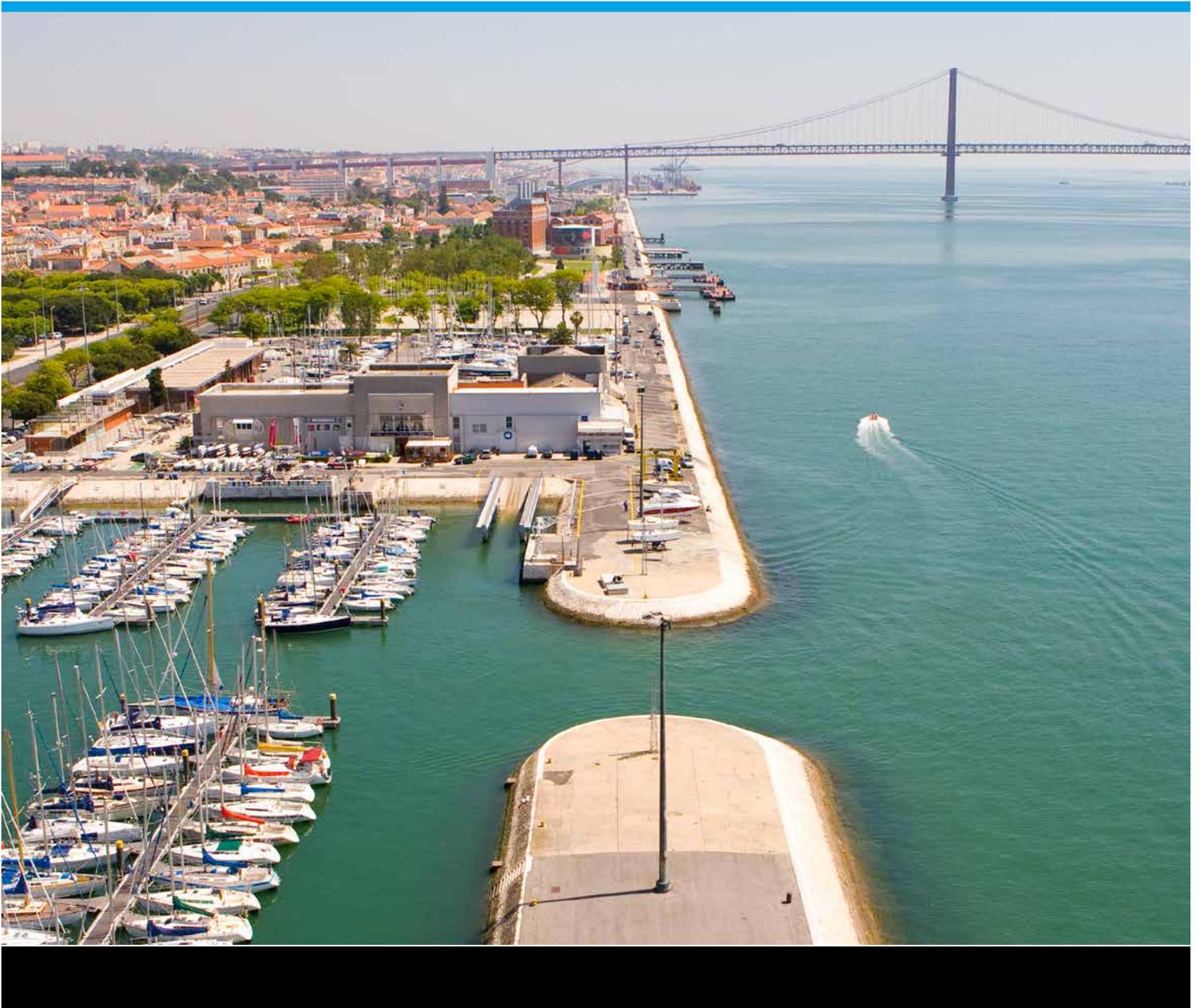


Macquarie Infrastructure Corporation (MIC)

Environmental, Social, and Governance (ESG) Report

MAY 2017



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Environmental, Social and Governance (ESG) Report

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Introduction

Macquarie Infrastructure Corporation (NYSE: MIC) owns and operates businesses that provide basic services to other businesses and individuals across the U.S. These services place the Company at the nexus of everyday life for our customers, employees, and the communities in which our businesses operate. Inherent in our role as a corporate citizen are a host of Environmental, Social, and Governance (ESG) risks, responsibilities, and opportunities that hold the potential to impact this diverse group of stakeholders.

As an organization we work to structure our policies and operations in a way that address ESG matters while simultaneously focusing on the generation of attractive shareholder returns. Indeed, we believe that the choice between these two objectives is not mutually exclusive. For example, providing customers of our Hawaii Gas business with cleaner, lower-cost energy is consistent with the generation of an attractive total shareholder return.

On matters related to environmental stewardship and employee health and safety, MIC and the management teams of our individual businesses work together to accomplish our objectives. Each business has developed its own approach to managing environmental, health and safety matters as dictated by the nature of their operations. At the same time, MIC oversees each of the businesses and their policies and coordinates efforts and protocols to achieve a common standard.

We also understand that our investors want to know how their interests are being represented in the governance and management of the Company. This begins with establishing an effective structure that includes clearly articulated roles, policies, and responsibilities for the members of the Board of Directors and the management team. Our efforts in support of shareholder engagement continue with an active investor outreach program that we believe facilitates an important dialogue between the Company, its management, and the investors of whose capital we are stewards.

In the pages that follow, we provide an overview of MIC's approach to ESG focus areas. We highlight key components of the Company's governance structure, initiatives aimed at ensuring safe and sustainable operations, and details surrounding several of the Company's key policies. In preparing this report, our objective was to communicate to MIC's diverse group of stakeholders that the Company's leadership and the management teams at our operating companies understand the importance of identifying, assessing, and managing ESG risks and opportunities. While the content of this report highlights many of the key aspects of the Company's approach with respect to these matters, there remains an extensive list of policies and initiatives which are not mentioned.

We believe that the process of managing ESG matters is an ongoing process. As such, we welcome your comments and feedback, and remain committed to an ongoing conversation with all of MIC's stakeholders. As an organization, we seek to learn over time from observing and analyzing our own successes and failures – and from observing the successes and failures of others. We seek to continually improve our processes and operations, realizing the journey of continuous improvement never ends.

James Hooke
Chief Executive Officer

The Manager's Approach to Environmental and Social Responsibility

The day-to-day management of MIC is overseen by its Manager, Macquarie Infrastructure Management (USA), Inc., subject to the oversight and supervision of MIC's Board of Directors. The Manager, a unit of the Macquarie Asset Management division of the Macquarie Group, is committed to strong corporate governance and environmental and social responsibility through a range of policies. Macquarie Group works to incorporate recommendations made by established organizations that work globally to set benchmarks and standards for risk assessment, risk management and reporting.

Since 2010, Macquarie Group has maintained its commitment to carbon neutrality by reducing and offsetting emissions from its office energy use and business air travel¹. Macquarie's New York City headquarters at 125 West 55th Street, where MIC is headquartered, was awarded LEED Gold Certification in 2014.

For more information regarding the Macquarie Group's commitment to ESG, refer to www.macquarie.com/esg.²

1. Macquarie offsets scope 2 and scope 3 emissions for corporate offices, data centers, base building, and air travel.
2. All information regarding Macquarie Group and its subsidiaries was provided by Macquarie Group and MIC takes no responsibility for its accuracy or completeness.



MIC Code of Business Conduct

The continued success of MIC and its businesses relies on the preservation of the Company's good reputation. As a firm, we seek to earn and maintain the trust of customers, vendors, regulators, shareholders, employees, and members of the communities in which we operate. To that end, it is MIC's policy to maintain high standards of ethical and legally compliant behavior in all of its business activities.

The Company has established a Code of Business Conduct that outlines the commitment of MIC, and each director, officer, and employee to act with integrity, keep promises, comply with applicable laws, and raise concerns when things do not seem right. MIC's Code of Business Conduct applies to all individuals affiliated with the firm, including those at its operating divisions and subsidiaries, and the Macquarie Group employees that provide services to MIC on behalf of its Manager.

The Code of Business Conduct covers a number of focus areas including, but not limited to:

- Conflicts of interest
- Corruption and bribery
- Government relations and political activity
- Insider trading
- Related party transactions

The full Code of Business Conduct is available on the MIC website at: <http://www.macquarie.com/mgl/com/mic/investor-center/governance>.

A right and a responsibility to speak up

MIC's Code of Business Conduct obligates covered individuals to report possible violations of policy or law. The Company strives to have an open door policy that facilitates reporting to senior managers, the General Counsel's office, or professionals in the Compliance, Human Resources, or Finance departments of any perceived improprieties. MIC prohibits retaliation against anyone who reports a concern, asks a question in good faith, or assists in an investigation of an ethics or compliance issue.

Reporting can also be done anonymously through the MIC Hotline. Calls to the MIC Hotline are directed to a third-party company where questions or concerns are recorded. The MIC Hotline can be reached at 1-877-314-1737 or via the following website: <https://reportlineweb.com/macquarie>.

Audit Committee

Individuals may also contact the Audit Committee of MIC's Board of Directors about accounting, internal controls, or audit concerns through the MIC Hotline or by writing to:

Macquarie Infrastructure Corporation
Attn: Chairman, Audit Committee
c/o General Counsel and Corporate Secretary
125 West 55th Street
New York, NY 10019

MIC ethics and compliance resources

MIC Corporate and each of the operating divisions have ethics and compliance resources that work together to provide policy guidance and education, assist MIC personnel in identifying and complying with relevant laws and regulations, and respond to ethics and compliance concerns.

MIC's Ethics and Compliance Manager can be contacted at 212-231-1693 or at raul.narciso@macquarie.com.

Governance

MIC's Board of Directors is responsible for the oversight of the business and affairs of the Company. The board is responsible for regularly evaluating the strategic direction of the Company, its policies and the effectiveness with which management implements those policies, and acting in good faith and with due care in the best interest of the Company and its stockholders.

In accordance with our Corporate Governance Guidelines, our current board leadership structure is comprised of a chairman, who is not a member of management but is elected by the Manager, and a lead independent director. Martin Stanley, the Global Head of the Macquarie Infrastructure and Real Assets division, serves as the board's chairman. Board member Norman Brown serves as lead independent director.

Board independence

Our board has six directors, five of whom are independent under the rules of the New York Stock Exchange. Norman Brown, as lead independent director, presides at executive sessions of MIC's independent directors, which occur at least quarterly and may occur more frequently as the independent directors deem appropriate.

Other corporate governance best practices

The board has been structured to employ a number of corporate governance best practices including holding regular executive sessions among non-management directors without management present, regular sessions among the non-management directors and the Company's financial auditors without management present, regular sessions among the non-management directors and the Company's internal auditors without management present, share ownership guidelines for directors, a majority voting standard for uncontested director elections, a director retirement policy, and annual elections for all independent directors.

The board has also adopted Corporate Governance Guidelines to reflect its commitment to strong corporate governance. The guidelines cover items including director responsibilities, board and committee composition, evaluation of our Manager, senior management succession policies, director continuing education, and

expectations for annual self-evaluations. The board also reviews and monitors the company's Code of Business Conduct which guards against significant conflicts of interest and dishonest, unethical, or illegal activities.

Committee structure

The board has three standing committees to help execute its responsibilities:

- Audit
- Compensation
- Nominating and governance

Only independent directors serve on the Committees. Independent directors attended more than 75% of the combined board and committee meetings on which they served in 2016.

Each committee has a charter that describes its responsibilities. These documents are available on the MIC website at <http://www.macquarie.com/mgl/com/mic/investor-center/governance>.

Key governance policies, guidelines, and other documents

MIC makes available other board governance documents for stockholder review. These include:

- Articles of Incorporation
- Bylaws
- Management Services Agreement

These documents are available on the MIC website at <http://www.macquarie.com/mgl/com/mic/investor-center/governance>.

Minimizing MIC's Environmental Impact

MIC recognizes that its operations create a responsibility to minimize its impact on the environment. Each of MIC's businesses promotes policies and initiatives that reduce their environmental footprint. This includes maintaining operations consistent with regulatory and legal requirements as well as making investments in operating technologies which reduce emissions.

Alongside the business level policies and initiatives, MIC's overall capital allocation strategy includes investments in renewable generation assets as well as other businesses which seek to minimize the environmental impact of their respective customers.

IMTT

IMTT is one of the larger independent providers of bulk liquid terminal services in the U.S., based on capacity. The business operates a network of 12 marine terminals, including ten in the U.S. and two in Canada, offering total storage capacity of 45.2 million barrels. IMTT's principal operations are in the New York Harbor market (Bayonne, NJ) and on the Lower Mississippi River. The business stores or handles primarily refined petroleum products, various commodity and specialty chemicals, renewable fuels and vegetable and animal oils. The nature of IMTT's operations require a constant focus on preventing the unintended discharge of liquid product and other environmental hazards. Beyond the regulatory requirements to which the business is bound, IMTT takes other proactive steps to mitigate its impact on the environment.

Spill Prevention, Control, and Countermeasure Program

Among the regulations to which IMTT is subject are those related to preventing liquid product from reaching navigable waters and adjoining shorelines. The regulations set forth requirements for the prevention of, preparedness for, and response to the unintended discharge of liquid product. They require IMTT to develop and implement Spill Prevention, Control, and Countermeasure (SPCC) and Facility Response plans. These plans outline IMTT's procedures and provisions for spill prevention as well as emergency spill response capabilities.

IMTT's approach to preventing a discharge of stored liquid product begins with the proper construction of the storage tanks and continues with appropriate levels of

recurring inspection and maintenance investments. All of IMTT's tanks and pipelines are constructed and maintained according to industry standards established by the American Petroleum Institute. Tanks and pipelines undergo routine inspections and periodic integrity testing. In addition, tanks are equipped with secondary containment (barriers/berms) that further mitigates the risk of spills or discharge.

Committee on Energy Consumption Reduction

Management of IMTT includes a Committee on Energy Consumption Reduction which brings together terminal management and energy experts to identify areas where the business has opportunities to become more energy efficient. The committee reviews and recommends investments in technologies in support of this goal. One such example is a series of upgrades that the business has made to heaters, boilers, and pump equipment.

IMTT is regularly involved in the movement of liquid product to and from its storage tanks. The movement of liquids often requires that the product maintain a specific level of viscosity. In order to achieve these levels, IMTT relies on the steam heat generated by boilers and pumps. In recent years, IMTT has undertaken an initiative to replace older, less efficient equipment with newer equipment. For example, IMTT's St. Rose terminal has invested millions of dollars in such upgrades. In addition to reducing the cost of energy required to operate the equipment, the upgrades reduced the emission of carbon monoxide, nitrogen oxides, and other common pollutants.

Other projects considered by the Committee on Energy Consumption Reduction include investments in technologies that better monitor steam and isolate heat to reduce unnecessarily heating entire systems, upgrades of pipe sections and their insulation to reduce heat loss, the addition of renewable energy (solar or wind) in order to supplement existing energy systems, adding motion sensors to lighting systems and also utilizing LED lights, and the installation of programmable thermostats to reduce unnecessary usage.

Bayonne “Chem South” Ground Water Treatment Project

The IMTT Bayonne terminal property consists of various parcels of land, known as the “Chem South” area, which have been acquired and aggregated over a 30-year period. Some of this property contains historical soil and groundwater pollution resulting from operations conducted by various former owners. The business has installed a series of shallow and deep groundwater collection wells along the Chem South waterfront in order to collect and trap contaminated water, preventing its discharge into the Kill Van Kull. In 2017 IMTT expects to commission its own groundwater treatment plant to remove the contamination and safely discharge treated water into the Kill Van Kull.

Helping Customers Meet their Environmental Needs

IMTT has invested in storage and other infrastructure (i.e. dedicated pipelines, blending capability, and loading racks) for products like ethanol, biodiesel and other renewable fuels that facilitates increased market penetration and usage of such products. IMTT has also added infrastructure to accommodate the segregation of petroleum fuel oils with lower sulfur content from conventional fuel oils, allowing customers to meet strict Environmental Protection Agency (EPA) sulfur content requirements.

OMI Environmental Solutions

In addition to managing and mitigating environmental risks associated with its storage and terminal operations, IMTT subsidiary OMI Environmental Solutions (OMI) offers a full suite of oil-spill, hazmat, standby rescue, waste management, disposal, transportation, environmental consulting and training services. OMI has assisted with the cleanup of some of the nation’s largest oil spills and disasters, including the 2010 Macondo incident in the U.S. Gulf of Mexico.

Atlantic Aviation

As the operator of one of the largest and busiest Fixed Base Operation (FBO) networks in the United States, Atlantic Aviation recognizes that effectively managing environmental risks requires constant attention, investment, and management engagement. Atlantic’s nationwide network presents diverse environmental risk mitigation and regulatory compliance requirements associated with aviation fuel storage, transportation, and handling.

Among the regulations with which the business must comply are the EPA) SPCC rules pertaining to the storage and transfer of aviation fuel products. Each Atlantic facility has a site specific SPCC plan that undergoes review every five years. Furthermore, the business has a risk management team that performs internal audits on an annual basis to evaluate SPCC compliance and application of other environmental best practices. This internal audit process involves a 3-5 day site visit including a review of the site-specific SPCC plan and a physical inspection of the fuel storage systems, fueling operations, hazardous waste management systems, emergency response plans and storm water pollution prevention measures.

Other Environmentally Friendly Investments

Atlantic Aviation has made a number of investments across its facilities and equipment to reduce the business’s environmental impact. These include:

- **Aircraft Hangars:** Newly constructed and renovated facilities employ environmentally friendly design elements that enable increased efficiency and reduced operational expense through extensive use of LED lighting, natural lighting via skylights and energy efficient climate control systems.
- **Fuel Storage Facilities:** Atlantic has invested in spill prevention safeguards that exceed minimum regulatory requirements such as “safe drains” for safeguarding of storm drains, overfill controls, and extensive use of LED lighting for added safety and security. Employees monitor fuel storage systems and utilize computerized inventory management technology to prevent tank overfills and ensure tank integrity.
- **Tier 4 Engines:** “Tier 4” technology refers to a federal emissions standard that became effective in 2014. Tier 4 equipment represents the highest level of clean air regulations to date and qualifying technology contributes to both reduced emissions and fuel consumption. Atlantic has invested in aircraft tow and refueling vehicles that utilize Tier 4 diesel engines. These investments have enabled Atlantic to participate in clean air conservation initiatives, specifically in the state of California where Atlantic leads the FBO industry in California Air Resource Board reporting and compliance. The business’s fleet of service equipment has contributed to a reduction in nitrogen oxide emissions in California and throughout the broader Atlantic network.

Contracted Power – BEC

Located in Bayonne, NJ, the Bayonne Energy Center (BEC) is a 512 megawatt (MW) gas-fired peaking power plant that provides electricity to customers in New York City. As a supplier of electricity to New York City, BEC recognizes the importance of conducting its operations in a manner that provides for safe, reliable, and cost-efficient power supply. As such, BEC's operating targets, the technologies it employs, and its policies and procedures have all been designed to enable the facility to regularly accomplish these goals. Measured against these criteria, BEC has been a strong performer since entering commercial operation in 2012: the facility consistently operates within allowable emissions limits, has achieved positive employee safety outcomes, and provides electricity as one of New York City's most frequently utilized peaking power facilities.

As a power generation facility, BEC is subject to significant environmental regulations pertaining to minimizing air pollution. A combination of advanced technology, real-time emissions monitoring, and other data acquisition systems enable BEC to maintain regulatory compliance while also yielding superior emissions outcomes relative to other generators serving New York City.

Fuel Choice and Plant Efficiency

BEC consumes natural gas as the primary fuel source for its Siemens Trent 60 gas turbines. Natural gas is the cleanest burning of all fossil fuels, emitting lower amounts of carbon monoxide, carbon dioxide, nitrogen oxide, sulfur dioxide, mercury, and other particulate matter than coal or fuel oil. In 2016, BEC utilized natural gas during more than 95% of all operating hours.

Most simple cycle units exhibit thermal efficiency, measured as the ratio of fuel consumed to power generated, of 35% to 40%. However, the Siemens Trent 60 turbine technology utilized by BEC established a new industry benchmark for fuel efficiency and cost savings by having a thermal efficiency of approximately 42%. At this level, BEC operates with a lower heat rate which favorably positions the facility in the supply stack and ultimately contributes to increased profitability.

National Ambient Air Quality Standards (NAAQS) Criteria Air Pollutants

The BEC facility is bound by the EPA's National Ambient Air Quality Standards (NAAQS). The NAAQS identify and set statutory limits for certain air pollutants including sulfur oxides, nitrogen oxides, carbon monoxide, particulate matter, ozone, and lead. BEC runs primarily on natural gas and employs selective catalytic reduction (SCR) equipment on the end of each gas turbine which "scrubs" the exhaust, removing certain harmful emissions. As part of the addition of 130 MW of generating capacity currently underway, BEC recently amended its air permits. The additional capacity is in compliance with the EPA's requirement that new generating equipment utilize the best available technology.

Greenhouse Gas Reporting Program

In addition to emissions as regulated by the NAAQS, the EPA has also determined that Greenhouse Gas (GHG) emissions can have an adverse effect on the environment. In particular, the EPA has attributed climate change to increased levels of GHG emissions. As a result, BEC and other power generators are required to monitor their GHG emissions and participate in the EPA's Greenhouse Gas Reporting Program (GHGRP). BEC is actively involved in GHGRP, a market based program that is tracked in EPA's Clean Air Markets Division Business System.

Acid Rain Program

BEC is also a participant in the Acid Rain Program (ARP), which is the first cap and trade program launched on a national level. The ARP was established to facilitate major emission reductions of sulfur dioxide and nitrogen oxide. Both sulfur dioxide and nitrogen oxide are precursors to acid rain. BEC's participation in this market-based system contributes to emissions reductions.

Real Time Monitoring

BEC employs continuous emissions monitoring systems along with data acquisition and handling systems for each gas turbine generator set on site. These systems provide emissions measurement coupled with emissions performance data management. Real time monitoring allows the plant to confirm its compliance at all times and take immediate action if its emissions trend towards allowable limits.

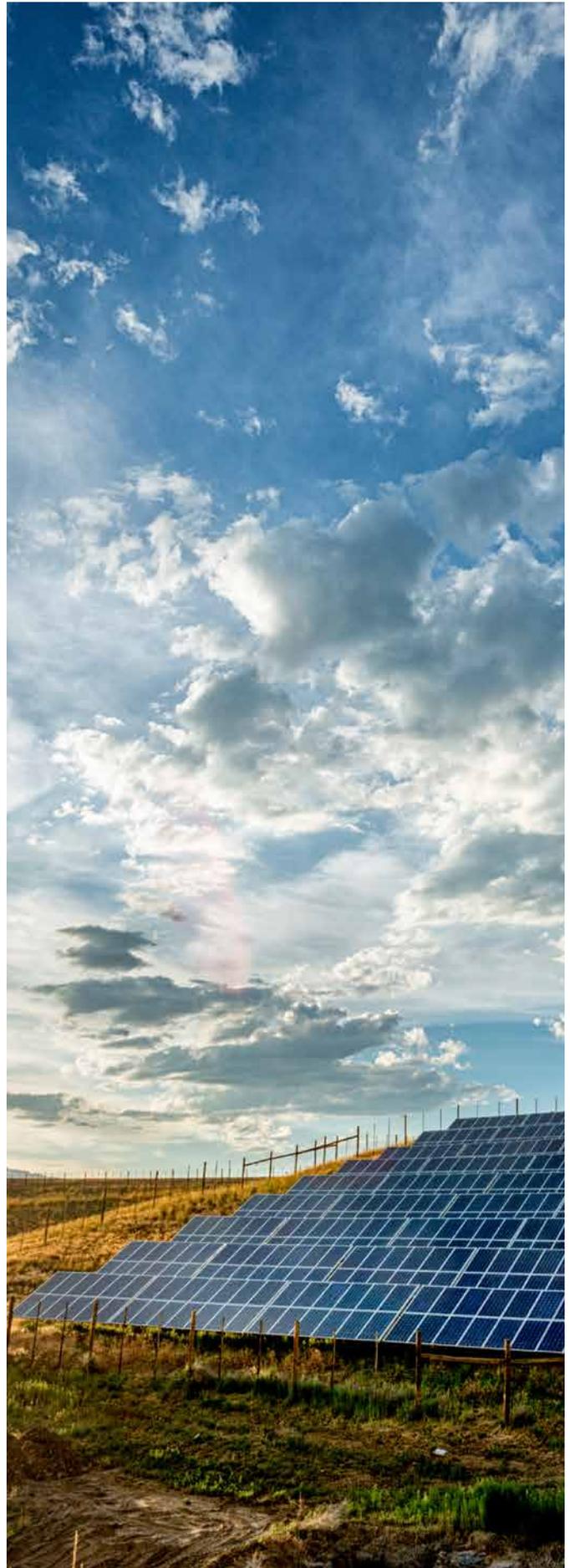
Contracted Power – Renewable Generation Assets

Over the last decade, the renewable energy industry, which consists primarily of wind and solar power in the United States, has grown significantly. This growth has been supported by a mix of cost reductions, new regulatory frameworks, and financial subsidies. Five years ago, MIC recognized that renewable energy assets provide an attractive investment opportunity that simultaneously supports the transition to clean power generation. In 2012 MIC made its first renewable investments with the purchase of two small solar facilities with a combined generating capacity of 30 MW. Since 2012, MIC's renewable energy subsidiary has expanded its portfolio which today comprises six solar and two wind generation assets with a combined generating capacity of 340 MW.

Looking to the future, the U.S. Energy Information Administration (EIA) estimates that the renewable energy industry is poised to continue growing. At the end of 2016, installed wind generation capacity in the U.S. totaled an estimated 81 gigawatts (GW). Wind generation capacity is forecast to grow to 95 GW by the end of 2018. Similarly, utility-scale solar generation capacity is forecast to grow from an estimated 21 GW at the end of 2016 to more than 30 GW at the end of 2018. MIC has positioned itself to participate in the industry's expected growth. In 2016, the Company gained its first experience in the construction of solar facilities in two greenfield projects in Hawaii. MIC anticipates utilizing the knowledge it gained during the construction process to construct additional facilities in the future. Furthermore in 2016, MIC entered into an agreement to commit capital to a renewable energy project development company.

Representative Renewable Energy Investments

- Idaho Wind Partners (IWP): In 2014 MIC acquired a majority interest in IWP, a portfolio of wind generation assets located in southern Idaho. IWP, which commenced operations in late 2010 and early 2011, utilizes 122 turbines with an aggregate generation capacity of 183 MW. Power generated by IWP is sold pursuant to a power purchase agreement that expires in 2031.
- Davis Monthan Air Force Base (DMAFB): MIC owns and operates the 13 MW solar farm on 170 acres of previously underutilized land at the Davis-Monthan



Air Force Base in Arizona. The project generates approximately 35 percent of the base's electricity needs, providing it with a local and reliable clean energy source. The DMAFB facility operates pursuant to a power purchase agreement that extends into 2039.

- **Equuleus Community Solar Gardens:** In 2017, MIC purchased a 5 MW solar portfolio in Minnesota through an exclusive bilateral negotiation with the development company to which it has committed capital. MIC expects to complete construction of these projects by the end of 2017. Equuleus Community Solar Gardens is a product of Minnesota state legislation passed in 2013 that established the community solar garden program. The legislation enables existing utility customers to procure solar powered electricity directly from their local geography.

MIC Hawaii

The energy industry in Hawaii is guided by the State's clean energy goals which include reducing emissions, increasing energy security, and decreasing costs for all energy users. MIC Hawaii's businesses support the State's energy goals and MIC management has oriented its initiatives and investments in the State to offer a range of clean-energy solutions to customers.

The Company's operations in Hawaii include:

- **Hawaii Gas:** the State's sole government-franchised gas utility and an unregulated liquefied petroleum gas (LPG) distribution business. Founded in 1904, Hawaii Gas serves Hawaii's 1.4 million residents and 8.9 million visitors across Oahu, Hawaii, Maui, Kauai, Molokai and Lanai.
- **Waihonu Solar:** Waihonu Solar has an installed capacity of 7 MW and produces clean energy that is sold pursuant to a long-term feed-in tariff with the regulated electric utility.
- **Critchfield Pacific:** a design-build mechanical contractor with a focus on engineering and constructing energy efficient building heating, ventilation and air conditioning infrastructure.

Hawaii Gas

Hawaii Gas contributes to the State's fuel mix, bringing cleaner and lower cost energy to residential, commercial and industrial customers. The business serves customers through both its regulated utility business and its unregulated tank and cylinder operations. Hawaii Gas is pursuing several initiatives to reduce GHG emissions and lower energy costs.

- **Reduction of up to 30% of the oil-based feedstock for its Synthetic Natural Gas (SNG) plant:** The gas distributed by Hawaii Gas has a wide range of commercial and residential uses including water heating, drying, cooking, emergency power generation, and decorative lighting. As there are no locally occurring hydrocarbons in the State, including natural gas, Hawaii Gas plays a vital role in meeting the energy needs of its customers. It does so by converting a light hydrocarbon feedstock (naphtha), into SNG which has chemical properties which are similar to natural gas. Hawaii Gas has the only SNG processing capability in Hawaii.
- **In April 2016 the business received regulatory approval to replace up to 30% of its SNG gas demand with containerized Liquefied Natural Gas (LNG).** As part of its approval, the Hawaii Public Utilities Commission noted that increased fuel diversity can reduce the security and reliability risks associated with the interruption or loss of naphtha supply. Furthermore, Hawaii Gas believes that the feedstock conversion holds the potential to both lower the cost of gas for its utility ratepayers while also reducing GHG emissions. In particular, natural gas is estimated to reduce GHG emissions by up to 30% when compared to oil, offering an important environmental benefit associated with the reduced reliance on an oil-based feedstock. The business anticipates investing approximately \$12.8 million in the project and expects to be in operation by the end of 2017.
- **Renewable Natural Gas (RNG):** In order to diversify its fuel mix, Hawaii Gas is exploring opportunities presented by RNG which would allow the business to further reduce its reliance on imported fuel sources. Hawaii Gas has been awarded a contract from the City and County of Honolulu to capture and process biogas from the Honouliuli Wastewater Treatment Plant for inclusion in Hawaii Gas' utility pipeline

system. Currently, biogas from the plant is flared into the atmosphere. The captured gas is expected to replace approximately 800,000 therms per year of existing gas supply. Hawaii Gas anticipates investing \$5 million in the project with an expected in-service date in 2018, subject to final approval by the Hawaii Public Utilities Commission. Hawaii Gas is exploring similar opportunities throughout the state which collectively have the potential to replace up to 5 million therms of gas supply.

- **Scalable Renewable Natural Gas via Energy Crops:** Hawaii Gas is working with several suppliers on a demonstration project that involves growing crops to produce biogas utilizing anaerobic digestion technology. The resulting RNG can then be injected into Hawaii Gas' utility system on Oahu.
- **Other Research and Development Initiatives:** Hawaii Gas has been involved in several other initiatives aimed at identifying renewable energy sources and developing related infrastructure. For example, in 2010 Hawaii Gas and a "Big Three" automobile manufacturer entered into a five-year agreement to provide a hydrogen service center for 14 hydrogen fuel cell vehicles. The two parties also worked with various state and federal stakeholders (Department of Education, National Renewable Energy Laboratory, Department of Business Economic Development & Tourism, as well as others in private industry) to assess hydrogen infrastructure, hydrogen production and costs. Although the five year agreement with the automobile manufacturer lapsed without renewal, Hawaii Gas continues to work with state and federal organizations to assess hydrogen production, storage, distribution and fueling, and remains interested in working with others to explore the use of hydrogen in Hawaii.

Similarly, in 2012 Hawaii Gas received Public Utilities Commission approval to spend nearly \$2.4 million on a proposed Bio Synthesis Pilot Project to test the conversion of fats, oils and greases into gaseous energy and various renewable liquid fuels. The business received a \$1 million grant through Hawaii Renewable Energy Development Corporation to partially fund this project.

Waihonu Solar

In 2015, MIC acquired two greenfield solar facilities on the island of Oahu. At the time of their completion in 2016, the facilities comprised the largest active solar complex on Oahu. Collectively, Waihonu has generating capacity of approximately 7 MW which is enough electricity to power approximately 2,300 homes annually. MIC's participation in these projects illustrates management's support of the State's Renewable Portfolio Standard which targets 100% of electricity generated from renewable sources by 2045.

Critchfield Pacific, Inc. (CPI)

Hawaii has the highest retail electricity rates in the nation, in part due to the reliance of the majority of the generation fleet on fuel oil as an energy source. Customers across the State regularly pursue solutions to reduce their electricity consumption as a means of both lowering costs and limiting their environmental impact. CPI, a design-build mechanical contractor with a focus on engineering and constructing energy efficient building infrastructure, helps customers achieve these energy efficiency goals. The business serves a broad range of end-markets including hospitality, commercial real estate and the military with solutions ranging from combined heat and power generation plants to efficient building HVAC systems.

Commitment to Safety

MIC's operating businesses employ more than 3,500 individuals and interact with countless more customers, contractors, and members of the communities in which they operate. As such, the Company understands the importance of conducting its operations in a safe manner. MIC's management believes that this is fundamentally a good business practice – employees are safer, our businesses and their customers suffer from fewer business interruptions, and our businesses enjoy the trust of the communities in which they operate.

IMTT

Immediately after MIC acquired the 50% of IMTT that it did not already own, management at both MIC and IMTT turned their focus toward improving employee safety at the business. In 2014, the business launched a new safety initiative, the "IMTT Safety Journey", which has the goal of reaching and sustaining zero safety incidents. The initiative was initially supported by DuPont Sustainable Solutions, a safety consulting division of the larger DuPont Corporation, who advised IMTT to ensure that the program was sustainable and successful. The IMTT Safety Journey is steered by a corporate Safety Leadership Team (SLT) chaired by IMTT's CEO. The SLT has established several process improvement teams whose responsibilities include strengthening processes currently in place, identifying and eliminating workplace hazards, and promoting knowledge and awareness of general safety protocols. In addition to the centralized SLT, each of IMTT's 12 terminal locations has a similar SLT responsible for guiding local efforts to reach and sustain zero incidents.

The business's progress in improving safety outcomes has been notable. Since 2013, IMTT has reduced its OSHA recordable injury rate by 40%. Furthermore, the business has been able to reduce the severity of injuries when they have occurred. Lost time injuries have declined by 33% over this same time period and IMTT's commitment to its employees and the surrounding communities was recognized by its peers in 2016 when the International Liquid Terminals Association (ILTA) awarded IMTT with the 2016 Safety Improvement Award, an honor given to only two member companies that year.

Project Safe Step

Project Safe Step is one of the initiatives that originated with IMTT's SLT. As part of IMTT's marine operations, personnel must frequently access piers, docks, and the

vessels which are moored to them. As part of Project Safe Step, the business's engineering department is systematically evaluating related infrastructure at each terminal to ensure that this can be done safely. The evaluation includes input from various external stakeholders such as the local (ship) pilots' associations, various marine towing companies, and mooring companies. In connection with the ongoing Project Safe Step review, management has committed to invest several million dollars in the project to upgrade facility access.

Emergency Response Teams

Three of IMTT's largest terminals – Bayonne, St. Rose, and Geismar – have Emergency Response Teams (ERTs) on site 24/7. The teams' training qualifies them as industrial fire departments. IMTT's ERTs are fully trained to respond to on-site emergency situations including liquid spills, medical emergencies, and fires. ERT training occurs throughout the year and includes multiple exercises and drills. Every three years, IMTT invites local first responders to participate in a full mock emergency drill.

Atlantic Aviation

As an industry leader, Atlantic Aviation understands the importance of holding itself to a high standard when it comes to the safety and well-being of its employees and customers. The nature of its operations, which includes the frequent movement of aircraft, high noise, and the storage, transportation and handling of aviation fuel combine for a potentially hazardous environment. As a result, Atlantic Aviation has invested extensively in safety training, equipment, and standardized operating procedures to mitigate safety risks. The results of the business's approach to safety are telling – Atlantic Aviation has consistently reported an OSHA recordable incident rate below industry averages.

Safety Training

In 2012, Atlantic Aviation launched an internal web-based safety training initiative, the Atlantic Certified Employee (ACE) program. The ACE curriculum covers a suite of health and safety related protocols and procedures including lockout/tagout, personal protective equipment, communication protocols, worksite hazard assessment, fire safety, emergency response plans, and fall protection. In addition to the ACE program, in 2009 Atlantic pioneered a Tow Certification program to

provide its employees with a comprehensive knowledge of general aviation safety and safe aircraft towing. Towing incidents represent the majority of liability losses in the FBO industry. The program was designed specifically to address the risks that tow operators face on a daily basis. Immediately after implementing the Tow Certification program, Atlantic experienced a 70% reduction in the number of towing-related incidents and the business has successfully maintained a reduced incident rate since.

As an organization, Atlantic's Environmental, Health, and Safety team works with some of the largest and most experienced insurance carriers in the industry to identify and minimize injury risk exposures. This knowledge, coupled with working with the business's Global Safety Committee, has enabled Atlantic to develop hazard specific training for its employees to address health and safety risks such as slip/trip and fall hazards, hand safety, strain prevention, and other common exposures.

Standard Operating Procedures

Atlantic Aviation has established a set of Standard Operating Procedures (SOPs) which guide employees as they carry out their responsibilities. The SOPs aim to achieve efficiency, quality output and uniformity of performance, while also reducing miscommunication, breaches of regulatory requirements, and safety risks to the employees carrying them out.

In order to ensure an alignment between documented SOPs and the on-the-ground realities of the employees' adhering to them, the business actively engages its employees and seeks input on the establishment of and updates to the SOPs. Management believes that by encouraging employee involvement in the creation of SOPs, they are more likely to implement them in their day-to-day roles.

Customer Safety

Atlantic Aviation services thousands of general aviation flight movements daily. The business understands that its customers place a high value in knowing that they, and their aircraft, are cared for in a safe manner. Placing a priority on customer safety is not only the right thing to do, but Atlantic's management believes that its high safety standards play an important role in its customers' choice of FBO provider. Atlantic Aviation's commitment to customer safety includes the following procedures and protocols:

- Aircraft fueling only commences once passengers are no longer in the vicinity of their aircraft;
- Fueling is only performed at the specific request of a flight crew member;
- Adoption of Air Transport Association (ATA) 103 as the fuel quality governing program to ensure that only clean, dry, on-specification fuel is delivered into aircraft; and,
- All aircraft tow movements within hangars are performed with a minimum of two tow spotters

As evidence of the effectiveness of Atlantic's safety program, a recent survey of a national air charter operators ranked Atlantic as the safest of the top six FBO networks. Atlantic Aviation led the survey with the fewest aircraft damage incidents per 1,000 flights, the lowest average direct repair costs per incident, and the fewest average aircraft days lost per incident.

Contracted Power

BEC has an outstanding record of protecting employee health and safety – since beginning commercial operations in 2012, BEC has had only one OSHA recordable incident. BEC's safety track record owes to several factors including management's emphasis on hiring qualified professionals and a continued focus on training and development. Training platforms include online training software, webinars, digital media, and in-person training provided by outside consultants, in-house corporate staff and regulatory agencies. Topics include, but are not limited to: hazardous materials management, hazard communication, job safety analysis, permit-required confined space entry, control of hazardous energy (lockout/tagout), first aid, fall protection, personal protective equipment (PPE), process safety management, emergency response plans, electrical safety and fire prevention. In addition, BEC has had its employees participate in over 400 hours per year of safety training, consistent with OSHA requirements.

MIC Hawaii

Hawaii Gas plays an important role in serving the energy needs of the State of Hawaii. As the sole regulated gas utility and the largest distributor of LPG in the State, the business has a direct impact on many of Hawaii's 1.4 million residents and its more than 8.9 million annual visitors. Above all else, Hawaii Gas is committed to promoting safe operations for its employees, customers,

and residents and visitors who benefit from its services and products.

The business's management has developed policies and procedures in support of safe operations, which are implemented alongside routine training requirements and awareness campaigns. Hawaii Gas also has a safety committee that meets on a monthly basis. The committee comprises a cross-section of employees from the business (senior management, non-management, union and non-union employees) and also includes regular participation from the CEO. The committee itself is led by non-management employees, which the business's management believes will better empower staff to take leadership on and proactively address safety matters. Additionally, Hawaii Gas engages in a robust dialogue with first responders and other members of the community to promote knowledge and understanding of the gas products it sells.

Internal Training and EHS Initiatives

Hawaii Gas has developed and implemented a range of initiatives and training modules to raise employee awareness of safety related matters, train them to recognize hazardous situations, and ensure that proactive steps are taken to minimize risks. Management's focus on employee health and safety enabled the business to cut in half the number of OSHA recordable incidents during the course of the past three years. Notable initiatives include:

- Alert Driving Training: As part of its daily operations, Hawaii Gas delivers LPG to its customers by bobtail truck. The company's drivers routinely log more than two million miles annually on Hawaii's congested roadways. Drivers are required to periodically complete a computer-based program which trains them to recognize and avoid hazardous driving conditions and other threats. Since the launch of this training program in 2011, Hawaii Gas has seen a 50% reduction in the number of avoidable vehicle safety incidents.
- STOP-SCAN-PLAN Program: This awareness campaign encourages all employees to be aware of their surroundings at all times, recognize when a hazard or risk exists, and proactively take steps to mitigate the risk.
- In addition to providing a safe working environment, management places a high value on supporting the health and general well-being of its workforce. To that end, the business launched the "Stretch it Out" campaign which promotes a series of stretching exercises that can be done in the field or office. Furthermore, Hawaii Gas conducts periodic ergonomic reviews of employee workstations and offers standing desks as an option for all office workers. The business also engages a licensed physical therapist to teach proper lifting and carrying techniques for field employees which is aimed at reducing the number of work-related soft tissue injuries.

Relationship with First Responders & the Community

Hawaii Gas has partnerships with local fire departments across the islands it services. Members of the Hawaii Gas team provide training for fire departments and other first responders in order to educate them on the properties of natural gas and LPG and establish response and communication protocols for events such as pipeline and tank related emergencies or bobtail truck incidents.

In addition to its engagement with first responders, Hawaii Gas actively participates with various other island organizations in support of safe operations and emergency preparedness. This includes the business's participation in the Kapolei Emergency Action Network (KLEAN), of which Hawaii Gas has been a member for 20 years. As a participant in KLEAN, Hawaii Gas partners with the tenants of the Campbell Industrial park in west Oahu. These tenants include electricity generators, gasoline retailers, and chemical distributors. The members of KLEAN focus on communication and response protocols in the event of an emergency.

More recently, Hawaii Gas joined the Hawaii Fusion Center, a coalition of fire personnel, police, the military, utilities, and State governmental agencies such as the Department of Land and Natural Resources and the Hawaii Emergency Management Agency. The group is committed to exchanging information in support of the safety and security of the island, in particular as it relates to infrastructure such as roads and utilities.

Community Engagement

IMTT

IMTT strives to be an active corporate citizen in the communities surrounding its terminals. For example, in April 2017, IMTT's Bayonne terminal took ownership of a large fire water delivery system previously owned by the state of New Jersey. IMTT is now responsible for the maintenance and deployment of the Neptune Pumping System which is capable of delivering up to 5,000 GPM of water. In addition to maintaining and deploying equipment for the local fire department, the terminal has also donated bunker gear to the local fire departments. Similarly, IMTT-Quebec has partnered with other companies located in the Port of Quebec to ensure the Port is protected from the risk of fire. During the period of its involvement with the Port of Quebec, IMTT has provided nearly \$1.5 million in improvements to the Port's fire water distribution system. In 2017 IMTT expects to purchase firefighting foam which will be available to all facilities in the Port.

Several terminals have adopted local area schools via the Adopt-A-School program to assist the schools with volunteers, equipment, maintenance and financial needs. Several terminals are actively involved in their local Chamber of Commerce and all terminals make numerous donations to charities every year. In 2017 IMTT's Bayonne terminal was honored by the local Chamber of Commerce as Business of the Year.

Atlantic Aviation

Atlantic Aviation's employees care deeply about making a positive impact in the communities in which its FBOs are located. The business and its employees have lent time and financial support to multiple causes ranging from fighting hunger to supporting access to education. In addition to support offered by individual FBOs to local organizations and charities, network-wide initiatives have regularly supported nationwide charities such as St. Jude Children's Hospital and The Fisher House Foundation.

Contracted Power

BEC's strives to be an active and engaged member of the Bayonne, NJ community. In support of this goal, BEC has contributed a Smartboard to Bayonne's Head Start Program and rescue equipment to the Bayonne

Fire Department. Other activities in which BEC is engaged include:

- the New Jersey Department of Environmental Protection Stewardship Program;
- the BEC Engineering Internship Program; and,
- support of the Bayonne Chamber of Commerce.

MIC Hawaii

For more than a century, Hawaii Gas has been a valued and engaged member of the local community, promoting a message of good corporate citizenship and involvement in the communities in which the business operates. The business's outreach program includes ongoing efforts to educate customers and first responders about the gas products they use. Hawaii Gas continues its education efforts about the benefits of gas energy through its website, customer communications, a Public Awareness Program, and other gas safety training and education classes that are offered to first responders, large customers (such as hotels), and the Hawaii Department of Education. For 2017, the business has earmarked \$300,000 for community engagement and outreach.

In addition to these community engagement initiatives, Hawaii Gas and its employees have long played an active role in supporting local charities such as the Aloha United Way, Special Olympics, March of Dimes, and the Susan G. Komen Foundation. Hawaii Gas also actively promotes the importance of Science, Technology, Engineering, and Math (STEM) education in local schools, including both financial and volunteer support of these programs.

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