Schroders greencoat

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

Schroders Greencoat LLP

2025

1. Introduction

Schroders Greencoat LLP and its affiliates ("Schroders Greencoat") is dedicated to managing funds investing in sustainable real assets, with a focus on investments in wind, solar, bioenergy and other energy transition[1] investments that support the decarbonisation of the energy sector either through the production of renewable or low-carbon energy or fuels, or through improving grid stability, transmission or distribution such as battery storage and low carbon hydrogen. Schroders Greencoat may also invest in energy assets that have a clear pathway to decarbonise over time.

Whilst we believe these strategies positively contribute to a transition to a low carbon economy, we also believe that responsible investment requires a clear and continuing focus on proactive management of environmental, social and governance ("ESG") factors across all aspects of our business. This ESG policy (the "Policy") reflects the commitment Schroders Greencoat has to responsible business and investing through the consideration and ongoing management of sustainability factors and sustainability risks, enhancing returns and creating long term value for investors in the funds we manage. Schroders Greencoat is also committed to achieving Net Zero by 2050.

Schroders Greencoat's investment decision making and asset management practices seek to identify areas of risk and opportunity, including sustainability risks and sustainability factors, that may impact the value and performance of the investments we make. We believe that our businesses must act responsibly across all areas of their operations to preserve the trust of stakeholders. In this Policy we outline our approach to integrating sustainability risks and sustainability factors into our investment decision making and ongoing management of investments, including the governance and oversight of our internal practices and those of our specialist service providers involved in assisting us to manage the assets. We also include our commitment to promoting sustainable investment practice and transparency through membership of sustainability organisations stakeholder engagement, and reporting under a range of disclosure initiatives.

For the purposes of this Policy:

- "sustainability risk" means an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. For example, widespread flooding across parts of the UK or high workforce turnover as a result of poor employment practices; and
- "sustainability factors" mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. For example, carbon emissions, workforce health and safety, whistle-blower protection policies (or lack thereof).

2. Scope

The scope of this Policy extends to listed and private funds or client mandates managed by Schroders Greencoat, as well as funds managed by other Schroders entities to which Schroders Greencoat provides portfolio management or advisory services ("the funds").

Regarding the funds, it is acknowledged that some sustainability risks and sustainability factors will be relevant to all funds, but different funds may consider additional factors or different materiality depending on the location, type, technology or stage of investments targeted. Each investment and asset are therefore considered on their individual merits, however the principles followed to considering sustainability factors and integrating sustainability risks are consistent across all investment and asset management teams and the respective funds they manage.

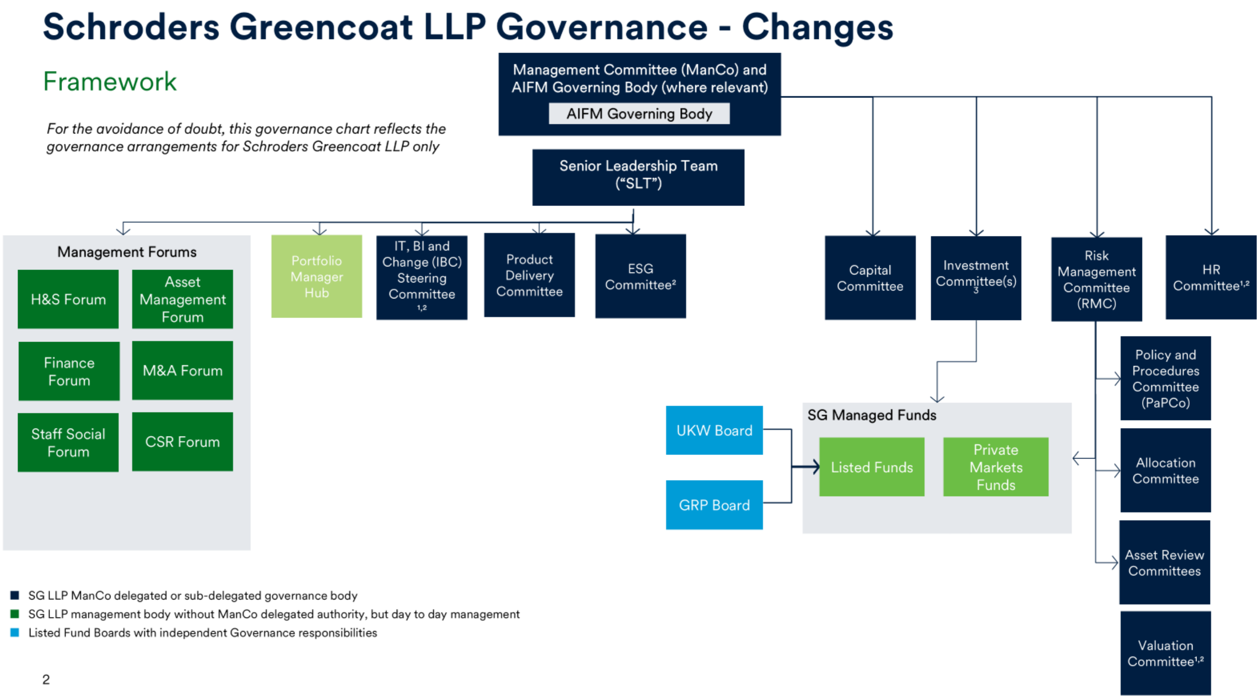
[1] Energy transition refers to the transformation of the energy sector from the production and consumption of fossil based resources to renewables and other low or zero carbon sources, with the aim of reducing greenhouse gas emissions.

3. Policy implementation

3.1 Schroders Greencoat governance framework

Schroders Greencoat's Management Committee ("ManCo") has delegated management of day-to-day ESG coordination and developments to a dedicated ESG Committee as part of its overall governance framework. The ESG Committee meets at least quarterly and includes representatives of each investment business, the Head of Sustainability, as well members of ManCo and Compliance. A separate CSR Forum, develops and executes CSR related activities with the oversight of one member of ManCo.

The diagram below depicts Schroders Greencoat's governance framework (where it is also the AIFM).



The ManCo is ultimately responsible for implementation of this Policy but delegates the approval of this policy to the Policies and Procedures Committee ("PapCo"). The responsibility for overseeing the implementation of this Policy at fund level resides with the respective Boards of the listed funds, and the respective Steering Committees of the private funds, whilst the implementation of the Policy into day-to-day business activities is the responsibility of Investment and Asset Management teams. The Investment Committees, Valuation and Risk Management Committees will each consider sustainability risks and sustainability factors and this Policy as part of their respective responsibilities.

Any proposed amendments, following such review, will be approved by the Policies and Procedures Committee ("PapCo") and the Risk Management Committee ("RMC"), for policies of the listed funds, by the respective Boards. For the avoidance of doubt, the respective Steering Committees (for the private funds) and Boards (for the listed funds) will be responsible for overseeing the implementation of this Policy (and any fund level ESG policies).

Non-standard[2] amendments to the Policy and sustainability commitments may also require review and approval by the Schroders Capital Sustainability & Impact ("S&I") Central team, as described in the Schroders Capital S&I Governance and Oversight Framework.

[2] Non-standard amendments include changes to this policy that are not in line with Schroders Group Sustainable Investment Policy

3.2 ESG Committee

Schroders Greencoat's ESG Committee, undertakes the following responsibilities as outlined in its Terms of Reference to:

- Review and make recommendations on this Policy (and any fund level ESG policies) at least annually
- Ensure compliance with the Schroders Group Sustainable Investment Policy, S&I Regulations and the requirements of the Schroders plc group annual ESG Accreditation process
- Support the integration of this Policy (and any fund level ESG policies) into the business processes of investment and asset management teams
- Provide advice to investment managers on key performance indicators ("KPIs") and targets (where appropriate for each business) that appropriately reflects the material risk and opportunity factors relevant to certain types of renewable assets or Funds
- Make recommendations concerning relevant sustainability risks and sustainability factors to be considered by the following Schroders Greencoat governance committees as part of their oversight responsibilities:
  - HR Committee
  - Risk Management Committee
  - Investment Committee(s)
  - Valuation Committee
  - Steering Committee(s)
- Inform the Senior Leadership Team ("SLT"), other relevant Schroders Greencoat committees and investment managers of evolving ESG and S&I related trends and industry developments
- Promote education and awareness of sustainability factors throughout Schroders Greencoat and, where possible, its service providers
- Assist and support, where requested by investment managers or other Schroders Greencoat committees, in the creation of disclosures, reports or submissions made to third parties and investors, to ensure consistency and accuracy of content
- Approve all external sustainability commitments on behalf of Schroders Greencoat and monitor all such commitments on behalf of Schroders Greencoat and the funds
- Ensure the completion and delivery of any Schroders Greencoat-wide commitments, disclosures, reports or submissions to third parties (e.g.: sustainability initiatives such as UNPRI, NZAMI) and investors
- Assess any ESG related project proposals and supporting business cases, and where required, oversee their execution
- Leverage Schroders Greencoat's existing resources and research capabilities on ESG related topics for the benefit of all investment teams and Funds
- Determine and report to the SLT any ESG items that fall outside the powers of the Terms of Reference

3.3 Schroders Capital Sustainability and Impact

Following Schroders plc's acquisition of a 75% shareholding in April 2022, Schroders Greencoat represents the Infrastructure Equity pillar of Schroders Capital, Schroders' private assets business which also includes private equity, real estate, and private debt & credit alternatives. Schroders Greencoat falls under both the Schroders Capital Sustainability and Impact ("S&I") Governance and Oversight Framework and the Schroders plc group annual ESG Accreditation and is required to comply with the Schroders Group Sustainable Investment Policy. Each underlying business of Schroders Capital, including Schroders Greencoat, is responsible for the effective implementation of Schroders Capital's S&I strategy across the business, principally:

- Complying with Schroders Group Sustainable Investment Policy and S&I Regulations
- Business S&I Policy
- Business S&I Investment proposition
- Business, entity, mandate level reporting to clients, internal and external stakeholders
- Risk monitoring and management
- S&I regulatory scoping and implementation
- Any new fund/mandate and change to any existing fund/mandate leading to changes in the control framework, risk escalation processes or contractual/regulatory breach procedures to be notified and signed off by Group Investment Risk

The Schroders Greencoat Sustainability Team regularly attends the Schroders Capital S&I Working Group. This working group is responsible for advising on the Schroders Capital S&I strategy to ensure the relevant and appropriate implementation of the strategy for underlying Schroders Capital businesses.

3.4 Asset holding company governance and oversight

Renewable infrastructure investments are generally held via dedicated holding companies, referred to as Special Purpose Vehicles ("SPVs"). These SPVs have their own board members who are responsible for overseeing the implementation of their respective policies and controls. Where possible their policies will be inherited directly from those of Schroders Greencoat, the main exceptions being where the asset may be jointly owned, in which case Schroders Greencoat will engage to ensure that appropriate policies are maintained (and where possible, that key aspects of this Policy are considered).

4. Transparency and disclosures

4.1 United Nations Principles for Responsible Investment ("PRI")

Schroders Greencoat is committed to adopting the six Principles for Responsible Investment in our business:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of PRI within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing PRI.
- **Principle 6:** We will each report on our activities and progress towards implementing PRI.

Schroders Greencoat first became a signatory to the PRI in May 2016 and since August 2023 is incorporated into the Schroders plc PRI membership. Schroders plc has been a signatory of the PRI since 2007.

4.2 United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals ("SDGs") are a collection of 17 interlinked goals, to be achieved by the year 2030, with the intention of ending extreme poverty, reducing inequalities, and protecting the planet. Schroders Greencoat acknowledges the importance of the SDGs in addressing the global challenges facing the international community and is supportive of the 2030 targets. As a leading owner of renewable infrastructure assets, Schroders Greencoat's investment strategy aligns to the SDGs in three core ways:

SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
As a manager of renewable infrastructure, Schroders Greencoat's strategy is core to the development of clean and reliable energy.

SDG 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation
Schroders Greencoat's energy transition assets help to decarbonise hard-to-abate sectors.

SDG 13: Take urgent action to combat climate change and its impacts
The assets Schroders Greencoat manages contribute towards a zero-carbon future.

In addition, through the implementation of habitat management plans, and providing funding and support to local community projects and employment, the assets Schroders Greencoat manages contribute indirectly to a number of other SDGs: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production), SDG 14 (Life Below Water), and SDG 15 (Life on Land).

4.3 Net Zero Asset Managers' Initiative

Schroders Greencoat is committed to achieving Net Zero by 2050 and has signed up to the Net Zero Asset Managers' Initiative ("NZAMI"), committing to ensure its Fund portfolios align with the Paris Agreement goal to limit global warming to 1.5°C compared to pre-industrial levels.

By becoming a signatory, Schroders Greencoat has committed to:

- Work in partnership with the Funds on decarbonisation goals, consistent with an ambition to reach net zero by 2050 or sooner across all assets under management;
- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner; and
- Review our interim target at least every five years.

In 2022, Schroders Greencoat set a target such that a) 95% of its assets under management ("AUM") will be covered by its Net Zero Asset Managers Commitment Statement and b) Scope 1 and Scope 2 emissions intensity of its AUM, per MWh of renewable energy generation, is reduced by 50% by 2030 (using 2022 as a baseline), guided by the Net Zero Investment Framework.

4.4 Task Force for Climate-Related Financial Disclosures

The Task Force for Climate-Related Financial Disclosures ("TCFD") was established in 2015 with the goal of developing consistent disclosure standards for companies to enable stakeholders to assess climate related financial risks. Schroders Greencoat strives to maintain the highest standards of corporate governance and effective risk identification and management. Schroders Greencoat supports the recommendations of the TCFD and refers to them for guidance on addressing climate related risks and opportunities across the business. Schroders Greencoat's listed and comingled private funds make the relevant TCFD disclosures in their annual reports, in addition to website disclosures for the listed funds, available on Schroders Greencoat and the listed fund websites. Schroders Greencoat includes climate related disclosures in its ESG Report and publishes a TCFD Entity Report, as required by the UK Financial Conduct Authority. This is also made available via the Schroders Greencoat website [ESG].

4.5 Disclosures and reporting

Schroders Greencoat understands the importance of transparency in maintaining the trust of its stakeholders and, in addition to its annual PRI reporting, produces annual ESG and Impact reports for the firm and several of its funds, as relevant. The Schroders Greencoat ESG Report covers its approach to responsible investing, ESG related activities and case studies as well as ESG Key Performance Indicators. Separately, the funds include sustainability risks and sustainability factors in their reporting and accounts (in line with SFDR where relevant). These will continue to develop as the needs of investors, stakeholders and regulators evolve, and importantly regarding climate change, aligned to the TCFD framework.

5. Schroders Greencoat's operational sustainability

Schroders Greencoat believes the Policy reflects the socially responsible way it endeavours to run its business and manage investments for clients. Schroders Greencoat's core purpose is to invest in renewable and low carbon energy assets on behalf of clients which provide attractive, sustainable financial returns and improve the environmental and social outcomes of the sectors we operate in.

5.1 Corporate Social Responsibility ('CSR')

The team at Schroders Greencoat is dedicated to supporting positive social change and, with this end, has a CSR Forum in place, responsible for:

- Encouraging responsible behaviour towards local communities and society at large;
- Supporting disadvantaged groups through involvement in charitable initiatives;
- Identifying and promoting volunteering opportunities with charities that assist these groups;
- Raising awareness of CSR initiatives within the company and encouraging team members to explore more CSR opportunities; and
- Helping employees build better relationships and collaborate effectively through undertaking enjoyable and meaningful CSR projects.

5.2 Responsible business management

Schroders Greencoat aims to manage all aspects of its and its funds' businesses responsibly. Examples of this include its commitment to Health and Safety, its compliance procedures, its internal HR policies and practices, the oversight and detailed assessment of third party service providers including their commitments with regards to modern slavery, and engagement with communities local to the assets it manages and their operations. Each of these aspects of Schroders Greencoat's business has a dedicated governance structure which is documented separately to this Policy.

5.3 Environmental performance

Schroders Greencoat aims to consider and minimise the environmental impacts of its operational activities. This includes consideration of the energy efficiency and type of energy procured for office use and waste management. Following the integration of Schroders Greencoat into the broader Schroders group, responsibility for managing the environmental performance of operational activities regarding aspects such as energy use, energy procurement and waste management, falls under the Schroders Corporate Sustainability team.

6. Sustainability-related investment approach

6.1 Key sustainability factors affecting fund investments

The materiality of sustainability risks and sustainability factors, and thus the potential to affect the risk/return characteristics of investments made by the funds, will vary across the technology of the underlying assets and investments (e.g. wind, solar, bioenergy, other energy transition), their physical locations and the jurisdictions in which they operate, their stage (e.g. construction vs operation), and type (e.g.: asset companies vs. corporate structures, majority vs. minority stake). However, there are also a number of material sustainability risks and sustainability factors that will be consistent across the funds and their assets which are described here:

- **Carbon emissions:** We only invest in renewable energy infrastructure and energy transition related assets or companies, which by their nature lower carbon emissions. We therefore focus our activities on maximising the efficiency and productivity of our clients' investments, thereby improving potential financial returns with a lower carbon impact and the carbon avoided by the investments.
- **Climate change:** We assess the exposure to physical risks as the result of climate change such as floods, and extreme weather patterns, and, where relevant, mitigate these by addressing the drainage and surrounding water management conditions of a site. Remaining risks will be mitigated through appropriate insurance as much as possible. Where neither are feasible, an investment into a given asset with such insurmountable risks may be rejected. We also aim to incorporate analysis of forward looking scenarios associated with varying average temperatures, such as power price changes, policy and technology developments and physical impacts associated with changed weather patterns.
- **Biodiversity:** We aim to manage all aspects of our funds' investments and assets sustainably. This includes management of the biodiversity and habitats associated with the assets, use of sustainable feedstocks in bioenergy investments and, where possible, encouraging additional compatible uses of land on which our assets are situated. We will assess potential biodiversity impacts and risks associated with our investments and aim to minimise the adverse biodiversity impacts of investments and, in some instances, enhance the biodiversity and habitats of our assets. Actions may include, for example, the implementation of bird and bat management plans and other specific habitat management plans. Where service providers use pesticides for the management of land on which assets are situated, we expect them to avoid the use of toxic pesticides, promote non-toxic alternatives and incentivise the use of less environmentally damaging pesticides.
- **Waste:** We aim to minimise the biodegradable waste to landfill associated with our funds' investments and to maximise the useful life of all assets and components, both reducing potential waste to landfill and supporting the value associated with the assets. For assets subject to planning permission restrictions and environmental regulation on waste/pollution, we work to the best of our ability to ensure adherence to such obligations. We also support initiatives to develop future solutions to reduce and minimise waste and actively seek out alternative uses for components at end of useful life to avoid waste to landfill, if feasible.
- **Compliance:** We ensure, to the best of our ability, that assets have, and continue to meet, planning permission restrictions, environmental standards around noise, waste/pollution, adherence to laws on health and safety, modern slavery, money laundering, bribery and corruption. Where a potential investment opportunity does not meet our requirements in these areas, and cannot be sufficiently resolved or mitigated, we will decline to proceed with recommending the investment.
- **Health and Safety:** While we aim to ensure that our operations and management ('O&M') providers comply with all relevant labour laws and health and safety regulations, we recognize that culture is an important component of strong health and safety practices. We use independent third-party firms to audit and where necessary provide advice on Health and Safety. In addition to our service provider due diligence procedure, ongoing monitoring and reporting of certain data, we also undertake regular visits to asset sites with a view to observing O&M activities and behaviours.
- **Community engagement:** We aim to proactively engage with local communities through a combination of funding or sponsoring of local community projects, mitigating visual or auditory impacts of projects or on-site operations, and providing schools and universities access to our asset sites. We believe this helps foster strong

relationships, reduces the risk of complaints and disruption to the operations of the assets while minimising any environmental and social impacts to habitats and communities. We will also assess and provide solutions to protect land and access rights associated with each investment, including those of local communities and indigenous peoples, as relevant, and establish processes to ensure responsible engagement with local communities.

- **Physical security (loss or damage):** We aim to reduce the exposure to physical damage or theft of assets through security risk assessments and taking mitigation measures as needed.
- **Cyber security:** We take the confidentiality, data integrity, and information security of our data and systems extremely seriously and aim to embed security at all stages of the technology lifecycle. By taking a comprehensive and consistent approach to the security management of information across the firm, this minimises both the likelihood of occurrence and the impacts of any information security incidents.
- **Governance:** We aim to implement strong governance and oversight of processes, controls and compliance of laws and regulations, through the relevant Asset Review Committee (listed funds have their own boards), and SPV boards at the asset holding company level. The latter will further define and oversee the implementation of policies, procedures, controls and oversight of the third-party service providers engaged to manage assets i.e. operations and management O&M providers.
- **Supply chain:** As the energy transition sector expands, demand for raw materials, resources, and labour to support this development grows too, and the sustainability risks present in this global supply chain evolve. Schroders Greencoat strives to ensure its high ESG standards and values are consistently applied throughout the supply chains that support its investments and operations. This is done through thorough supply chain due diligence for direct suppliers at both corporate and fund level, with a particular focus on supply chains with known material ESG risk exposure, and through application of our Supplier Code of Conduct. Schroders Greencoat's Supply Chain Policy provides recommendations of best practice for the funds to manage their own supply chain risks.
- **Diversity and Inclusion:** We are committed to encouraging equality, diversity, and inclusion and eliminating unlawful discrimination among our workforce, and, to the extent we have sufficient control or influence, among the workforce of the key service providers involved in the operations and management of the SPVs. Any companies with employees, in which we invest directly, are expected to respect the same principles.

Prior to investment these sustainability factors are considered in due diligence, documented and reported on, along with any mitigation plans, to the Investment Committees. Upon acquisition, these sustainability factors, as relevant, are monitored through engagement with operational managers, and through the Manager's sustainability KPIs which are collected on an annual basis.

6.2 Integration of sustainability risks into the fund investment process

Schroders Greencoat considers material sustainability risks throughout the investment process in the same balanced way we do with other key risks beginning from due diligence during acquisition, the ongoing operation of the assets, to sustainably disposing of assets at the end of their lives. Our investment decision making and asset management practices seek to identify areas of potential risk (including sustainability risk) and opportunity that will impact the value of investments over the long term.

Schroders Greencoat assesses the materiality of different sustainability risks based on the likelihood and impact of those factors on a numerical scale, in line with standard industry practice. Material risks are recorded in a risk register and the mitigation plans are implemented and continually monitored by the Schroders Greencoat asset management teams.

The way in which sustainability factors are integrated at each stage of an investment is outlined below. The extent to which Schroders Greencoat can enforce best practice (through engagement or contractual documents) and monitor performance (including collecting appropriate data) will depend on the structure of the investment (for example, asset companies vs. corporate structures, majority vs. minority stake) and the nature of the relationship with its key service providers (for example, whether service provider contracts are inherited on acquisition rather than negotiated by us).

Initial investment screening: The Manager conducts early-stage screening for sustainability risks, based on its experience of the sectors in which the Fund invests. This includes:

- A positive screen to identify opportunities that support the transition to a low carbon economy;
- A screen against the Fund's investment policy and investment restrictions and Schroders Greencoat's firmwide sustainability exclusions (which are set out in Appendix 1); and
- To the extent the information is available, the Manager also assesses the proposed investment's compliance with and contribution to the Manager's sustainability standards (in accordance with the ESG Policy and SFDR pre-contractual disclosures).

Nonetheless, sustainability risks are often identified in the next phase of the investment process during due diligence, including by taking professional advice.

Investment due diligence: Schroders Greencoat then undertakes a detailed due diligence process to understand any risks fully, sustainability or otherwise, which could affect the value of an investment. Investment Committee papers include a dedicated sustainability section which seeks to report on the key sustainability related due diligence findings. The Investment Committee will then determine whether the risk / reward profile is acceptable (and therefore whether to proceed with the acquisition) and assesses any recommended post-acquisition mitigation plans, taking into consideration the fund's risk tolerance levels and the cost associated with implementing the proposed mitigation plans.

Operating the assets: Following investment, Schroders Greencoat representatives typically take one or more board seats on each SPV and will therefore take part in the overseeing of all major strategic and operational decisions. Where ownership rights permit, Schroders Greencoat aims to implement its own policies, practices, responsible business management, and regular reporting and monitoring of sustainability Key Performance Indicators ("KPIs") across the assets of the fund. Where we cannot implement Schroders Greencoat policies (e.g. because a majority shareholder controls the board), we assess the policies in existence before investment and use the fund's shareholder rights to the extent possible to ensure that appropriate policies are maintained.

Schroders Greencoat works with the third-party operators responsible for the day-to-day physical management of the assets to manage sustainability risks and opportunities. To the extent Schroders Greencoat can appoint key service providers, it undertakes due diligence on them to ensure that where the fund or an SPV enters a relationship on a material contract, the business integrity, policies, and practices of that new key service provider have been assessed and appropriate terms have been built into the contract accordingly. In some cases (e.g. usually in large wind joint ventures with a utility), the contracts with such service providers are inherited and/or managed more closely by the joint venture partners, in which case while we cannot enforce our own standards, we seek to utilise our experience and industry relationships to influence the service provider processes.

During the holding period, Schroders Greencoat performs regular reviews of each SPV, and, wherever possible, the key service providers involved in the operations and management of the SPV against a minimum standard of good governance which includes sound management, relevant tax compliance, employee relations, remuneration and avoidance of bribery and corruption, as further described in the "Good Governance" section below.

Finally, Schroders Greencoat recognises that engagement is critical to long term sustainable investment. We seek to build strong, long term relationships with high quality, experienced counterparties to give consistency of service and standards, allow for learnings across the varied businesses we manage and drive efficiency. We also aim for the funds' assets to have a positive impact on their surrounding communities, including by funding and encouraging measures to support local community projects and social club initiatives.

6.3 Investment exclusions

Schroders Greencoat applies exclusion criteria with the effect of avoiding investment in activities that it believes to be incompatible with a sustainable investment objective. Across the capital it directly manages, Schroders Greencoat shall avoid investing in the activities listed in Appendix 1. In circumstances where Schroders Greencoat has sub-delegated part of a mandate to another Schroders Group entity, such as for example mandates which include the management of listed equities, the relevant Schroders exclusion policy may apply to such part of the mandate instead.

The additional investment exclusions set out in Appendix 1 are only relevant to funds in scope of the ESMA Fund Naming Guidelines, in accordance with the requirements set out for use of relevant terms in fund names.

6.4 Alignment with Minimum Safeguards

Schroders Greencoat seeks to ensure that funds' investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights (together, the "Minimum Safeguards"). Schroders Greencoat achieves this through the following means:

- the implementation of the following:
  - this Policy
  - Schroders Greencoat's Modern Slavery and Human Trafficking Statement
  - Schroders Greencoat's Supply Chain policy to the funds' respective ESG policies and ESG reports, where applicable
  - the funds' Modern Slavery statements, where applicable
- conducting due diligence and regular ongoing reviews on key service providers, including using third party ESG risk tools to support the flagging of companies potentially in violation of the UNGC Principles
- where possible, placing contractual obligations on key service providers to comply with the principles underlying the Minimum Safeguards and report any non-compliance to Schroders Greencoat through Schroders Greencoat's Supplier Code of Conduct
- monitoring its investments and key service providers against the Schroders Global Norms Breach List

6.5 Good Governance

Schroders Greencoat expects its investee companies and, where it has sufficient control or influence and to the extent relevant, the key service providers involved in the operations and management of the investee companies, to practice a minimum standard of good governance in relation to sound management structures, relevant tax compliance, employee relations, remuneration and avoidance of bribery and corruption, as further described in Appendix 2. Key service providers are expected to sign the Manager's Supplier Code of Conduct, or demonstrate that they have an equivalent in place, to ensure they align with the Manager's good governance standards.

In particular, Schroders Greencoat evaluates the governance practices of prospective investments and seeks to understand those of the key service providers it appoints through due diligence prior to investment. During the holding period, representatives of Schroders Greencoat will typically take one or more seats on the board or directorship of each investee company and therefore take part in strategic and operational decisions. As the investments will typically be held in SPVs which do not typically have employees or management teams, employee related social factors in relation to those investments are typically focussed on the third party service providers.

Schroders Greencoat will monitor the governance practices relating to each SPV on an ongoing basis through regular reviews against the criteria listed in Appendix 2. The extent to which Schroders Greencoat can enforce good governance through engagement or contractual documents will vary depending on the nature of the relationship and structure of the investment (for example, asset SPVs vs. corporate structures, majority vs. minority stake). As such, what "good" looks like will also vary and some of the requirements listed in Appendix 2 may not be relevant in all cases.

6.6 Schroders Global Norms Framework

Schroders' Global Norms Framework identifies activities which it deems a breach across different areas of human rights, labour, environment, and anti-corruption. The ultimate output of this framework is the Schroders Global Norms Breach List which comprises a list of companies that have been identified as causing significant damage; not sufficiently addressed the issue in question through transparent communication and action; and not provided sufficient remedy for affected stakeholders. This list is applied as pre-investment exclusion criteria and a post-investment engage or exclude criteria for our Article 9 funds to ensure that investments in scope, and their key service providers, adhere to the 'Do No Significant Harm' element of SFDR.

6.7 Monitoring and reporting

Schroders Greencoat monitors and reports on a wide range of KPIs for the funds' assets. These are reviewed annually, and the current baseline KPIs are appended in Appendix 3.

These KPIs reflect the main sustainability factors relevant to Schroders Greencoat's activities and as well as the Principal Adverse Impacts ('PAIs') indicators applicable to funds it manages that are in scope of SFDR (which are also reported on as part of the funds' annual reporting). As the funds invest exclusively in renewable energy and energy transition infrastructure, the PAIs that we focus on include (but are not limited to) greenhouse gas emissions and health and safety incidents. These PAIs (amongst others) have been used to inform our long-term investment stewardship and engagement policies. In terms of actions planned, Greencoat may engage directly with the SPVs and/or third-party service providers to better understand these impacts and/or take additional steps to reduce adverse impacts.

KPI data is sourced directly from SPVs and complemented by specialist external advisers such as environmental consultants, as required. The third-party O&M service providers used by the various funds or SPVs report to Schroders Greencoat's asset managers at least quarterly on standard KPIs and qualitative factors, such as health and safety, compliance with relevant laws and regulations, local community engagement and habitat management where relevant. Carbon footprint indicators are measured in line with the industry standard GHG Protocol based on an equity control approach, meaning emissions from our operations are accounted based on the relevant ownership interest. Scope emissions calculations will be verified by third party consultants. Carbon savings and carbon equivalent metrics are measured by applying conversion factors, taken from credible sources specific to a particular geography (e.g., OFGEM, US EPA), to the renewable energy generated figure. The KPIs are subject to an annual review to ensure that Schroders Greencoat continues to improve transparency on ESG matters.

All KPI data is gathered and reviewed by the relevant Schroders Greencoat management team and discussed with the relevant Board or Asset Review Committee in a structured way which supports a proactive and transparent overview of ESG considerations. A subset of these KPIs is reported publicly as part of the annual sustainability report referred to in paragraph 4.5. These activities reinforce the minimum governance requirements as set and approved by each Board or Asset Review Committee.

6.8 Engagement

Schroders Greencoat is committed to engaging with key stakeholders relevant to its funds' investments to ensure the investments it manages positively impact the communities in which they operate. Key stakeholders include local communities, project landlords, key suppliers and service providers, investors, regulatory bodies and industry experts. Engagement consists of a constructive dialogue between investors and project stakeholders to manage sustainability risks and opportunities. Engagement mechanisms vary but may include informal dialogue, structured meetings, industry association working groups, emails or formal letters.

Our primary means of engagement is through the retention of a director position on the boards of investee companies, as possible. This enables us to be closely involved in all decision making associated with the asset with the aim of creating value for stakeholders. Investee company board members are responsible for making sure relevant factors are considered in the context of the operational performance, corporate strategy, and broader stakeholder relationships as well as good governance, enforcement of legislative compliance, sustainability factors such as those relating to health and safety, compliance with environmental standards, and approval of risk management frameworks at the investee company level.

We seek to build strong, long-term relationships with high quality, experienced counterparties to give consistency of service and standards, allow for learnings across our various businesses and drive efficiency. Engagement with key service providers and suppliers is carried out on a regular basis based on the need to respond to sustainability issues or to encourage improved actions and outcomes in line with the commitments set out in this Policy.

We utilise specialist consultants to advise on developments in sustainability best practice, attend relevant conferences, seminars and working groups, and hold regular meetings of our Health & Safety and Asset Management Forums to exchange relevant knowledge and best practice and feedback on the performance of key service providers.

Additionally, we are members of and proactively engage with various industry associations and policy makers to promote more sustainable practices across the renewable energy sector.

Appendix 1: Investment Exclusions

Across the capital it directly manages, Schroders Greencoat shall avoid investing in the activities listed below, taking a zero-tolerance approach.

Exclusion criteria	Description
Fossil fuels – Coal (including hard coal and lignite)	Exploration, mining, extraction, production, transportation, power generation, distribution, refining and/or storage
Fossil fuels – Oil (including oil sands)	Exploration, extraction, production, transportation, power generation, distribution, refining and/or storage
Fossil fuels - Gas (excluding green gases, such as biomethane, biopropane, or hydrogen)	Exploration, extraction, production
Bioenergy or biofuel from unsustainable sources (e.g.: Palm oil)	Extraction, production, power generation
Weapons	The production, trade, transfer or stockpiling of weapons or munitions of any kind. This includes anti-personnel mines, cluster munitions, chemical weapons and biological weapons
Legal or regulatory violations	Activities deemed illegal under applicable local or national laws or regulations
Tobacco	Cultivation, production, trade, or retail of tobacco
Illegal drugs	Production, trade, or retail of illegal drugs (in the relevant geography)
Alcohol	Production, trade, or retail of alcohol
Gambling	Production, services
Adult entertainment	Production, operation, and distribution

For investment products in scope of the ESMA fund naming guidelines, the following exclusions are applied in addition to those set out above, as relevant according to the terms used in the product name. Exclusions are applied to investments made through Special Purpose Vehicles as well as underlying investments for fund-of-fund products.

Additional exclusions for funds in scope of ESMA Fund Naming Guidelines

Exclusion criteria	Description
(a) companies involved in any activities related to controversial weapons	See Weapons exclusion above
(b) companies involved in the cultivation and production of tobacco;	See Tobacco exclusion above
(c) companies that AIFM find in violation of the UNGC principles or the OECD Guidelines for Multinational Enterprises	Investee companies or assets that are found to be in violation of UNGC principles or OECD guidelines per sections 6.4 and 6.6 above
d) companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite	See Fossil Fuels - Coal exclusion above
e) companies that derive 10% or more of their revenues from exploration, extraction, distribution or refining of oil	See Fossil Fuels – Oil exclusion above. This exclusion refers solely to fossil fuel-based oils. Biomass based oils are not covered by the exclusion
f) companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels	Investee companies or assets that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of fossil fuel based or derived gaseous fuels. This exclusion does not include the generation of heat through the consumption of fossil fuel based gaseous fuels, nor does it include bio-based gases such as biomethane, bio propane or green/low carbon hydrogen fuel (per local regulatory definitions)
g) companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO_2 e/kWh	Investee companies or assets that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO_2e/kWh. This does not relate to investee companies producing forms of energy other than electricity. The GHG intensity is based on a lifecycle assessment approach

Appendix 2: Good Governance

<table>
<tr><th colspan="2">Good Governance</th></tr>
<tr><td>Sound management</td><td>Schroders Greencoat expects the boards of all investee companies to promote the long-term success of each investee company and to act with integrity.

The investee company board should demonstrate the following characteristics:
apply objective judgment and promote a culture of openness and integrity;
have the appropriate combination of skills, experience and knowledge;
understand the importance of the relationship between the company and stakeholders including the impact on the community and environment within which it operates; and
establish appropriate controls, audit functions and risk controls appropriate for the size of the company.</td></tr>
<tr><td>Tax compliance</td><td>Investee companies are expected to adhere to local and international tax laws.</td></tr>
<tr><td>Employee relations including remuneration</td><td>Employees should be treated fairly with particular consideration given to the maintenance of proper working conditions.

For investee companies with employees, this would include having in place:
appropriate health and safety processes;
proper remuneration practices in place whereby all employees are paid the minimum wage according to the region within which they are employed;
policies ensuring adherence to all applicable labour laws (including, for the avoidance of child labour); and
a commitment to workforce diversity and inclusion.
For SPVs without any employees, this applies mainly to the key service providers in the operation and management of the SPV.</td></tr>
<tr><td>Anti-bribery and corruption</td><td>Investee companies should work against bribery and corruption in undertaking their corporate activities and have appropriate policies in place (e.g.: Anti-Money Laundering, Bribery & Corruption, and Conflicts of Interest policies)</td></tr>
</table>

Appendix 3: Key Performance Indicators

Category	KPI	Unit	Methodology
Environment	Renewable energy generated	MWh	Reported monthly from O&M providers
	Carbon emissions (PAI)	Tonnes of CO_2	Scope 1, 2 and 3 emissions are measured in line with the GHG protocol, using an equity control approach
	Carbon intensity (PAI)	Tonnes CO_2e/£m revenue	The total carbon footprint divided by revenue generated, in millions
	Carbon footprint (PAI)	Tonnes CO_2e/£m asset value	The total carbon footprint divided by the total asset value, in millions
	Carbon avoided	Tonnes of CO_2	Figure based on a conversion factor for tonnes of CO_2/MWh to reflect displaced generation or local carbon intensity equivalent in the country or region of operation
	Methane avoided	Tonnes of CO_2	Methane avoided through diverting waste wood from landfill (applicable to Bioenergy only). Based on 0.4 tonnes of CO2e savings for every tonne of waste wood diverted from landfill to energy recovery, according to DEFRA
	Equivalent number of homes powered	Number	Figures based on electrical capacity generation. The equivalent number of homes powered is calculated based on estimated Typical Domestic Consumption data provided by national sources (e.g., OFGEM in the UK and EIA in the US)
	Share of non-renewable energy consumption and production (PAI)	Percentage	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources
	Biodiversity	Number	Number of reportable environmental incidents
	Biodiversity	Total number and percentage	Operating assets managed that have implemented habitat management plans
	Emissions to water (PAI)	Tonnes	Where applicable, tonnes of emissions to water generated by investee companies per million invested
	Hazardous waste (PAI)	Tonnes	Where applicable, tonnes of hazardous waste generated by investee companies per million invested
	Fossil fuel exposure (PAI)	Percentage	Share of investments in companies or assets active in the fossil fuel sector
Social	Health and safety	Percentage	Proportion of assets that had an external health and safety audit
	Health and safety	Number	Number of assets that received an external audit, which included health and safety
	Health and safety (PAI)	Number	Number of workdays lost to injuries/incidents
	Community engagement	Number	Amount invested in community funds or social projects
	Community engagement	Number	Number of social projects invested in by the SPVs
	Gender Pay Gap (PAI)	Number	For investments that have employees, the average unadjusted gender pay gap of investee companies

Category	KPI	Unit	Methodology
	Board Gender Diversity (PAI)	Percentage	For investments that have employees, the average ratio of female to male board members in investee companies, expressed as a percentage of all board members
Governance	Sound Management	Percentage	Investee companies that have implemented internal controls/audit system/board level oversight
	Tax Compliance	Percentage	Investee companies (and key service providers involved in the operations and management of the SPVs where relevant) that comply with all applicable tax regulation
	Compliance with international standards of responsible business (PAI)	Percentage	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Controversial weapons exposure (PAI)	Percentage	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
	Anti-bribery and Corruption (PAI)	Percentage	Percentage of investee companies that have policies to cover bribery and corruption, data protection and privacy, business ethics and integrity
	Cyber security	Number	Number of assets that have undergone a cyber security vulnerability and penetration test