Infinis Energy Group Holdings Limited

Tax Strategy - March 2024

infinis

Generating

a low carbon future

Contents

About Infinis and our shareholder

About Infinis

Infinis is an independent power energy generator, headquartered in Northampton, England.

Infinis employs 300 people who support the generation of 1TWh of renewable and low carbon electricity, from 138 sites across the UK.

The business operates 500MW of electricity generating assets which deliver baseload renewable electricity generation from captured methane; flexible electricity generation and solar electricity generation.

The Infinis strategy is focused on supporting the transition to net zero through continual investment in renewable and low carbon energy generation with a current pipeline of 1GW+ of projects being developed and constructed over the years ahead.

Infinis is owned by 3i Infrastructure PLC.

About 3i Infrastructure

3i Infrastructure plc ("3iN") is an approved UK Investment Trust company, listed on the London Stock Exchange and a member of the FTSE 250.

3iN's purpose is to invest responsibly in infrastructure investments, delivering long-term sustainable returns to shareholders and having a positive influence on our portfolio companies and their stakeholders. 3iN is committed to upholding the highest standards of corporate governance and the implementation of robust policies and procedures is a key enabler to value creation across its portfolio.

3iN acquired Infinis in 2016 and has supported the business' evolution into a leading, diversified, low-carbon generation platform.

Good corporate governance is fundamental to the way that 3i and its investment companies conduct business.

Commitment to fair and transparent taxation

This report's objective is to provide a clear and concise summary of Infinis' tax affairs for the year ended March 2024.

Responsibility is a core principle of the business. At Infinis there is a commitment to care for our employees, our communities and other stakeholders:

- Responsibility is one of our six core values
- Responsibility underpins UN Sustainable Development Goal 8 – Decent work and Economic Growth, one of the key principles of our sustainability commitment.

Our corporate responsibility provides a commitment to pay the right amount of tax, at the right time and seek to comply with all tax laws and obligations within the UK.

Infinis' tax contribution

Infinis pays tax directly linked to its operations, and also collects tax on behalf of the UK Government.

These taxes paid and collected combined represent the total annual tax contribution from Infinis operations for the year ended March 2024.

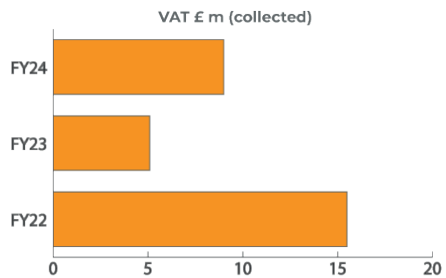
Infinis contributed £18.2m to the UK tax system, split into 3 key areas.

Value Added Tax (VAT)

VAT is charged on goods and services bought from suppliers or sold to customers.

Infinis pays the VAT it collects on its sales, net of the recoverable VAT it suffers on its purchases, to the UK government. As a large business, Infinis makes monthly VAT payments on account and submits a quarterly VAT return and annual balancing payment.

With relatively stable revenue, VAT payments predominantly impacted by the Group's capital expenditure (Development CAPEX) on the development and construction of new renewable and low carbon electricity generating sites. The higher the Development CAPEX spend, the more input VAT is paid, which results in the lower net VAT payable.



Employee Taxes

Infinis collects Income Tax and National Insurance contributions from employee wages on behalf of the UK Government.

These taxes are paid and collected each month from payroll and paid to the Government the following month.

Our employee base is stable. Employee taxes have increased as a consequence of the payments made, to ensure our employees continue to be appropriately and fairly rewarded, while also being able to appropriately manage the cost-of-living challenges of recent years.

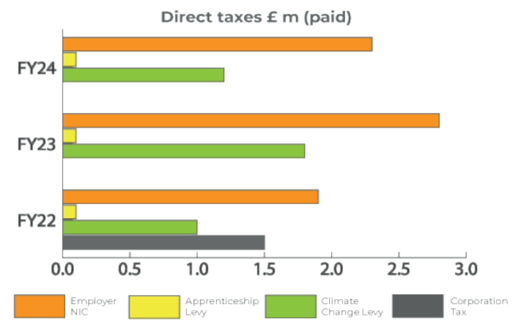
Direct Taxes

Infinis pays four primary taxes on its operations:

- **Corporation Tax** - payable on profits that Infinis generates
- **Employers' National Insurance** - a tax paid on the wages and bonuses paid to employees
- **Environmental Tax** - the Climate Change levy is a tax payable on fossil fuel used to generate electricity within Power Response assets in Flexible Generation
- **Apprenticeship Levy** - a tax paid on all wages and bonuses which is used nationally to train the next generation of employees.

Further information on Corporation Tax is included on the following page.

During the current year, other Direct taxes applied to Infinis operations for which the Group had no liability. These include the recently introduced Electricity Generator Levy and the Energy Generator Levy (applicable to a subset of Captured Methane operations).



Corporation Tax

As a private group, Infinis finances its operations through a mix of cash generated from operational activities and debt which is provided by its shareholders and the banks and financial institutions which provide a £306m debt facility to the business.

All profits are subject to UK Corporation Tax, there are no operations in overseas countries (including tax havens).

In the last two years, the Group has paid no corporation tax as a sole consequence of both (i) the capital structure and (ii) enhanced capital allowances rules initialled launched in April 2021 and then amended for the period April 2023 to March 2026.

Interest relief

Existing UK Government tax rules permit an element of interest costs on its borrowings (shareholder loans and third-party debt combined), to be deducted from profits subject to Corporation Tax.

Currently up to 30% of a Group earnings before tax, interest depreciation and amortisation (EBITDA) can be offset by interest costs of borrowings.

Capital allowances

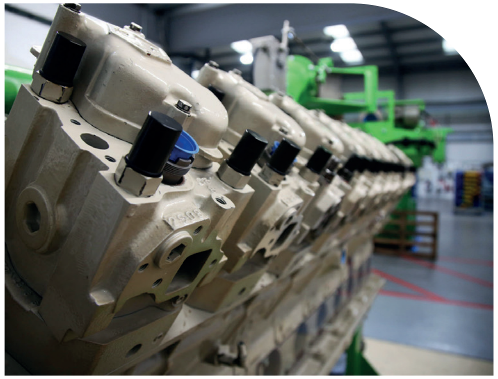
In April 2021, the UK Government announced an enhanced capital allowance regime. Capital allowances allow the cost of a capital asset to be written off against taxable profits.

There are different categories of capital assets for taxation purposes, the principal two are detailed below:

- Main pool: applicable for most short life assets, such as spend on engine overhauls. Written off against taxable profits at 18% per annum
- Special rate pool: applicable for long life assets such as solar panels. Written off against taxable profits at 6% per annum.

The enhanced capital allowance rules currently permit 100% of the cost of main pool and 50% of the cost of special rate pool to be written off against taxable profits in the year of spend.

By re-investing, over £100m of capital in the last two years and in particular £82m of development capital on new projects, the business has received full tax sheltering of profits.



Approach to tax risk management and governance

Responsibility for tax governance and strategy lies with the Chief Financial Officer, with oversight of the Board and the Audit Committee.

The Tax Strategy is supported by internal control frameworks which govern the commercial operations of the Group, and are subject to regular reviews by the Group's internal audit function and the Audit Committee.

Day-to-day responsibility for the application of the Group Tax Strategy and the management of the Group's tax affairs is delegated to the Group Tax and Treasury Manager, who provides an annual report detailing compliance with the Tax Strategy (including new tax developments, existing and new tax disputes, and emerging material tax risks) to the Head of Finance and the Chief Financial Officer.

New and emerging tax matters which are expected to impact the organisation are presented to the Audit Committee and Board by the Chief Financial Officer.

An annual review of all changes in applicable tax legislation arising from the UK Government budget, or other updates, is presented to the Board and Audit Committee as part of a broader legislative review in March each year. The Group Tax and Treasury manager is responsible for preparing all required tax calculations, which are then reviewed by the Head of Finance and then by the Chief Financial Officer.

While the majority of tax filings are submitted by the company direct to the UK Government, the recent Electricity Generator Levy related filing is required to be submitted by 3iN on behalf of Infinis and other UK 3iN investments.

Tax risk is defined as:

- Compliance risk: the risk that Infinis fails to file returns correctly, on time and pay the corresponding liability to the UK Government
- Interpretation and transactional risks: the risk that Infinis does not interpret tax rules and/or guidance correctly, or specific non-routine transactions are incorrectly considered.

The Group maintains a timetable for all required compliance reporting and prides itself on highly accurate on time submissions.

Where a new or emerging area of tax legislation arises, or through a corporate acquisition or disposal transaction, a specific tax matter arises which is deemed to be different or to represent an interpretation or transactional risk, then reputable external tax advisors are engaged to provide specialist guidance and support.

Approach to tax planning and tax risk

Tax planning

By operating solely in the UK, tax risk is generally considered low for the Group's standard business activities.

During this period of investment and associated growth, the core operating activities and their associated tax treatment remains unchanged.

The exemptions and tax reliefs claimed by the Group are relatively standard, with the capital allowances and interest relief being the primary (see page 05).

Infinis does not undertake planning activities with the sole aim of achieving a tax advantage.

There are times when the group will enter into significant one-off transactions, such as financing or acquiring or disposing of subsidiaries. These transactions are incurred to develop and grow the business and are not incurred with the specific objective of obtaining a tax advantage without any underlying commercial justification for the transaction.

The tax implications of each such transactions are detailed by the Group Treasury and Tax manager and reviewed by the Head of Finance and Chief Financial Officer.

If the Chief Financial Officer considers the matter to carry a higher inherent tax risk, external tax advisors may be engaged. The Group does not pay contingent or success fees to tax advisers where advice is obtained on a specific transaction.

While tax risk is considered on a transaction-by-transaction basis, the Group is not prepared to accept a high level of tax risk and the Group only undertakes planning and development activities to achieve the strategic aims of delivering predictable recurring earnings to its shareholders.

Tax risk management

The Group considers tax risk as part of its bi-annual corporate risk review. As with all risks, the approach to tax risk management is continuous.

Infinis has a well-defined internal controls framework that is supported by policies and documented levels of authority, purporting appropriate accountability and decision making in the business.

In accordance with the Anti-Tax Evasion Policy, in the event that any member of staff or third-party representative discovers or has a reasonable suspicion that tax evasion has been or may be facilitated, this must be reported to Infinis' Chief Financial Officer without delay.

Our approach to tax risk follows the same principles that apply to all other business risks. We consider reputation and corporate social responsibility as well as purely financial impacts. We are particularly aware of our reputation with a wider population of stakeholders in matters related to tax, including the tax authorities.

Approach to HMRC

A close relationship is maintained with the Customer Compliance Manager (CCM) at HMRC, who is provided regular business updates. This relationship is transparent and all key business tax matters are proactively discussed in advance of submission.

Where there is unclear or incomplete guidance released by HMRC, the Group seeks to initiate discussions with the relevant contact within HMRC to ensure additional guidance is obtained which is specific to the Group.

On emerging tax matters, Infinis, directly or through the trade associations of which it is a member, will input into consultations that impact on the business. On certain occasions it may be deemed necessary to meet with Governments departments such as DSNEZ and HM Treasury on matters of importance.

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