

# Delivering Infrastructure with a Positive Impact

Sustainability Report **2021**





## Contents

<b>Introduction</b>	<b>1</b>
About this Report	1
Chief Executive's Introduction	2
<b>Strategy</b>	<b>4</b>
Responsible Business	5
Sustainable Environment	7
Sustainable Communities	9
<b>Stakeholder Engagement</b>	<b>11</b>
<b>Taskforce on Climate-related Financial Disclosures (TCFD) Statement</b>	<b>13</b>
Governance	14
Strategy	15
Risk Management	18
Targets and Metrics	19
Direct Operations Performance	20
<b>Net Zero</b>	<b>21</b>
<b>Responsible Investing</b>	<b>22</b>
Our Responsible Investment Framework	22
Governance and Integrity	23
Integration in the Investment and Asset Management Cycle	24
<b>Responsible Employer</b>	<b>27</b>
Employee Engagement	27
COVID-19	27
Diversity and Inclusion	28
Equal Opportunities	29
Recruitment and Selection	29
Learning and Development	29
Recognition, Reward and Retention	31
Acting with Honesty and Integrity	31
Whistleblowing	31
Community	32

## About this Report

This report explains John Laing's sustainability approach. We are proud of our contribution towards the goal of a sustainable future and look forward to working closely with our partners, clients and employees to develop and deliver sustainable infrastructure that has a positive impact on the environment and communities in which we operate.



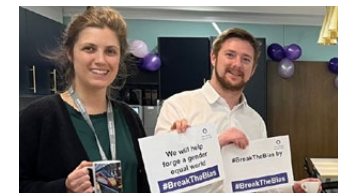
 Chief Executive's Introduction / p 2




 Strategy / p 4



 Net Zero / p 21



 Responsible Employer / p 27



## Chief Executive's Introduction

**John Laing is a leading international investor in core infrastructure projects and businesses. We invest across the spectrum of development, in construction and already operational assets, and across a range of sectors. These include transportation, energy and utilities, social infrastructure and telecommunications.**

As a long-term and responsible investor with a proven track record, we recognise our responsibility to ensure that our investments have a positive impact. For us, that means investing in and actively managing infrastructure that responds to public needs, fosters sustainable growth and improves the lives of communities around the areas where we invest.

Investing in sustainability is the right thing to do and delivers a range of business benefits. It strengthens our licence to operate while delivering more resilient assets. A focused sustainability approach also helps to ensure that we remain a trusted partner in our chosen markets. Our future growth is underpinned by our focus on sustainable investments, responsible asset management, and engaged and diverse talent.

We see the transition to a sustainable economy as key to managing the long-term risks to our business, as well as a key theme for new investment opportunities.

Our sustainability strategy is defined by three key pillars:

 <p><b>Responsible Business</b></p>	<p>Responsible Business, with a focus on accountability, being a responsible investor and a responsible employer</p>
 <p><b>Sustainable Environment</b></p>	<p>Sustainable Environment, with a focus on climate change, biodiversity and water management</p>
 <p><b>Sustainable Communities</b></p>	<p>Sustainable Communities, with a focus on health and wellbeing, enhancing livelihoods and access to energy</p>

We have developed a range of measures to track our progress and hold ourselves accountable along with a series of initiatives aligned to the UN's Sustainable Development Goals.

During 2021, the COVID-19 pandemic impacted our people, our assets and those who use them. I am proud of the fact that we kept critical public infrastructure running throughout this challenging period, working closely with our partners, clients and colleagues to ensure key services remained operational. The resilience of our people was tested through the pandemic and we have continued to focus on supporting their health and wellbeing.

The pandemic has accelerated sustainability trends and the development of infrastructure and the role of private capital in supporting a "build back better" approach is a consistent theme across our key markets.

In response, we have added further sustainability capabilities to our team and enhanced the integration of environmental, social and governance (ESG) principles into our management decisions and investment and asset management processes. We are also increasing our engagement with partners, clients and other stakeholders on ESG topics.

Across the Group, we are aligning to the goal of net zero by 2050 and during 2021 we have been engaging with all our assets and teams to understand the implications for both our direct operations and portfolio investments.

As a long-term and responsible investor with a proven track record, we recognise our responsibility to ensure that our investments have a positive impact. For us, that means investing in and actively managing infrastructure that responds to public needs, fosters sustainable growth and improves the lives of communities around the areas where we invest.



Read more / p 4  
Our contribution  
to the SDG goals

## Chief Executive's Introduction continued

John Laing also has an important role to play in promoting the transition to net zero by investing in and developing infrastructure that will be critical to achieving the transition, for example in sectors such as renewable energy, waste-to-energy and the decarbonisation of transport.

John Laing was acquired by KKR, a global investment firm, in September 2021. Immediately following the completion of this acquisition, Equitix acquired a 50% shareholding in the existing PPP portfolio which continues to be managed by John Laing Group. Changes in our business model as part of our change of ownership have underlined the importance of sustainability to our business. During 2021, we moved from recycling capital to a long-term build, buy and hold strategy. Our ability to hold assets for the long term enables us to build and manage infrastructure projects incorporating a longer-term approach to managing the risks of environmental and social change, while delivering long-term value for all stakeholders across the investment cycle.

Our employees are fundamental to the success of our business and in driving our strategy and purpose. As part of being a responsible business it is critical that we are also a responsible employer; to further our ambition, we seek to attract, retain and develop a diverse range of talent.

This change in business model has been accompanied by a review of our capabilities to ensure that we have the right experience and expertise in place to drive future growth. We have made a series of hires in the core mid-market and energy sectors as well as in our portfolio management team that will enhance our team's capabilities and incorporate our focus on responsible practices throughout the investment cycle.

This report explains our sustainability strategy, goals and progress to date. I am proud of our contribution towards the goal of a sustainable future and look forward to working closely with our partners, clients and employees to develop and deliver sustainable infrastructure that has a positive impact on the environment and communities in which we operate.

**Ben Loomes**  
Chief Executive Officer

/ Ruta del Cacao, Colombia.





## Strategy

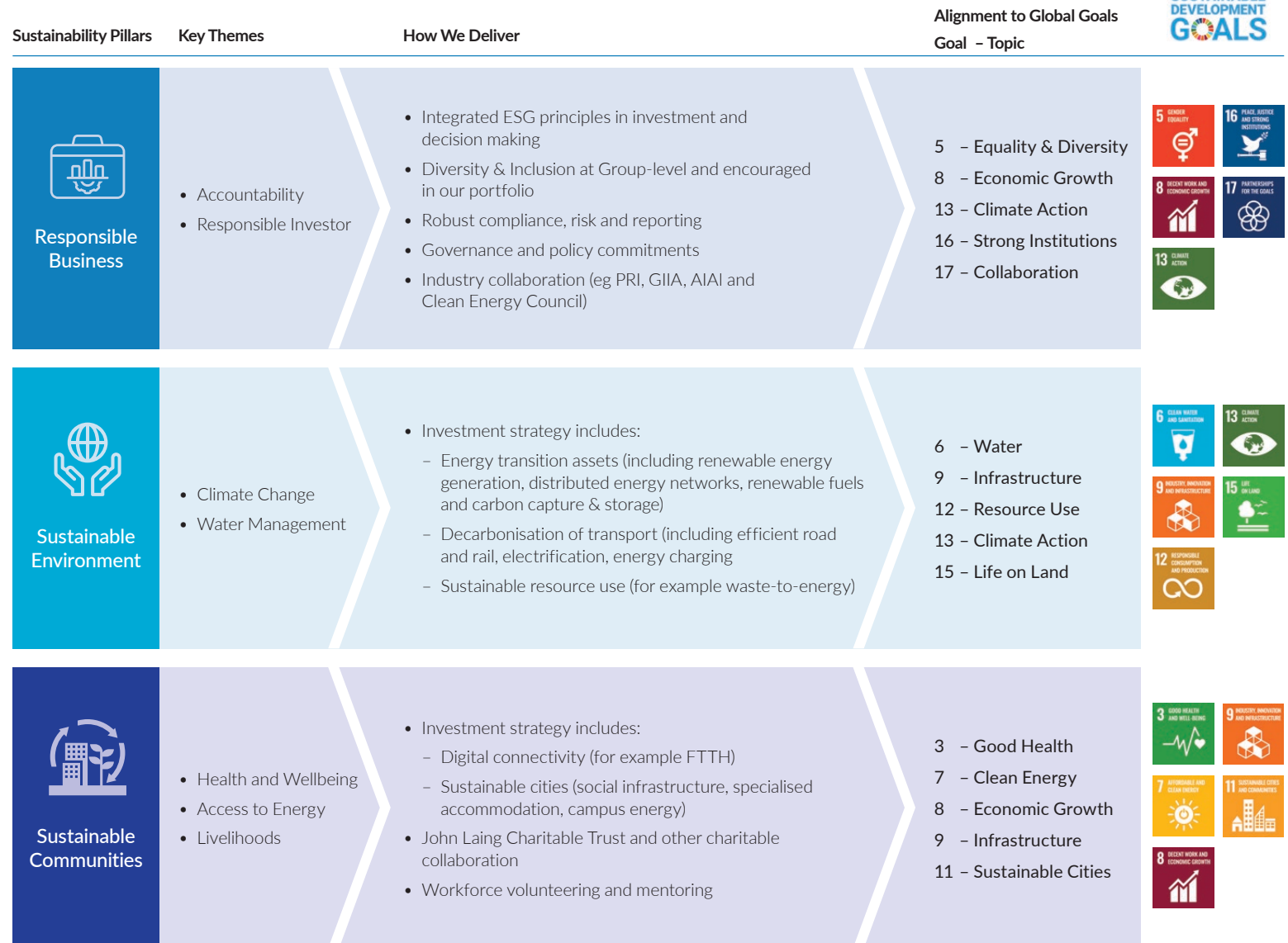
Responsible investment in infrastructure is key to fulfilling our purpose to foster sustainable growth and is reflected in our values of ownership, empowerment, growth mindset and shared prosperity.

The Glasgow Pact following the COP26 Summit illustrates how governments see unlocking private finance for sustainable growth as a critical need. It also represents a significant business opportunity for John Laing.

Similarly, the COVID-19 pandemic has shown how interconnected our society has become and that resilient infrastructure is crucial for sustainable development.

John Laing is a supporter of the UN Sustainable Development Goals (Global Goals) to deliver sustainable growth with positive outcomes for society and the environment.

Our sustainability strategy has three pillars aligned to the UN Sustainable Development Goals.






## Responsible Business

Investments in infrastructure provide essential services to society.

**John Laing seeks to maximise the positive impact of its investments and incorporates active engagement with stakeholders at Group and portfolio company level as a requirement to ensure that the issues that matter to these groups are addressed.**

Our people are key stakeholders in delivering this and our ambition is to be a company recognised for having a progressive culture of inclusivity, where people are recognised for what they deliver and their actions, who are not afraid to challenge norms, and a culture which supports diversity and inclusion both internally and externally.

 Further details on our approach are available here / p 27

Our understanding of the global mega trends has sharpened our focus on the infrastructure sectors, markets and projects with the best opportunities.



### Demographic Change

Growing and ageing populations will drive significant demographic and social changes

Increased investment expected in education, affordable housing and healthcare



### Urbanisation

One in three people will live in cities of at least 500,000 inhabitants by 2030<sup>1</sup>

Rapid urbanisation driving the need to expand existing infrastructure in cities including transport & social infrastructure

<sup>1</sup> Source: UN



### Digital Connectivity

Digitisation expected to continue to disrupt traditional businesses and how we live, work and communicate

Increasing digitisation and need for connectivity requiring significant investment in fibre networks and broadband capacity



### Climate Change and Energy Transition

Decarbonisation targets driving commitments towards green energy infrastructure

Existing supporting infrastructure, including infrastructure connecting renewable generation to end users will require significant new investment

Growing demand for scarce resources such as water and food will require new infrastructure



### Technology

Rapidly changing technology and associated changes in consumer demands will require new supporting infrastructure

Investment expected in electrification of transport

### Flexible approach to develop investment opportunities

<b>Business Line</b>	PPP & Projects	Mid-market Core Infrastructure Businesses
<b>Asset Type</b>	Greenfield & brownfield projects	Core infrastructure businesses and platforms
<b>Client / Counterparties</b>	<ul style="list-style-type: none"> <li>Public sector (e.g. government, local authority)</li> <li>Highly rated private institutions (e.g. utility, university)</li> </ul>	<ul style="list-style-type: none"> <li>Private sector / business (e.g. utility, internet service provider)</li> </ul>



## Responsible Business continued

We invest across a range of sectors including transportation, energy and utilities, social infrastructure and telecommunications.

The need to unlock private finance to support growth plays to our strength of consistently delivering successful public-private partnerships.

Our investment process examines how best to apply the right capabilities and experience to deliver long-term value creation across the investment cycle from a build, buy and hold strategy. John Laing has experience of delivering over 150 projects and businesses around the world and uses a flexible approach to delivering and financing using both public-private partnerships and corporate platforms to manage project risk over the lifetime of these investments. In the Responsible Investor section below, we illustrate how we have integrated this thinking on ESG matters across our investment process and decision making.



Read more about Responsible Investing / p 22

The Group uses a materiality-based approach to managing risk, aligned to the Sustainability Accounting Standards Board (SASB) approach, covering issues material to both our business and to our stakeholders. Following developments in 2021, with the formation of the Value Reporting Foundation and the International Sustainability Standards Board (ISSB) incorporating the key standards of SASB and multiple other sustainability disclosure frameworks, we are monitoring developments to ensure we are aligned to the most appropriate frameworks.

By managing sustainability risks and considerations throughout the investment cycle, we create shared value for our stakeholders. We strive to minimise the downside risks and maximise the opportunities associated with these investments to improve the lives of communities around the world through infrastructure assets that respond to public needs.

Collaboration and engagement are key enablers to delivering sustainable infrastructure. John Laing works closely with several key sector and investor associations including:

- The UN Principles for Responsible Investment (UN PRI)
- The Global Infrastructure Investors Association (GIIA)
- The Association for the Improvement of American Infrastructure (AIAI)
- The Clean Energy Council of Australia

## John Laing Investment Strategy Overview

Two key business lines and investment mandates  
Integrated approach across regions and sectors

Business Line	PPP & Projects	Mid-market Core Infrastructure Businesses
Asset Type	<ul style="list-style-type: none"> <li>• Greenfield &amp; brownfield projects</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses &amp; platforms</li> </ul>
Geographical Coverage	<ul style="list-style-type: none"> <li>• UK &amp; Europe</li> <li>• North America</li> <li>• Australia &amp; New Zealand</li> <li>• Colombia</li> </ul>	<ul style="list-style-type: none"> <li>• UK &amp; Europe</li> <li>• North America</li> <li>• Australia &amp; New Zealand</li> </ul>
Typical Equity Investment Range	<ul style="list-style-type: none"> <li>• c.£25–150 million</li> <li>• Smaller equity ticket considered if potential for further capital requirement</li> </ul>	<ul style="list-style-type: none"> <li>• c.£75–300 million</li> <li>• Larger in certain circumstances</li> </ul>



## Sustainable Environment



**Climate change is a material risk to business and the efficient use of natural resources is a multi-faceted challenge facing society. We seek to use our influence and investment to drive positive action to help transition to a more sustainable economy.**

The momentum to upgrade existing infrastructure and to deliver new, low carbon energy generation is a challenge and opportunity that our investment teams are actively exploring. Along with energy supply, there is demand for change in areas such as the decarbonisation of transport and greater electrification of the built environment.

During 2021, we have seen new opportunities for investments in clean transport projects, where greater electrification and use of new charging infrastructure are key enablers to consumers adapting to a clean-energy economy.

John Laing has invested in projects such as waste-to-energy and is exploring other opportunities, such as water treatment and desalination plants, to enable communities to make better use of their natural resources whilst managing waste and recycling needs.

/ East Rockingham Recovery Facility  
(artist's impression), Australia.

We were involved in an initiative to donate water filters to those with inadequate water facilities in the communities of Angelinos Altos, Angelinos Bajos and La Maria. The water filters have helped to provide clean water to 37 families and two schools. The water filters give community members access to drinking water and help to reduce illnesses associated with the consumption of dirty water, thus improving quality of life.

John Laing supports the transition to a low carbon economy through our actions and our commitments. These include supporting the principles and recommendations of the Taskforce for Climate Related Financial Disclosure and in aligning to the ambitions for a net zero economy.



## Case study

## Pacifico 2 – La Ruta del Suroeste (The southwest route)

### Environmental and Social Impact Management

In 2021 John Laing acquired a 21.15% stake in Pacifico 2, a road 96km long that links Medellin to the Pacific port of Buenaventura. Pacifico 2 enables traffic to pass through southwestern Antioquia at high speed and reduces the cost of transporting freight.

The development includes:

- Rehabilitate and improve a 96km corridor
- Includes two tunnels and 42 bridges

In 2021, Pacifico 2 was ranked 5th out of all the public-private partnerships in the GRESB global database with a score of %<sub>100</sub>.

The GRESB Real Estate Assessment is the global standard for ESG benchmarking for investors that invest directly in real estate and evaluates performance against three ESG components – management, performance and development.

### Local Supply Chain and Employment

The construction has created 17,000 jobs across Antioquia.

A local supply chain strategy has supported 169 businesses and created 292 jobs including by buying 437kg of coffee from local suppliers.

### Training and Education

Working with Corantioquia, the environmental regional authority, and Antioquia's university, the asset team has supported the Environmental Guardians Programme. During 2021, the programme has removed three tons of waste, cleaned up over 7,000 linear metres of water sources and trained 289 people.

### Cartama Sustainable Alliance

This conservation programme supports the recovery of tropical dry forest through tree planting, training and local education. The programme started in October 2020, providing scholarships to young people from local communities – internships in the project that can convert to full time roles on completion of their studies. In 2021 there were 84 scholarships.

During 2021, the John Laing team volunteered to help with tree planting and donated 300 trees.

### Environmental Impacts

The asset team is working with the Humboldt Institute to understand the impact of the road on local flora and fauna by monitoring and reporting incidents and identifying environmental 'hot-spots'.

In 2020, the team initiated a "tolls for trees" initiative to mitigate the impacts of asset construction, which resulted in the planting of over 1,000 trees.

In 2021, the team established the Envases para la vida (Bottles for life) initiative, which involved collecting plastic bottles for recycling and turning them into materials to help build animal crossings. Around 14 tons of plastic was collected, which was converted into 700 posts and 8,500 metres of mesh to use in 12 animal crossings.

- 1 / The construction has created 17,000 jobs across Antioquia.
- 2 / A local supply chain strategy has supported 169 businesses and created 292 jobs including by buying 437kg of coffee from local suppliers.
- 3 / Working with Corantioquia.
- 4 / The John Laing team volunteered to help with tree planting in Cartama's river basin.

## 96km

The length of Pacifico 2, a key freight route between Medellin and ocean ports

## 21.15%

John Laing's equity stake in the asset since 2021

## Ranked 5<sup>th</sup>

out of all PPP projects in the GRESB global database





## Sustainable Communities

**Infrastructure is acknowledged as a critical enabler for the delivery of the UN Global Goals. The pandemic has highlighted the growing importance of new digital infrastructure to support the economy, such as the roll-out of fibre to the home.**

John Laing recognised the advantages of adopting new digital and technological solutions and has benefited during the pandemic from being able to maintain a robust business when physical meetings and engagement with employees were not possible. We see opportunities to invest in digital infrastructure to support our future business growth through automation of business processes and reporting.

As global urbanisation continues, we recognise the need for more sustainable cities and the critical role of resilient social infrastructure and specialised accommodation. A recent example of this has been our investment in the retirement accommodation sector. Our 100%-owned Brigid investment finances purpose-built, completed and let retirement living units developed in partnership with McCarthy & Stone, the UK's leading developer and manager of retirement communities.

The intrinsic link between the environmental and social challenges of the energy transition means that to deliver these sustainable cities, we also look at the community implications of new energy systems and utilities, such as through efficiencies in campus and community energy systems.

We also encourage our teams and employees to engage with their communities through mentoring, matched giving and community education.

John Laing is proud of its history and retains close links and community investment support from the John Laing Charitable Trust, an independent grant-making charity ([www.jlct.org.uk](http://www.jlct.org.uk)).

We have agreed a Memorandum of Understanding with John Laing Charitable Trust (JLCT) to collaborate in supporting charitable organisations which focus on community, disadvantaged youth, education and homelessness.



/ I-4 Ultimate Highway, US.



## Case study

## MBTA Digital Infrastructure

### Digital Infrastructure for improved socio-economic development

At John Laing, we recognise the social importance of our infrastructure investments and look for ways to improve accessibility and performance.

For example, we are investing with the Massachusetts Bay Transportation Authority (MBTA), the public operator of bus, subway, commuter rail and ferry systems in the greater Boston, Massachusetts, area. The MBTA is the fifth largest transit provider in the US, directly operating or contracting out eight different modes of transport.

In Boston, 55% of all work trips and 42% of all trips into downtown are made by transit. The MBTA district is made up of 175 communities with a total population of 4.7 million.

Introducing an Automated Fare Collection (AFC) system with contactless payment will deliver the following benefits:

- **Faster service:** Having an all-door boarding enables buses to spend up to 50% less time at stops and delivers 10% faster trips
- **Waste reduction:** The automated system will reduce the number of tickets and receipts due to the use of phone and contactless card payments
- **Energy efficiency:** All of the 700+ fare vending machines are solar powered to reduce emissions
- **Alleviate COVID-19 concerns:** The use of contactless payment helps mitigate concerns about disease transmission on the transport system

**“This MBTA project will have a positive impact on the lives of millions of residents in Massachusetts. It is the first public-private partnership in New England, the first public-private partnership for the MBTA and the first public-private partnership for an Automated Fare Collection system.”**



**David Wylie**, Managing Director,  
North America at John Laing

The asset has a set of guiding principles:

- **Prioritise** communities that use cash onboard today
- **Prioritise** high total ridership
- **Prioritise** seniors and riders with disabilities
- **Prioritise** locations with high number of low-income and/or Black or Latinx riders
- **Incorporate** geographic distribution to cover need across the network
- **Prioritise** distributed sales location types, including retailers, fare vending machines and administrative points of sale at community organisations

We launched a Field Demonstration Event for testing through the first half of 2021. By halfway through this first user testing phase in Spring 2021, some notable accomplishments included:

- Installed 140 fare validators on 37 buses
- Installed 4 fare validators on transition gates in a subway station
- 110 accounts created across the MBTA stakeholder group already showing 1396 taps on new validators (or around 349 taps/month)

## 700+

Solar powered fare vending machines to reduce emissions

## 140

Fare validators installed on 37 buses

In 2021, John Laing received the prestigious North American Digital Infrastructure Deal of the Year award by IJGlobal along with Proximo Infra's award of North American Rail Deal of the Year.



## Stakeholder Engagement

Active relations with our stakeholders are fundamental to the successful delivery of our strategy and the sustainability of our business. During 2021, this was key to the management of the firm when we changed from being a public to a privately-owned business.

Our Directors consider the key factors set out under Section 172 of the Companies Act 2006 and a detailed statement is included in our audited financial report.

Across our direct operations and through our portfolio activity, our senior management engage with a broad range of stakeholders.

/ Pacifico 2, Colombia.

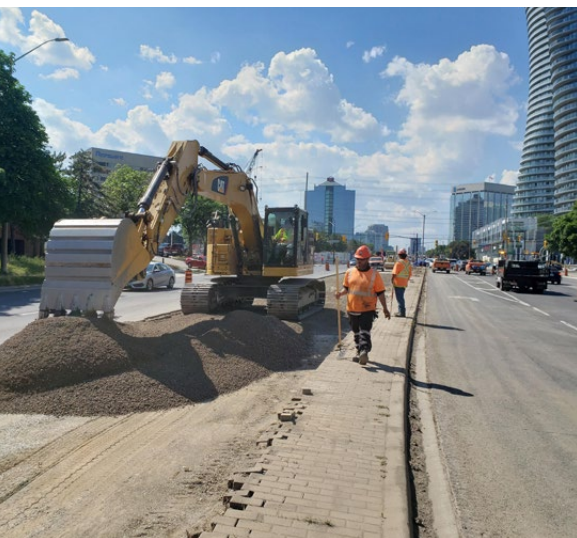
Below we list our key stakeholders and how we have engaged, directly or indirectly, with them during the year. We review this stakeholder mapping on a regular basis.

Stakeholders	Issues and Concerns	How We Engage
<b>Our Investors</b>		
We rely on the support and engagement of our investors as an essential part of the future of our business.	<ul style="list-style-type: none"> <li>• Delivery of strong, sustainable, long-term growth</li> <li>• Engagement on key sustainability factors</li> </ul>	<p>An active and ongoing investor engagement programme. As a publicly listed company, this was managed through Annual General meetings, announcements, face-to-face meetings and presentations to the market. The Board also received regular analyst and broker presentations incorporating shareholder feedback.</p> <p>During 2021, the Directors of the John Laing Group plc Board reached an agreement for the acquisition of the business by the KKR Diversified Core Infrastructure Fund. As a private company with a build, buy and hold strategy (from September 2021) there has been a strong engagement with our new shareholder around our strategy, to accelerate the growth, development capacity and assets of John Laing and create opportunities for our employees and broader stakeholders.</p>
<b>Our People</b>		
Our employees are at the centre of our business strategy and essential to its delivery and success.	<ul style="list-style-type: none"> <li>• Providing a diverse, inclusive and supportive working environment</li> <li>• Involvement in the strategic direction of the company, and ensuring buy-in</li> <li>• Encouraging honest 360-degree feedback and dialogue</li> <li>• Ensuring that employees are appropriately incentivised to achieve their potential</li> <li>• Identifying and supporting the learning and development needs of our employees</li> </ul>	<p>With the ongoing COVID-19 pandemic we have retained a flexible working routine to adapt to the changes in regulations and requirements across all our operations and maintained the monthly employee calls to share a more 'in person' discussion between leadership and our teams.</p> <p>We also hold a series of informal meetings between the CEO and small groups of employees.</p> <p>With our change of ownership structure in 2021, we worked closely with our new shareholder to ensure that our employees' pensions funds and obligations were well funded.</p>
<b>Our Partners</b>		
Our relationships with partners are a key element of our success. We rely on their expertise to bring knowledge and experience in specialist areas which complement our strengths to deliver the best solutions for our infrastructure assets.	<ul style="list-style-type: none"> <li>• Deepen understanding of objectives and values, and to identify new opportunities for both greenfield and brownfield projects</li> <li>• Aligned incentives for a buy and hold strategy</li> <li>• By moving into new sectors and technologies, we are seeking to learn and benefit from and contribute to our partners' expertise</li> </ul>	<p>At the early stages of supporting asset investment plans, we work with our partners to manage the risks to all stakeholders, and this helps us in scoping projects for long-term value creation.</p> <p>As members of key sector associations, including the Global Infrastructure Investors Association (GIIA), we also seek to collaborate with partners and peers. In 2021, this included presentations at several sector events to share experiences on how to address common challenges for the sector in delivering resilient infrastructure.</p> <p>Through our Asset Management team, we collaborate with our partners on initiatives to improve project resilience and manage impacts on communities and the environment. With the ongoing COVID-19 pandemic, this has remained a key topic of engagement to ensure the safety of our teams and relevant stakeholders.</p> <p>The Board receives regular reports from members of the senior team on assets and presentations regarding any new investment proposals.</p>



**Stakeholder Engagement** continued

Stakeholders	Issues and Concerns	How We Engage
<b>Our Communities</b>		
<p>Our investments are providing essential infrastructure solutions which aim to improve the lives of communities around the world and have a positive impact.</p>	<ul style="list-style-type: none"> <li>• Ensuring projects actively manage their impact on communities and environments during the build phase</li> <li>• The solutions provided fulfil the requirements once in operation</li> </ul>	<p>The ongoing pandemic has showed the key role of resilient infrastructure in supporting communities and our teams have maintained their engagement with communities around assets to provide support and manage any disruption.</p> <p>Communities are key users and customers of our assets and form a key part of the considerations that we seek to incorporate in early planning with our partners as well as being part of solutions to support ongoing asset improvement during our stewardship.</p> <p>Our investment into digital infrastructure, such as the Glasfaser Direkt fibre-to-the-home business, reflects the growing need for online connectivity to enable a number of other community services as well as engagement.</p>
<b>Governments</b>		
<p>As investors in multiple public-private partnerships, our relationships with governments are vital to ensure projects achieve their objectives whilst delivering value for money.</p> <p>Governments are also key regulators of the industries in which we operate.</p>	<ul style="list-style-type: none"> <li>• Understanding the infrastructure procurement needs, along with key themes and objectives of government to be able to partner with organisations and deliver that infrastructure</li> <li>• Demonstrate benefits of private finance in the delivery of greenfield infrastructure</li> <li>• Demonstrate the multiple procurement options available that can be adapted to the objectives and constraints of government</li> </ul>	<p>We regularly meet stakeholders across all levels of government, including federal, state and local authorities.</p> <p>In 2021, through our Board membership role at the Association for the Improvement of American Infrastructure (AIAI), we spoke at several key national conferences to encourage greater understanding of public private partnerships in North America.</p> <p>Where pandemic conditions have permitted, we have hosted and spoken at a number of industry events represented by the public sector, including global infrastructure events in UK, Europe and North America.</p> <p>We worked with particular governments in relation to the delivery and / or operation of our existing project portfolio as well as in relation to new bidding opportunities.</p> <p>In Australia, we have been involved in the establishment of the Clean Energy Investor Group, ensuring that private investment is considered as part of the redesign of the energy system and policy.</p>



/ Hurontario Light Rail Transit Project, Canada.

## Taskforce on Climate-related Financial Disclosures (TCFD) Statement



/ Finley Solar Farm, Australia.

**We recognise the material climate and natural resources challenges that our society faces and actively seek to use our investments to drive positive action to help transition to a more sustainable economy. As an investor in infrastructure, we understand that we have an important role to play in achieving this transition to a low-carbon economy, which presents us with both risks and opportunities.**

We support the work of the Taskforce on Climate-related Financial Disclosures ('TCFD') and are developing our roadmap to implement its recommendations. We are seeking to achieve net zero by 2050 for both our direct operations and through influence on our portfolio. This will require us to gain greater insight into the physical and transition risks of our portfolio and the implications of relevant climate scenarios.

During 2021, we made good progress in reviewing the data we have access to from across our portfolio, finding that we have close to 50% of the projects in our portfolio with available data on energy and emissions. To develop this further, we have an action plan to engage our partners across projects where contracts and obligations were designed and agreed without this level of oversight. What has been encouraging in several early discussions is hearing the number of partners with similar commitments for a transition to a more sustainable economy. We are looking at greater collaboration in the year ahead to turn those discussions into active transition plans as part of our active asset management.



**Taskforce on Climate-related Financial Disclosures** continued

**Governance**

**Management**

John Laing's Chief Executive Officer and senior leadership provide oversight and delivery of ESG objectives set by the Board. The CEO has also established Group committees which support in the monitoring and delivery of ESG matters including the Investment Committee, Portfolio Review and Valuations Committee and Risk Management Committee.

The Risk Management Committee (RMC) has oversight of current and forward-looking material risks faced by the Group and its portfolio, working alongside the Portfolio Review and Valuations Committee (PRVC).

Our approach to Responsible Investment is reviewed at least annually and is the responsibility of the leadership team to implement in day-to-day business decision making and processes.

As a shareholder, KKR has representatives on the Board. There are now both external (KKR members) and internal (John Laing members) Investment Committees, which are both responsible for reviewing and assessing ESG and climate-related issues that are material to potential new investments.

Key teams and accountabilities are as follows:

<b>Board</b>	Responsible for reviewing the approach to and polices on environmental, social and governance (ESG) topics and setting related objectives for the year
<b>Senior Leadership</b>	Responsible for oversight and delivery of ESG objectives set by the Board
<b>Group Committees</b>	<ul style="list-style-type: none"> <li>• <b>Investment Committee</b> oversees ESG and climate-related issues that are material to an investment when deciding to invest</li> <li>• <b>Portfolio Review and Valuations Committee</b> investment and asset management professionals have monitoring and management roles with respect to material ESG issues that have been identified in the investment process, including climate-related risks and opportunities</li> <li>• <b>Risk Management Committee</b> focuses on critical operational issues, including operational oversight, legal and regulatory updates, geopolitical risks, business operations, strategic initiatives, and other significant topics relating to business operations</li> </ul>


During 2021 we completed our third Carbon Disclosure Project (CDP) Climate Change disclosure to validate our investment practice, processes and operations. We retained a "B" score for evidence of actions associated with good environmental management.

## Taskforce on Climate-related Financial Disclosures continued

### Strategy

As an investor in infrastructure, John Laing recognises that it has a critical role to play in enabling and supporting climate action. We are proactively addressing climate change by:

- Identifying material climate risks and opportunities in our portfolio, and prospective investments
- Investing in the energy transition
- Collaborating with other on climate related issues


 [Read more / p 18](#)

### Climate Risks and Opportunities

Our investments focus on several infrastructure sectors. This includes investments in projects designed to contribute to a more circular economy and mitigate global climate impact, for example our investments in various renewable and waste-to-energy projects. We consider the upside potential of the transition to such an economy, such as through the increased demand for electrification, and how we can support the value enhancement of projects in our portfolio as part of our buy and hold strategy.

We define time horizons as short (current financial year), medium (1-5 years) and long (risks over the asset lifetime of 30+ years at the point of investment) term. With our target of achieving net zero by 2050, we also recognise that along with the physical risks from climate there are transition risks. We assess risks relating to regulation, technology, legal, market, reputational, products and services.

The energy transition presents our business with a range of opportunities including more efficient use of resources, energy sourcing, changes in products and services and choice of markets to help us ensure that we have a more resilient portfolio delivering positive returns.

 [Read more / p 19](#)



/ Denver Eagle P3 Project, US.



## Taskforce on Climate-related Financial Disclosures continued

### Specific Risks

Specific risks we have identified include:

Type	Time	Impact
<b>Market</b>	<b>Short-term</b>	<p>The initial impact of the COVID-19 pandemic on infrastructure assets was immediate. We seek to mitigate this through our focus on availability-based contracts where possible.</p> <p>Future changes in energy prices, driven by energy demand &amp; supply impacting asset income and valuations.</p> <p>The revenue impact from emerging environmental regulations including carbon pricing and the potential implications of cross-border carbon price adjustments that impact our asset supply chains.</p> <p>Increasing requirements from our public-private partnership clients for climate stress testing designs to certain specifications during bidding phases.</p>
<b>Acute Physical</b>	<b>Medium-term</b>	<p>Damage from extreme weather events. This can lead to loss of energy production due to shut-down, write-downs to asset book values and increases in insurance premiums if the probability of extreme weather increases.</p>
<b>Reputation</b>	<b>Medium-term</b>	<p>Increased stakeholder concern or negative stakeholder feedback for failing to comply with ESG requirements.</p> <p>Ongoing requirement for compliance, such as implications for greater asset level disclosure for financial investors through the EU Taxonomy regime (incorporating Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD)) together with changes to Private Equity reporting.</p>
<b>Chronic Physical</b>	<b>Long-term</b>	<p>The resilience of our assets and reduced asset performance due to changing long-term weather patterns and climate induced environmental change.</p>

### Specific Opportunities

Specific opportunities identified include:

Type	Time	Impact
<b>Market</b>	<b>Short-term</b>	<p>Continued demand for both new and upgraded infrastructure driven by new government infrastructure plans and by key megatrends such as climate change, the energy transition and the need to decarbonise the built environment.</p>
<b>Products and Services</b>	<b>Short-term</b>	<p>The recent pandemic has highlighted the societal need for resilient digital infrastructure, such as through our investments in Glasfaser Direkt to deliver essential services and as a core enabler of many of the UN Global Goals.</p> <p>The 2021 COP Summit accelerated the discussion on how to unlock private capital to deliver low carbon infrastructure and how to help communities switch to more sustainable energy with lower greenhouse gas intensity.</p>
<b>Reputation</b>	<b>Short-term</b>	<p>As a responsible investor, we see that demonstrating our positive management of ESG risk and impacts supports our business development and positioning as a preferred business partner. This also supports access to decreased cost of capital from green and sustainable finance providers.</p>

## Taskforce on Climate-related Financial Disclosures continued

### Impact of Climate on Strategy and Financial Planning

We incorporate climate throughout our investment process and capital allocation decision-making, from early screening and assessment of investments through to asset management. In the near term, we expect to see opportunities from an increased demand for the decarbonisation of infrastructure.

Within our value chain, we rely heavily on our partners for the construction and development of our greenfield assets. As new technologies and processes emerge, we are looking to partner with organisations with the technical skills and expertise to support the development of more resilient assets.

### A16 Tunnels DC Power Efficiency

**Our Asset Management teams collaborate with our technical partners to support improvements to assets. For example, our A16 initiative aims to be an energy-neutral highway. This has been enabled by a transition from an Alternating Current (AC) power system to a more energy efficient Direct Current (DC) power system. DC is applied along the full 11km of this project.**

The DC application is the largest project in the world, and we anticipate that this will generate wide global interest as a pilot being followed by many in the industry. We will look to learn lessons from our engagement and apply them to similar assets around the world.

## 11km

The length of the A16 highway, which has the goal of being energy-neutral



### Resilience of our Portfolio

Our Portfolio Review and Valuation Committee considers the impact of climate alongside other environmental and social considerations as part of ensuring the resilience of our portfolio. This builds on the early screening and selection conducted by our Investment Committee to ensure that we are considering climate impact as part of our evaluation of potential new investments.

In line with the TCFD recommendations, we have started developing climate-related scenario analyses for our portfolio to deliver a credible transition pathway to net zero by 2050.

During 2021, our teams have focused on the first phase for delivering credible plans for real-world decarbonisation by engaging with partners and project teams to gather baseline data. We are working with external experts to understand the physical and transition risks of climate change under several recognised scenarios aligned to the Intergovernmental Panel on Climate Change findings, such as those from the Network of Central Banks and Supervisors for Greening the Financial System and International Energy Agency. This will enable us to develop a view on our portfolio's resilience and a set of credible asset transition plans to use in collaboration with our investment partners to develop pathways to 2050, or sooner where possible.

The change to our business model in 2021 to a build, buy and hold strategy has meant that the requirements for these scenarios has also changed as we seek to further integrate the long-term risks of climate into both investment considerations and value enhancement whilst also developing resilient asset management plans.



## Taskforce on Climate-related Financial Disclosures continued

### Risk Management

John Laing Group, as a business employing under 150 people, is not materially exposed to environmental risks from our direct operations. However, as a developer and operator of infrastructure assets, we are exposed to both risk and opportunity from climate change through our portfolio.

Identifying and managing risk are integral to our business.

John Laing monitors the principal risks to the Group through the John Laing Group Risk Register, which includes environmental, social and governance (ESG) and climate-related risks. These cover both the transition (policy & legal, technology, market and reputational) and physical risks of climate change, as identified by TCFD. The portfolio and risk management team is responsible for taking a consistent approach to risk management and reporting across the portfolio. All risks are owned by senior members of the team, who review them periodically for accuracy and validity, whilst also monitoring the performance of key controls or related action plans.

Climate-related opportunities in relation to the Group's potential new investments in infrastructure projects are managed through the Investment Committee. This makes recommendations to KKR or approves proposals within its delegated authority.

The Portfolio Review and Valuations Committee reviews the ongoing performance of existing investments. At the financial close of new investments, risks arising from the due diligence process are tracked on the risk register, with mitigation measures, owners and actions agreed, thereby achieving disclosure and transparency across the portfolio.

At an asset level, risks are reviewed as appropriate and given an internal risk rating for our team. Any risk resulting in a significant financial impact on asset value triggers a further, detailed review.

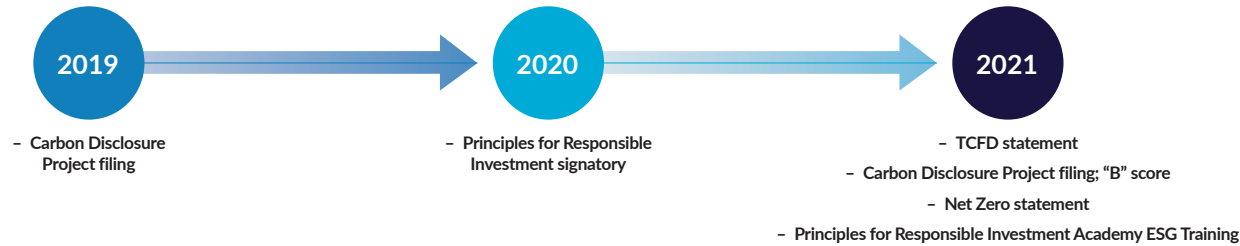
/ A1 Motorway, Poland.



## Taskforce on Climate-related Financial Disclosures continued



/ Live Oak Wind Farm, US.



### Targets and Metrics

The 2021 COP Summit and subsequent Glasgow Pact together with the formation of the new International Sustainability Standards Board (ISSB) illustrate the increased pace for formulating targets and more consistent global metrics and we are monitoring these developments closely.

Across the Group, we are aligning to the goal of net zero by 2050 and during 2021 we have been engaging with our assets and teams to understand the implications for both our direct operations and portfolio investments.

By working with asset teams and partners, our ambition is to collect data for the majority of projects in 2022. This data will form a core part of evidence for decarbonisation and transition plans with established near-term milestones for each project, which we will develop in the course of 2023.

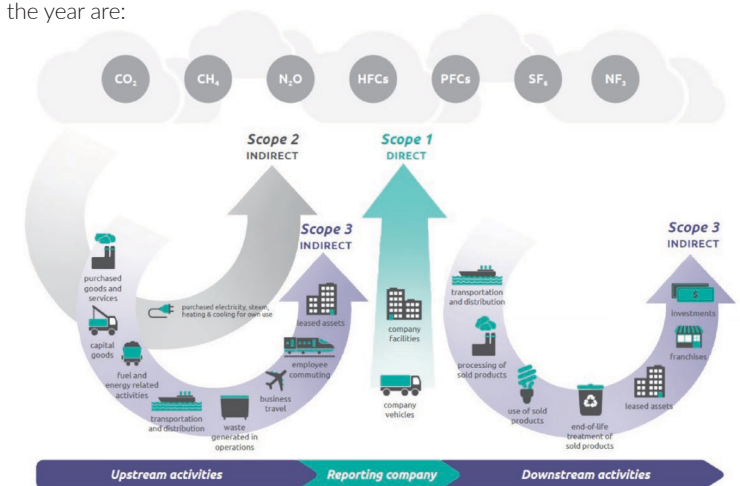
With regard to our investment process, we know that greenhouse (GHG) emissions are not always a perfect proxy for climate-related risk and opportunity, so as part of our scenario-based portfolio analysis we are considering the most appropriate indicators to use that support our risk management and portfolio resilience.

Wider developments in climate metrics are monitored by relevant compliance and risk functions. This includes the development of prices on carbon emissions, net zero carbon commitments and regulatory requirements (such as the EU Taxonomy and SFDR).

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance.

We consolidate our organisational boundary according to the operational control approach, which includes all our sources of environmental impact over which we have operational control.

We have adopted a materiality threshold of 5-10% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year are:



The GHG Protocol is the most widely used international methodology for government and business leaders to understand, quantify, and manage greenhouse gas emissions.

GHG Protocol: <https://ghgprotocol.org/>



**Taskforce on Climate-related Financial Disclosures** continued

In some cases, where data is missing, values have been estimated by extrapolating available data or using data from the previous year as a proxy.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ('dual reporting'): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

We recognise that the COVID-19 pandemic has had a significant impact on travel and our Scope 3 emissions. During 2021, we saw that in some regions where travel restrictions had eased (notably in North America) that travel had started to re-emerge, and we expect further business travel to come back due to both growth in our business and a rebuild of the global economy.

**Direct Operations Performance**

Scope	FY2021			FY2020			FY2019		
	UK (tCO <sub>2</sub> e)	RoW (tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)	UK (tCO <sub>2</sub> e)	RoW (tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)	UK (tCO <sub>2</sub> e)	RoW (tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)
1	0.00	4.70	4.70	0.00	9.55	9.55	0.00	32.20	32.20
Natural Gas	0.00	0.10	0.10	0.00	2.50	2.50	0.00	0.10	0.10
Other fuels (liquid fuels – petrol and diesel)	0.00	4.60	4.60	0.00	7.05	7.05	0.00	32.10	32.10
2 – location based	8.96	22.36	31.32	10.17	38.58	48.75	25.60	53.30	78.90
Total Scope 1 & 2 – location based	8.96	27.07	36.03	10.17	48.13	58.30	26.60	85.50	111.10
Scope 1 & 2 intensity per FTE – location based	0.15	0.47	0.31	0.16	0.72	0.45	0.41	1.34	0.72
Scope 3	42.00	275.94	317.94	165.71	31.73	197.44	703.3	1022.8	1726.1

Scope (tCO <sub>2</sub> e)	FY2021 Total	FY2020 Total	FY2019 Total	FY2018 Total
1	4.70	9.55	32.20	32.70
2 – location based	31.32	48.80	78.90	110.90
2 – market based	9.52	24.90	58.80	80.20
Total Scope 1 & 2 – location based	36.02	58.30	111.10	143.60
Total Scope 1 & 2 – market based	14.22	34.20	91.00	112.90
Scope 1 & 2 intensity per FTE – location based	0.31	0.45	0.72	0.85
Scope 3	317.94	197.40	1726.10	1831.90

Energy consumption (kWh)	FY2021			FY2020			FY2019		
	UK	RoW	Total	UK	RoW	Total	UK	RoW	Total
Electricity	42,195	34,552	76,747	43,630	87,295	130,925	99,946	133,777	233,723
Fuels	-	20,539	20,539	-	16,718	16,718	-	14,930	14,930

Fuels = natural gas and liquid fuels (petrol and diesel)



## Net Zero

As outlined in the Glasgow Pact of 2021, there is an enhanced international focus on action by 2030 for business and the wider economy. Governments recognise that limiting global warming to 1.5°C requires rapid, deep and sustained reductions in global greenhouse gas emissions, including reducing global carbon dioxide emissions by at least 45% by 2030 relative to the 2010 level and to net zero by around mid-century, as well as deep reductions in other greenhouse gases.



/ Sunraysia Solar Farm, Australia.

The message from the Glasgow COP outlined the opportunity for investors as governments seek to unlock private capital to deliver the projects needed.

Our direct operations are seeking to achieve net zero by at least 2050 and through our portfolio to deliver a climate neutral impact as well as positive outcomes for all stakeholders.

A key element of a net zero strategy is the need for credible transition pathways at an asset level, incorporating near-term milestones. The Glasgow Pact implies a >45% reduction in emissions by 2030, which will require meaningful annual reductions.

In our portfolio, there are trade-offs in environmental and social issues at each asset location and carbon is sometimes not the best sole driver of resilience for sustainable development.

Our portfolio was originally established under frameworks that pre-date the current regulatory environment. In supporting these assets, adjusting to any transition requires meaningful engagement with a range of stakeholders is needed to ensure that the transition to net zero is just and sustainable.

### >45%

Reduction in emissions  
by 2030 relative to 2010  
implied by the Glasgow Pact

## Our Responsible Investment Framework

The principles of responsible investment cut across all our investment policies and processes to improve project returns, reduce risk, manage volatility and enhance delivery by better understanding stakeholder needs:

- Responsible investment to deliver shared prosperity
- A culture of good corporate citizenship through governance and integrity
- Sustainable growth recognising the need for safety, human rights and care for the environment

As a signatory to the UN Principles for Responsible Investment (PRI), we support their six key principles. During 2021, we submitted our first private report for evaluation, and we are working with the PRI team to understand areas for enhancement ahead of our first public reporting year.

<b>Principle 1:</b> Incorporate ESG issues into our investment process	<b>Principle 2:</b> Active owners and incorporate ESG issues into our ownership practices and policies	<b>Principle 3:</b> Promote transparency and stakeholder engagement
<b>Principle 4:</b> Promote responsible investment	<b>Principle 5:</b> Collaborate with partners to enhance the effectiveness of the principles	<b>Principle 6:</b> Provide clear reporting of our activity and progress

Following our strategic review in 2020, we have evolved the integration of ESG into our investment process. During 2021, the move to a build, buy and hold strategy reinforced the need for our decisions to incorporate material long-term risk from climate change and the societal need to transition to a more sustainable economy on a net zero pathway.

Recognising the role of investors in supporting the energy transition, we are monitoring developments from the Glasgow Financial Alliance for Net Zero (GFANZ) and the work of organisations such as the Net Zero Asset Managers Initiative to help us understand how we can support positive action.

Carefully managing environmental, social and governance issues is a commercial imperative and delivers positive financial returns.

Environmental	Social	Governance
<b>Degradation / Pollution</b>	<b>Labour</b>	<b>Board Issues</b>
Air (climate) – GHG emissions	Child labour	Independence of board chair
Air (health) – other pollution	Discrimination and inclusion	Board composition
Ground (contamination)	Gender and diversity (inclusion)	Committee structure / independence (e.g. Audit, Risk, Compensation)
Water	Freedom of association	
Light pollution	Health and safety: employees	Executive compensation
Noise pollution	Health and safety: supply chain	Shareholder rights
Biodiversity and habitat	Labour standards and working conditions	Conflicts of interest
<b>Resource Efficiency Sourcing / Use / Treatment</b>	<b>Stakeholder</b>	<b>Operational Issues</b>
(Raw) Material incl. supply chain	Employee engagement	Bribery / Corruption
Energy	Community engagement	Fraud
Water	Community benefit (e.g. access, inclusion, development)	Cybersecurity
Waste	Customer satisfaction	Lobbying activities
	Other Stakeholder engagement	Political contributions
		Whistleblower protection
<b>Physical – Impact on Infrastructure Asset</b>	<b>Physical – Impact on Infrastructure Asset</b>	
Acute – e.g. flood	Social physical impact – e.g. riots	
Chronic – e.g. climate		

## Governance and Integrity

As a PRI Signatory, we ensure that ESG matters are integrated throughout our decision-making and management processes.

In 2021, the IFRS Foundation formed the International Sustainability Standards Board (ISSB) to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities. John Laing is monitoring developments closely in support of our desire to provide high quality, transparent, reliable and comparable reporting on climate and other ESG matters.

As an organisation, we comprise fewer than 150 people and as direct equity investors we are not required to report against the European Sustainable Finance Disclosure Regulation (SFDR). However, some of our stakeholders are seeking the asset-level disclosure required for their own disclosures. This includes Article 4 of SFDR, which requires publication of details concerning principal adverse impacts (PAIs) of investment decisions on sustainability factors in a "PAI Statement", which is supported by reporting against at least 16 indicators, where John Laing recognises that it is a part of that chain of information disclosure to asset level.

Through our investment cycle, we engage with our business partners to align expectations. As an active manager, we also engage with investors and stakeholders and monitor our performance to manage risk and ensure positive outcomes.

Across the business, there is a robust anti-bribery and corruption policy and framework, which guide our due diligence and monitoring procedures.

In an increasingly digital world, we seek to ensure information security / data protection across all our business, projects and operations.



/ Brigid Investments Limited, a UK-based retirement accommodation business.



## Integration in the Investment and Asset Management Cycle

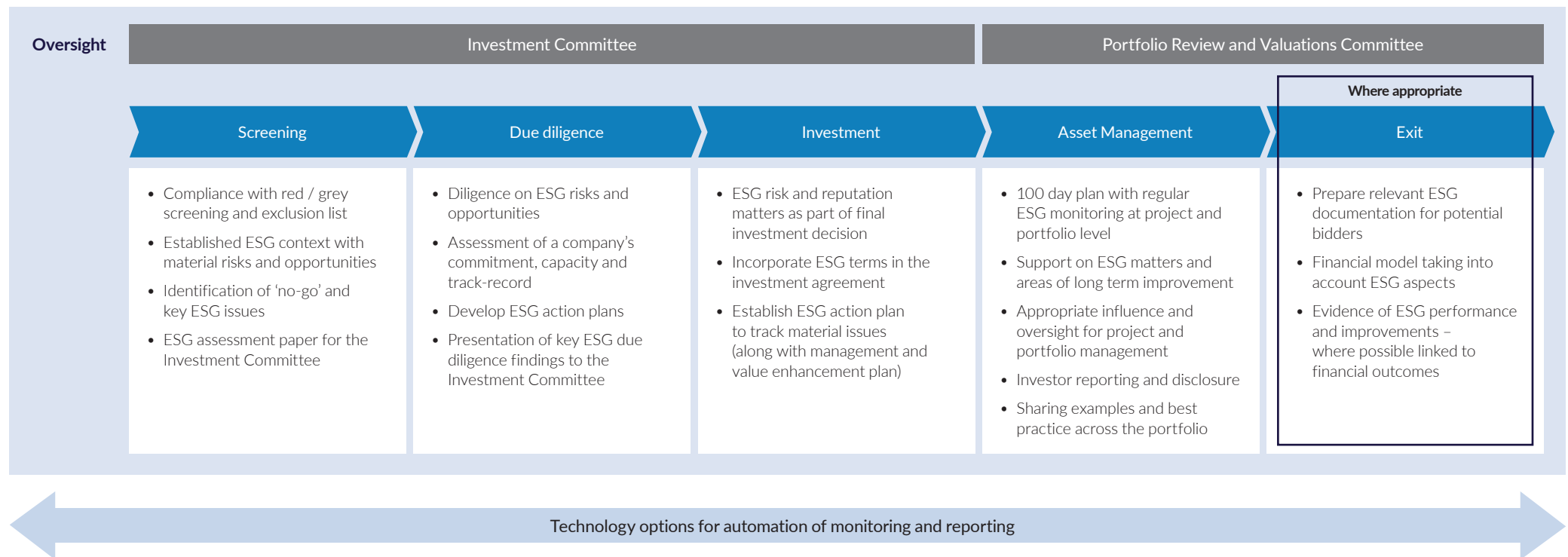
Throughout the investment process, our investment and asset management teams also consider the value creation opportunities from better ESG risk management, which may include factors such as:

- Improved costs of capital from incorporating green and sustainable finance
- Reduced insurance and liability costs
- Carbon emissions costs
- Operational cost improvement from energy, water and fuel use
- Improvements to reduce employee turnover, improve performance and reduce absenteeism
- Brand, reputation and enhanced social licence to operate

As an investor in greenfield and brownfield assets, incorporating material risk factors early in the investment process enables investment teams to prioritise action and capital allocation to manage the context specific, long-term risks and opportunities that come with environmental and social considerations and will support more resilient long-term return to all stakeholders.

### ESG across the Investment Cycle

An integrated approach not only looks to the investment cycle, but the integration with business process that delivers feedback across the functions. This enables continuous improvement and, where needed, the injection of new capability through training and development.



## Integration in the Investment and Asset Management Cycle continued

### Pre-investment

From early Investment Committee screening meetings, we evaluate whether potential investments and partners are aligned to our corporate values, culture, reputation and risk appetite.

During 2021, we conducted a review of the approach to screening and selection to accommodate a set of principles that negatively screen investments ("red list") and recognise grey areas that could affect the long-term sustainability of an asset. This "red / grey list" helps inform investment decisions and the appropriate skills and capabilities are deployed to manage risks during investment and asset management.

This revised approach supported Investment Committee decisions in rejecting a number of opportunities due to risks from the sector, reputational risk and reliance on fossil fuels. The process enabled deeper diligence discussions on many other proposals and has also helped guide the development of frameworks for investment into new sectors.

Risk management principles form part of pre-investment screening and diligence to assess the context of each project and gaps in information that underlie risks to reputation, bribery and corruption, business disruption, health and safety, environmental and social issues as well as regulatory and compliance changes.

This early assessment and identification of risks and gaps for due diligence enables early development of ESG action plans to manage issues that impact both the deal and the asset.

Climate and broader ESG risks are frequently interconnected. Investment teams work with external experts to uncover, understand and manage these risks and opportunities through the diligence and deal construction phase to ensure that a broad set of stakeholder views are incorporated into any investment decision.

### Post-investment

Our approach to transactions is to incorporate active management considerations into the acquisition process. During 2021, we updated our project controls and best practices.

During the year, we continued to actively engage and collaborate with our asset partners and management teams to drive long term value creation and better understand, manage and monitor ESG risks. In 2021 we began a full portfolio review of the data needed to support this process and this review will continue throughout 2022.

Our asset management teams have clear accountability with regular review and support through the Portfolio Review and Valuations Committee. Environmental and social considerations are a key part of this process. During the year, our asset management teams worked hard to understand how best to collaborate with partners and stakeholders to deliver on a net zero ambition with credible transition plans. These teams are supported by John Laing's global network and track record of over 150 infrastructure investments, which provide a strong foundation of knowledge for managing risk and sharing of approaches to unlock project value whilst managing environmental and social risk.

With the change of business model in 2021, the focus of our strategy is long-term stewardship, although there are some cases in which divestment is appropriate and this will incorporate a comprehensive view of performance during our holding period to support each asset.



/ Norddergründe Offshore Wind Farm, Germany.

## Integration in the Investment and Asset Management Cycle continued

### Continuous Improvement

Our people are key to our business success and we seek to create a positive, open and inclusive work environment. Unfortunately, incidents and accidents do occur and through our risk and assurance process, project and portfolio calls and dedicated monthly risk meetings we seek to track and address areas where we can improve and enhance our performance.

We are an active investor and through ongoing engagement with partners and stakeholders seek to foster a culture of continuous improvement and value creation.

### Training

Training, information, support and guidance is provided to all our employees to enable them to manage ESG risks.

During 2021 the UN PRI Academy trained investment and asset management teams to facilitate the development of a common language and understanding of the principles for responsible investment. This training programme will continue in 2022 and a further programme is being developed with additional updates and individual skills, given the rapidly evolving pace of sustainability-related regulation and expectation for investors and asset managers.

### Case study

## Green Loan for New Generation Rollingstock

### Green Finance to Lock in Sustainable Action

In 2021 our co-investment company delivering Queensland's New Generation Rollingstock (NGR) Project became only the second public-private partnership (PPP) in Australia to refinance its outstanding debt using internationally certified green financing.



John Laing is a 40% shareholder in Qtectic, a PPP with the Department of Transport and Main Roads that is operated by Queensland Rail.

Queensland's 75 new generation electric trains, introduced between 2017 and 2019, replace an ageing rail fleet while increasing its size by 26%. The project to design, build, finance and maintain the fleet over 30 years also included the construction and ongoing maintenance of a modern and efficient train maintenance facility in Wulkuraka, Queensland.

At its award in 2014, the NGR PPP was the largest-ever rail transport investment by the Queensland Government.

The refinancing was achieved with a A\$630 million Green Loan with Climate Bond Initiative certification. The NGR project will help to avoid greenhouse gas emissions from alternative modes of transport and meets the Climate Bonds Standard low carbon transportation criteria.

The project incorporates greater use of renewable energy for the sites, through solar panels, rainwater harvesting, regenerative braking technology and avoiding of waste going to landfill.

## A\$630m

Green loan with Climate Bond Initiative certification

## 75

Electric trains replace an ageing rail fleet and increase its size by 26%

"The refinancing is an important step forward for the project and has been achieved on competitive terms. I'm delighted to have seen the collaboration between our clients, co-investors and banking partners in achieving this refinancing together."



**Justin Bailey**, John Laing's Co-Head of PPP & Projects



## Responsible Employer

Our employees are key stakeholders and are fundamental to the success of our business.

### Employee Engagement

2021 was a year of unprecedented change for the Group as a result of both the COVID-19 pandemic and the company's transition to private ownership. Management recognises the importance of clear and transparent communications in developing a culture of trust that reinforces our purpose and values.

To facilitate company-wide communication, employee calls were established in 2020 to give colleagues the opportunity to hear updates from the Board and senior management on the latest developments within the Group. These continued throughout 2021, with topics including the Group's financial results, the new objective setting and performance development process, and updates from investment and asset management teams.

The company's intranet, InSight, was launched to inform employees about asset developments, company news, business successes and updates on the change of ownership.

A dedicated site for the latter was established on the intranet providing employees with access to all information relating to the transaction, including background to the proposal, guidance as to how it would affect colleagues, along with access to all shareholder-related documents. Regular updates were also provided when key milestones in the transaction were met, and shareholder employees were encouraged to attend the shareholder meeting to consider the acquisition of the Group.

These updates have continued following the completion of the acquisition, including a presentation from the new owner and town halls along with regular emails on further developments.



Employees were offered an annual allowance to spend on their own wellbeing and claimed a total of c.£80,000 worldwide. We also coordinated office closures in each of our locations, granting employees an extra day of leave with limited email traffic and no meetings, in order to support and encourage their wellbeing.

### COVID-19

The well-being and safety of our employees is of utmost importance to us, and we are committed to supporting colleagues in this respect.

As the COVID-19 pandemic continued in 2021, the Group has kept the evolving situation under review. Risk assessments were conducted at all or our global offices.

The first location to return to the office was Australia, where a hybrid working pattern was trialled of three days in the office and two working from home. A survey was then carried out to gather feedback.

This trial received overwhelmingly positive feedback, with 96% of respondents advising that the trial had been successful. Ahead of the re-opening of offices, similar surveys gauged the appetite for this form of hybrid working and gave employees the opportunity to raise any concerns.

At the height of COVID-19 and during lockdown, John Laing helped employees to work from home by allowing them to expense the purchase of reasonable workstation equipment. This ensured that employees were supported from a Health & Safety perspective.

**Responsible Employer** continued

**Diversity and Inclusion**

We strive to attract and retain a diverse mix of highly skilled and experienced individuals who will strengthen our company, embrace our values, and help us achieve our strategic objectives. We continue to focus on how to increase engagement around the topic of inclusion across the business.

During the year, we have launched a number of initiatives to promote diversity and embed inclusion within the workplace, including the following:

- Diversity and inclusion summit in celebration of National Inclusion Week, sharing stories and lived experiences on topics like LGBTQ, mental health awareness, visibility and advocacy, the impact of race in the workplace, disability, carers and parents' responsibility
- Celebration of events including Black History Month and International Women's Day. Such events have been used to educate employees on the subject of inclusion, and to create opportunities for employee engagement and connection with a view to supporting wellbeing
- LinkedIn Learning modules for all employees and more targeted learning for line managers to ensure a common understanding of the behaviour and best practices that foster inclusion. Diversity and inclusion metrics were also incorporated into our performance measures for senior leaders and managers to ensure accountability

Keynote speakers such as the following have spoken to colleagues on diversity and inclusion topics:

- Dr Kate Goodger, an Olympic performance psychologist and human innovation expert who has worked with Team GB athletes and medallists at seven Olympic Games. Kate shared vivid stories and unique insights on inclusion and performance
- Nick Heckscher talked about his personal and professional journey and his insights on neurodiversity in the workplace. The discussion explored the challenges and opportunities of neurodiversity and the benefits of inclusion to the business and to the experience of all employees
- Felicity Ward, a comedian and mental health advocate, demonstrated her unique brand of humour whilst addressing the serious issue of mental health

In 2020, John Laing participated in the 30% Club Cross-Company Mentoring programme focused on developing a pipeline of female leaders for senior leadership roles. We provided an opportunity for 10 mentees and 10 mentors to learn through structured one-to-one mentoring and a platform for building networks with over 220 organisations and over 9,000 participants globally. In 2021, the offering evolved to focus on broader inclusion including social mobility, ethnicity, religion, disability, neurodiversity and sexual orientation to foster an inclusive culture and enable our people to reach their full potential.



**"The programme has been a fantastic opportunity to share my career experience and provide guidance to a mentee. It has been eye-opening in many ways, not only giving me the chance to support an individual as they push to progress their career, but also giving me the opportunity to take a step back and reflect on my own career to date. I would thoroughly recommend this programme – it's rewarding to help your mentee grow and push boundaries."**



One of our mentors, **Nicola Riley**, Director, Asset Management

We are proud of the progress that we have made to improve the diversity of our team, achieving 49% female representation across our workforce.

We continue to focus on inclusion in our hiring practices and culture and are working with ASPIERATIONS, who help companies to attract and retain neurodiverse talent, demonstrating our commitment to creating opportunities for neurodiverse talent in the workplace.

To coincide with Mental Health Awareness month in the US and Mental Health Awareness week in the UK, we launched a campaign entitled "50 ways to take care of your mind". This included a conversation with Andy Gibson, the founder of Mindapples, a mental health and well-being training organisation, exploring how the mind works, the subtle factors that influence thoughts and decisions, and why making simple changes to routines can boost people's wellbeing and help them work smarter and more sustainably. Mindapples also facilitated an interactive learning session for managers to coincide with World Mental Health Day examining what makes individuals and teams resilient, how to promote coping skills and proactive management of challenges, and how to develop a growth mindset.



**Responsible Employer** continued

**Equal Opportunities**

We are committed to an inclusive working environment that is free from discrimination, harassment or unfair treatment, providing all employees with equal opportunities to develop within the Group. We have the appropriate policies and practices in place to support our commitment to the company’s inclusion agenda.

We recognise the value that differences bring, including but not limited to gender, race, sexual orientation, nationality, socio-economic background, professional and personal experiences. We make recruitment and promotion decisions based solely on the ability to perform each role. No individual colleague or potential colleague will receive less favourable treatment on the grounds of age, marital status, gender, gender identity, gender reassignment, sexual orientation, race, colour, nationality, ethnic or national origin, religion or disability.

Where any employee’s circumstances change, it is the company’s policy to do everything reasonably possible to ensure that a successful return to work in the same job or a change of role (if appropriate) is facilitated.

**Recruitment and Selection**

As a result of the new strategy launched in late 2020, there were a number of new employees hired in 2021 to help build our capabilities in the core mid-market business line. Fifty-per cent of the 32 hires in 2021 were female. In addition to this, and as a result of the transition to private ownership, a small number of employees exited the Group towards the end of the year.



We apply a fair, transparent and consistent approach to recruitment including the use of structured interview processes, using score cards and set question systems, diversely balanced long and short lists, seeking to attract and select high-calibre diverse candidates who will contribute to and enhance our business performance.

Year-on-year there has been an improvement in the gender mix at John Laing. Between January 2021 and January 2022, the percentage of women at the firm rose from 44% to 49%.

**Learning and Development**

We do this by making external courses and seminars available. We also sponsor and support professional qualifications, secondments, attendance at networking events, development assessments and coaching and mentoring programmes.

During the year, we reviewed the performance development process, making it more in-depth, introducing 360° feedback, and setting SMART objectives aligned with corporate objectives. We support the development of our employees through a bi-annual performance development review conducted by line managers. This applies to all employees and promotes a two-way discussion on performance and objectives between individuals and their line managers. The 360° feedback process enhances the quality and objectivity of the feedback. The discussion also allows individuals to share their career aspirations and identify development opportunities.

A ‘Goal Setting’ campaign of communications and training for line managers and employees took place during the year to support the cascade of the business priorities down to individual personal development objectives throughout the company.

A talent review calibration process was also undertaken in the first quarter of the year. This resulted in key employees being identified for succession planning, and early sight of development requirements. In April, the Group launched a “Leadership Lab”; a monthly, interactive forum to support line managers and engage them in discussions with HR on talent management topics. The sessions have been well received, with 76% of all line managers participating in the first session.

These sessions have included:

- Educating line managers on the process and expectations regarding the talent review process
- Coaching line managers on delivery of Personal Development Review outcomes including having difficult conversations

The Leadership Lab had fundamental input into communications and the implementation of the revised Personal Development Review programme, which lead to a greatly improved and streamlined process.

A mentoring programme launched in partnership with an external provider is now in its second year and continues to offer employees the opportunity to be matched either as a mentor or a mentee with individuals outside the firm.

In 2021, we launched a nine-month programme targeted at nine nominated individuals, at Associate Director and Director level called IMPACT. The IMPACT programme is designed to recognise and reward their individual performance with skills that will equip them with the right behaviour, network, visibility, and confidence to increase the scope of their role and responsibilities. The programme has been well received with the participants, who are role models and culture carriers in the company.



Case study

# Women in Infrastructure

Supporting the role and visibility of women in infrastructure, John Laing has been a part of the leadership for several international initiatives, notably the Young Professionals in Infrastructure network (YPI) and Women in Infrastructure (WIN) networks.

**>500**  
Members of Women In Infrastructure (WIN) Colombia network

Mariana Torres Montoya, Associate Director in our New York office is Co-President of YPI. It is an industry focused non-profit organisation founded in 2015 to bring together young professionals across the American infrastructure industry. YPI has a committee dedicated to diversity and inclusion and a grant programme. The network is also in the process of rolling out a mentorship programme in the coming year.

Women in Infrastructure (WIN) is a global network that promotes the career development of women in infrastructure and provides networking opportunities and support. WIN aims to increase the prominence of women in the industry and encourage them to take a more active role in the infrastructure space.

John Laing is proud to have a leadership role in both the North American chapter (where Mariana Torres Montoya is on the Board) as well as leading the setup of the network in Colombia.

### WIN Colombia

WIN Colombia is the organisation's first chapter in Latin America and the first network of its kind in Colombia for women in the sector. Andrea Moya, Associate Director, is the leader of WIN in Colombia.

John Laing supported the launch of the organisation in the country, hosting the network's first event in 2020. WIN Colombia was established as a single point of contact and network focused on promoting and highlighting the role of women in the infrastructure sector, which historically has been dominated by men.

Since its launch, the Colombia network has grown to comprise over 500 members. Five senior women from John Laing (Andrea Moya), KPMG, Arup, DLA Piper and Odinsa are members of the steering committee and have been working together on different initiatives to expand the network and ensure it fulfils its purpose.

One of WIN's greatest achievements in 2021 was the creation of a programme called "Mujeres que construyen pais" ("Women who build the country") that seeks to increase the visibility of Colombian women in the infrastructure sector. Women were invited to submit a profile highlighting their greatest achievements through their professional career in infrastructure, which was then posted on WIN's LinkedIn page.

Many women responded to the call and their profiles received positive and encouraging comments through LinkedIn. This year, WIN will continue posting other profiles to increase the prominence of women in infrastructure.

Another important achievement for the WIN network was an alliance made with GRI Club to provide free memberships to some of the network's members that otherwise would not have the opportunity to be part of GRI.

During 2022, WIN is hosting a virtual event on climate change and infrastructure resilience that will feature leading experts in the field.

**"At John Laing, we see diversity and inclusion as a business-critical enabler, helping us to drive innovation, overcome challenges and attract and retain talent. We are proud to be supporting a network that connects women in infrastructure around the world."**



**Ariam Enraght-Moony**, Group Human Resources Director of John Laing



/ Construction group of tunnel break through.

**Responsible Employer** continued

**Recognition, Reward and Retention**

We review our pay and benefits offer annually to ensure that we remain competitive, attract new employees, and provide the right link between performance and reward. As well as having a competitive pay and benefits structure, we recognise and reward employee performance through bonuses and long-term incentive plans.

We recognise the importance of a working environment that enables employees to balance their work and personal life to the mutual benefit of the individual, the business and society.

This has been especially difficult this year, with employees having to balance working from home with caring responsibilities and the mental health challenges of isolation during lockdowns, along with the uncertainty of an acquisition of the company. Against that backdrop, we continue to invest in wellness initiatives to support employee resilience and well-being.

**Acting with Honesty and Integrity**

The company is committed to conducting its business with honesty and integrity and expects all individuals who work for the Group to maintain high standards in accordance with our policies and procedures. These include the following areas:

- **Financial crime**, including anti-bribery and corruption, anti-money laundering and gift and hospitality policies and procedures. We provide training to all employees on joining the Group on these policies, which also includes information on how to prevent the facilitation of tax evasion. We monitor compliance against our policies and procedures on a regular basis. Our policies can be found at [www.laing.com](http://www.laing.com)
- **Human rights** – we recognise the business imperative and the moral obligation to carry out our activities in a socially responsible and environmentally sustainable manner, with due consideration to human rights. We have a suite of formal policies, including policies on equal opportunities and fair treatment, corporate responsibility and human rights which underpin this aim, and can be found at [www.laing.com](http://www.laing.com). We comply fully with applicable human rights legislation in the countries in which we operate, for example legislation covering the right to collective bargaining, equal remuneration and protection against discrimination

- **Modern slavery** – the Group, including the assets in which it invests, has a large number of suppliers across the jurisdictions in which it operates. We believe that the risk of modern slavery or human trafficking in our supply chains and procurement processes is low given that our activities do not directly involve operations where modern slavery or human trafficking are known to occur. All new suppliers go through a know your customer process, which requires that their organisation complies (and takes all possible steps to ensure that all their suppliers and subcontractors also comply) with all applicable laws, statutes and regulations. We are committed, where we have sufficient influence, to ensuring that the projects we invest in follow our practices and policies, including those on modern slavery and human trafficking. We published our Statement on Modern Slavery for the financial year ended 31 December 2020 on our website. It sets out the steps the Group has taken to ensure slavery and human trafficking are not taking place in any part of our business or supply chains

**Whistleblowing**

The Board is responsible for overseeing and approving the Group’s whistleblowing policy and for ensuring that adequate procedures are in place. The company encourages all individuals to raise any concerns that they may have about the conduct of others in the business or the way in which the business is run.

Our whistleblowing policy enables individuals to report concerns about any suspected wrongdoing or unethical behaviour occurring within the business, or about the behaviour of individuals without fear of recrimination.

One of the responsibilities of the Risk Management committee is to review the Group’s arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting or other matters, with the aim of ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. Training has been given to all existing and new employees to highlight the policy and methods of reporting. The company offers an independent whistleblowing helpline administered by a third-party provider, where calls can be made on a confidential and anonymous basis if preferred by the whistleblower.



/ Melbourne Metro Tunnel, Australia.



## Responsible Employer continued



### Community

At John Laing, we support charitable initiatives linked to the communities in which we live and work and help our employees to make a significant positive impact on these communities. During the year, employees around the world undertook fundraising and volunteering activities both for individual causes and for company-wide campaigns. Examples of such initiatives include:

#### Colombia

In October, our Colombian team celebrated the Day of the Tree and John Laing donated 300 trees and fertiliser. Employees volunteered as tree-planters in the Pescadero community together with the asset company Concesión La Pintada SAS and our co-shareholder on the Pacifico 2 road asset. The Cartama Alliance goal is to reduce the temperature of the local environment through the reforestation of the tropical dry forest and its water sources close to the Pacifico 2 road. This also contributed towards the Colombian government's target of planting 180 million trees by 2022.

The Colombian team also teamed up with the Pacifico 2 asset company team and members of the community and organised a volunteering event to improve the conditions of a local school in the town of Versalles, a neighbouring community which benefits from the road.

1 - 3 / Celebrating Day of the Tree, with John Laing employees volunteering as tree-planters.

4 / School decorating by volunteers.

5 / Donating portable water filters.

Our team spent the day painting the school, which has capacity for 124 students. Pupils live in rural areas, with some having to travel between one and two hours to attend school, often on foot.

During the year, the Colombian team also donated portable water filter units to 37 families along with two schools. The families are in Angelinos Altos, Angelinos Bajos, and La Maria's communities in Functional Unit 8 area of the Ruta Del Cacao road project and Via Yuma. Some families and schools have no aqueduct services, and these water filters enable families to obtain drinking water from within their homes and schools to do so from within their own buildings.

#### Europe

##### Alder Hey

A new purpose-built bereavement centre at the Alder Hey Children's Hospital in Liverpool formally opened in September after funding from both the company and the John Laing Charitable Trust (JLCT) along with other contributors. The Alder Centre provides a dedicated space away from the clinical areas of the hospital for bereaved families and friends to share their experiences and receive counselling and therapy following the death of a child. As well as providing dedicated private rooms, a communal garden and communal lounge area, it is also the home to their call centre, jointly run with Great Ormond Street Hospital and the training centre for the bereavement support volunteers. The Alder Centre supports around 200 families a year from the North West of England and further afield.

##### Arnhem Foodbank

As part of the Group's Covid Response Fund established in 2020, the Dutch team contributed to the Arnhem Foodbank in collaboration with the JLCT. The foodbank is a charitable organisation run entirely by volunteers, providing free food to people with low income in the city of Arnhem and the municipalities in the region. During 2021, the Dutch team were invited to the foodbank to watch two new trucks that were put into service and made possible by the Group and JLCT's donations. The foodbank is distributing free food packages to around 6,000 families in the Arnhem district. The new trucks will be used to pick up and deliver food to other regions, avoiding the need for lots of smaller vans to travel to and from the central Arnhem hub.

6 / Alder Hey.





**Responsible Employer** continued

**North America**

Members of the North America team have continued their support for Samaritas, a Michigan-based organisation serving various communities in need. Volunteering efforts have included:

- Attending quarterly Foundation Board meetings
- Outreach to thank donors for their contributions to Samaritas
- Volunteering at Samaritas' major Detroit-area fundraiser, "Fielding Hope"

In addition to this, the Company has provided ongoing donation in partnership with the JLCT. During 2021, these donations were used to support Afghan refugee programmes through Samaritas.

The Oakland Corridor Partners team (the consortium for the I-75 Road Project) supported public outreach for the asset in various ways including:

- Staffing an information phone line to field calls from the public with questions/comments/complaints
- Answering questions and providing information to the public via email
- Holding a public information meeting to describe and discuss expected work during the construction season
- Participating in information meetings for local agencies and emergency responders to discuss the work

**Australia**

The Clontarf Foundation exists to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men, operating through academies established within 'host' schools in Australia.

John Laing Charitable Trust funds placements for 20 teenagers in Clontarf academies, with Clontarf staff mentoring and counselling students while the school caters for their individual needs.

In 2021, John Laing arranged a tour of Perth Stadium. The company also organised a behind-the-scenes tour of the Sydney Light Rail project for Clontarf Foundation boys and girls from another academy. John Laing staff interact regularly with Clontarf students, both formally and informal settings such as barbecues.

/ Clontarf barbecue, Australia.



**Charity Fundraising by Employees**



**Prince's Trust**

This UK charity helps vulnerable young people get their lives on track by supporting 11 to 30-year-olds who are unemployed or struggling at school and at risk of exclusion. In February, six teams from the UK, Europe and Colombia took part in the Future Steps Challenge to walk at least 10,000 steps a day throughout the month of February. The money raised was matched by JLCT.



**Habitat for Humanity**

This is a UK charity focused on long-term poverty alleviation through affordable social housing, with a mission to build a safe environment where families and communities can thrive. In mid-December, around 25 UK employees took part in a festive team-building exercise to bake and construct a gingerbread house hosted online by a professional chef. Employees joined from their homes with their families and friends. We raised money, which has been matched by JLCT.



**Kidsout**

This charity supports children who are victims of domestic abuse living in a refuge. During the COVID-19 pandemic, it has been providing food vouchers, toys boxes, technology for education and memorable events for families facing physical, emotional and sexual abuse.

In December, employees from around the world made donations, which will be used to buy gifts or essential food vouchers for children in refuges. These donations have been matched by JLCT.

