have no scope 1 or scope 2 emissions during their lifetime.
- Scope 3 emissions, i.e. the indirect emissions of CO<sub>2</sub> caused by business activities of other organisations over which the portfolio companies have no direct influence, arise mainly from third-party services for the maintenance, upkeep and repair of the infrastructure.

- The business of many portfolio companies is actively intended to avoid CO<sub>2</sub> emissions. This is particularly the case for Energy Infrastructure participations which are active in wind and solar energy production. These energy investments produced 645GWh of renewable energy in the past financial year.

TINC intends to communicate further on its (in)direct CO<sub>2</sub> emissions once measurements at its participations are sufficiently well-established and measurements are available at a sufficient number of participations.

### c. Divestment phase

TINC aims to hold investments over a longer period, if possible over the full lifetime of the underlying infrastructure. There are no participations whose infrastructure will reach the end of its useful life in the immediate future. TINC intends to develop a policy on this in the coming period.

To the extent that divestments do occur, for example through the sale of a participation, the divestment process is surrounded by adequate safeguards, including the application of anti-money laundering and terrorist financing policies.

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### 2. Financing of TINC

#### **Sustainable financing framework**

TINC has taken steps towards sustainability in terms of its financing. At the end of the last financial year, TINC was fully equity financed. To provide funding for the further growth of the portfolio, TINC has developed a framework for raising debt financing of a sustainable nature for investments within the investment policy and focus areas of TINC (the 'Sustainable Finance Framework'). The aim is to make investments that contribute to the Sustainable Development Goals, specifically with regard to social and environmental aspects.

The Sustainable Finance Framework ('SFF') was prepared in line with the ICMA Green Bond Principles 2021, the Social Bond Principles 2021, the Sustainability Bond Guidelines 2021 and the LMA Green Loan Principles 2021 and Social Loan Principles 2021. The framework of the SFF was reviewed by an independent organisation (ISS Corporate Services).

Based on the SFF, TINC can issue debt instruments such as commercial paper, debt securities, loans, bonds, etc. specifically intended for investments of a sustainable nature.

Both the SFF and its independent assessment are available on the website of TINC.



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### 3. Interaction with stakeholders

In carrying out its activities, TINC enters into a dialogue with various stakeholders, aiming for transparent communication and a mutually enriching exchange of views to promote cooperation. This includes a focus on sustainability.

**Interested party (stakeholder)**

**Description of the interaction**

<b>Shareholders</b>	TINC interacts with its shareholders; it does so not only at the annual general meeting, open to all shareholders, but also with institutional shareholders (at roadshows) and private investors at fairs or investor days.
<b>Supervisory Board</b>	TINC has a sole director with a dual board structure (see Corporate Governance Statement). This structure, and the fact that the Supervisory Board also has the authority for investment decisions, ensures good interaction between the directors, with their diversity of backgrounds, experience and skills, and the members of the Management Board in whose hands the operational responsibility lies.
<b>Participations</b>	In most participations, TINC is represented on the board of directors, where it interacts with the other directors and shareholders.
<b>Debt financiers</b>	TINC itself has [no] debt position towards banks. Nevertheless, TINC has provided for the possibility to raise sustainable debt financing through the independently reviewed Sustainable Finance Framework. The companies in the portfolio generally obtain debt financing from various banks or banking syndicates. Contacts with them are maintained via, among other things, periodic and ad hoc reporting.
<b>Financial institutions</b>	TINC and its investees communicate frequently with the financial institutions with which they have relationships, including within the framework of money laundering prevention rules.
<b>Sector organisations</b>	TINC keeps in touch with what is happening in the infrastructure sector and attaches importance to the exchange of ideas; TINC and/or TDP are members of the IPFA (International Project Finance Association), BVA (Belgian Venture Capital Association), GLIO (Global Listed Infrastructure Organisation) and the Guberna Institute, among others.
<b>Government and administration</b>	As a listed company, TINC falls under the supervision of the FSMA and maintains regular contacts.
<b>Analysts</b>	Following the announcement of the half-year and annual results and other press releases, TINC maintains a regular and proper relationship with the analysts monitoring the stock.

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### External recognition

During the past financial year, TDP/TINC reported for the first time under the reporting framework of the United Nations Principles of Responsible Investment (UNPRI). This resulted in a first Private Assessment Report. Good scores have already been obtained for the 'Sustainability policy, governance and strategy' and 'Confidence-building measures' components. For the modules on applicable asset classes, further refinement of inputs is needed, which is planned for the next reporting in 2024.

Rating agencies regularly review TINC, offering investors insight into the sustainability aspects they consider important. TINC will, where useful and possible, interact with such rating agencies to promote the most accurate and complete representation of sustainability characteristics.

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### Sustainability in the investment portfolio



Storm is a Belgian developer and operator of renewable energy projects and has the ambition to continue to accelerate the energy transition in Belgium.

Storm thereby calculates the CO<sub>2</sub> emissions of its development activity (construction phase and operation phase) and defines CO<sub>2</sub> targets accordingly. It also considers biodiversity protection, impact on stakeholders and employee wellbeing.



Datacenter United builds and manages data centres to provide its clients with quality (up to Tier IV !), efficient, secure and flexible data management and storage solutions. In doing so, the company subscribes to various initiatives to achieve the highest possible degree of sustainability.



Réseau Abilis offers a qualitative and inclusive response to very specific long-term care needs with the ambition of integrating persons with a wide spectrum of mental disabilities into the local community, allowing them to maintain links with family and relatives and ensuring quality care. In doing so, Réseau Abilis adopts a Green Policy that is committed to reducing energy consumption, green mobility and a sustainable water and waste policy.



GlasDraad is helping to accelerate the digitalisation of society by providing families and businesses in outlying areas and small towns with access to a superfast and reliable internet connection through the construction of fibre networks in a sustainable manner. By 2023, GlasDraad was working on a comprehensive ESG policy by preparing a materiality analysis, subscribing to the UN Global Compact Principles, introducing policies including on health and safety, environmental management, whistleblowing, anti-money laundering and launching a GRESB Infrastructure Asset assessment.



The A11 is a new highway connection that will facilitate better access to the port of Zeebrugge and the east coast while enhancing the region's quality of life and living conditions. The entire project combines relieving the regional roads of heavy freight and tourist traffic with additional cycling facilities, the reduction of noise and light pollution and the construction of buffer green areas, fauna passages and a reed swamp (<https://www.brugge.be/brochure-a11>).

