

SUSTAINABILITY REPORT 2022



I am pleased to present Horizon Energy Infrastructure's first annual sustainability report. HEI has been reporting its Environmental, Social and Governance obligations internally for three years and now wants to share some of the good work we've been doing.

HEI recognised that if we wanted to improve then we first had to measure. Through the sharing of key statistics we're giving a view of our journey and the targets we've set ourselves. We are working with our parent company Arcus Infrastructure Partners LLP ("Arcus") and our agreed net zero strategy to drive improvements over the next 12 months.

HEI has been installing smart and AMR meters for 14 years and this has enabled customers to monitor and reduce their own energy usage. HEI continues to support the UK's smart meter rollout programme such that all customers can achieve the benefits from smart meters, reduce their energy usage and save CO₂ emissions as a result.

Tom Thorp, CEO
Horizon Energy Infrastructure

Environment, Social and Governance

Horizon has an ESG policy which applies to all employees and contractors. The ESG policy sets out Horizon's ESG objectives, which are:

- Setting targets for environmental, social and governance matters which will be reported, monitored, reviewed, and disclosed to our Board, employees, and shareholders.
- Adopting high standards of governance and ethics in our business conduct.
- Ensuring that our vision and ESG objectives are relevant, understood and communicated and that our employees demonstrate alignment to them.
- Identifying all material ESG risks in the business activities undertaken by HEI and ensuring that the risks are fully considered and managed in a responsible and ethical way.
- Developing, implementing, and maintaining a best practice, process oriented, integrated management system, which will be continuously re-examined through audits and a continuous improvement process.
- Ensuring that key decisions are only taken after full consideration of all material environmental, social and governance issues and risks.
- Providing appropriate information, instruction and training and ensuring that this policy is communicated to all team members working for HEI.
- Working together with our customers, suppliers, and business partners to encourage them to adopt the principles or similar policies resulting in the same outcomes.
- Aspiring to achieve appropriate benchmark levels in environmental, social and governance performance and making these themes core to what we do.

Environmental - Energy consumption & Greenhouse Gas Emissions

HEI is committed to minimising our carbon emissions and now reports annually on both energy consumption and greenhouse gas emissions.

Energy Usage

Year	2021	2022	2023
Target (MWh)	n/a	15.316	19.61
Actual (MWh)	13.547	19.61	

HEI reports energy usage quarterly in board reporting and has been monitoring this since 2021. In 2022 we set an energy usage target but were unsure how energy consumption would increase with the return to the office in Salisbury following Covid and the installation of two EV chargers at our office. Employees have the option of joining an EV salary sacrifice scheme which could increase the amount of electricity consumed if the chargers are also used. However, we don't expect our energy usage to increase in 2023.

Green House Gas Emissions

Horizon has reported internally on GHG emissions for two years using a tool produced by an external consultancy. The methodology for reporting was agreed and validated externally.

Scope 1 - these are our direct emissions

Year	2021	2022	2023
Target (tCO2e)	n/a	3	3
Actual (tCO2e)	0	0	

HEI doesn't consume natural gas at its office in Salisbury and the heating is provided by air source heat pumps. These air source heat pumps have a refrigeration unit which will need topping up. This top up was expected in 2022 but wasn't required, however we do expect this to happen in 2023.

Scope 2 - these are our indirect emissions

Year	2021	2022	2023
Target (tCO2e)	n/a	3	4
Actual (tCO2e)	3	4	

HEI's scope 2 emissions come from our energy consumption and are based on the average UK energy mix.

Scope 3 - these are the emissions we are indirectly responsible for

HEI reports internally on scope 3 emissions, looking at purchased goods and services, capital goods, upstream transportation and distribution, waste generated through the disposal of meters, business travel, employee commuting, downstream transportation and distribution, downstream leased assets.

Net Zero

In December 2022 Arcus, HEI's parent company committed to a net zero target by 2050 in line with a 1.5 degree temperature increase limit scenario. The target includes investment and investee companies. Arcus commits as a signatory to recognised industry net zero initiative, Initiative Climat International (iCI), and is in the process of adopting the Science Based Targets Initiative (SBTi) as the key framework to guide its implementation of net zero targets. The commitment is publicly disclosed through the Arcus ESG Policy.



Waste

Waste is a factor of our GHG emissions. When a meter is removed from a customer's premises, this has to be disposed of. Currently SMETS2 meters can't be reset or re-used which is a concern for HEI as there has been a high number of removals across the market in 2022. HEI is working with Energy Suppliers and Industry Bodies to look at ways to reduce waste.

Social - Employee diversity and inclusion

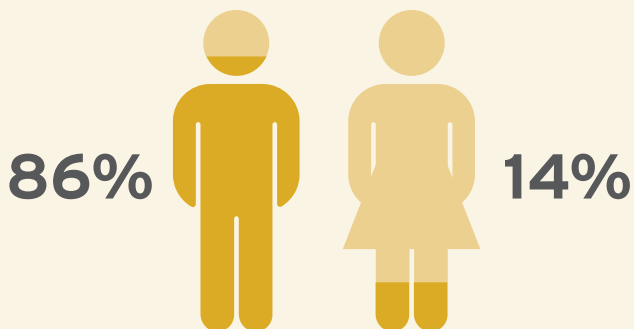
HEI is committed to providing equality and fairness to everyone at HEI and to not provide less favourable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy, maternity and parental status, race, ethnic origin, colour, nationality. (Extract from HEI's Diversity, Equity, and Inclusion Policy.)

HEI offers flexible working and has an office in the centre of Salisbury. Most of the Operations and Finance Teams are employed from within 30 miles of Salisbury. Employees are also able to work from home to provide flexible working to those who aren't in Salisbury or require flexibility in their working hours.

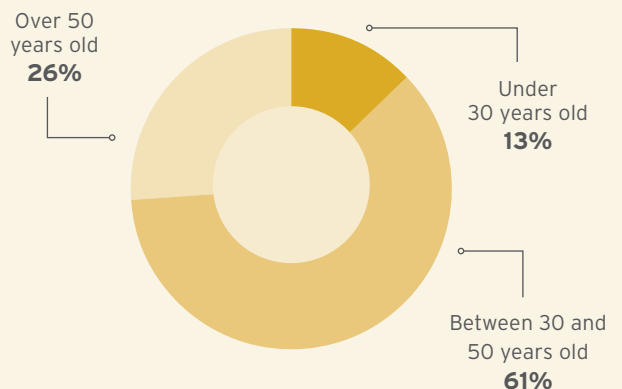
Employee views are gathered through an annual "Investors in People" survey. This shows us the areas where we can improve and what we're doing well. We've now run the same survey for 3 years in a row providing us with a good sense of how employees feel. All employees have access to training and development opportunities each year (both provided internally and externally) and are encouraged to expand their skills.

HEI has also introduced "well being" half days where each team member is encouraged to take some time away from work to spend time doing something active or mindful.

Gender ratio



Age Group Distribution



Health and Safety Incidents

Year	2021	2022	2023
Target	n/a	0	0
Actual	0	0	

No incidents to report in the last 2 years

Supporting our local community

In September 2022, HEI spent an afternoon clearing an allotment plot, building a shed and clearing a pond to allow a local special needs school to use this outdoor space for teaching.



Governance - ISO9001 and Policies

HEI is ISO9001 accredited, hence we have many policies which contain our processes and procedures on the key aims and goals of embracing ESG throughout our organisation and within our partner networks. These policies are reviewed annually.

Governance policies cover

- Whistleblower protection
- Risk Management
- IT software and cyber security
- Fraud, Anti Bribery and Conflicts of Interest

HEI also has an Independent Chair and the Board receives a monthly report on all ESG matters.



Each year Horizon responds to the GRESB questionnaire for infrastructure giving details of how we report, monitor and drive change in our ESG journey. GRESB (Global Real Estate Sustainability Benchmark) independently benchmarks ESG data. Our performance in GRESB has improved each year and now in our 3rd year of official reporting we have achieved 92%.