

# SUSTAINABILITY-RELATED DISCLOSURES

## GREENCOAT RENEWABLES PLC

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Version history	Date
V.1 Greencoat Renewables PLC – Article 9 website disclosure (01/01/2023)	01/01/2023
V.2 Greencoat Renewables PLC – Article 9 website disclosure (19/07/2024)	19/07/2024
V.3 Greencoat Renewables PLC – Article 9 website disclosure (31/10/2025)	31/10/2025

### A. Summary

This disclosure relates to Greencoat Renewables PLC (the “**Company**”), and is provided for the purposes of Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”) as amended by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the “**EU Taxonomy**”), as supplemented by regulatory technical standards (“**RTS**”).

The Company invests in euro denominated renewable infrastructure assets in Relevant Countries within the Eurozone. The Company’s aim is to provide investors with an annual dividend per Ordinary Share that increases progressively while growing the capital value of its investment portfolio over the long term, through re-investment of excess cash flows and the prudent use of leverage. More specifically, the Company is intended to contribute to the environmental objective of climate change mitigation on the basis of the activities of the assets targeted by the Company, which are renewable power generation assets that help to facilitate the transition to a low-carbon economy.

The Investment Manager seeks to ensure that the Company’s investments do not cause significant harm to any other environmental or social sustainable investment objective. To ensure this, the Investment Manager (i) considers the principal adverse impacts of its investment decisions relating to the Company, and mitigates their impact by implementation of the Company’s ESG Policy which has been developed in line with the Investment Manager’s ESG Policy, and (ii) assesses alignment with the minimum safeguards. In addition, all investee companies are required to follow good governance practices, which is assessed and monitored by the Investment Manager on an ongoing basis.

There are a several binding elements of the investment strategy implemented in the investment process on a continuous basis to attain the sustainable investment objective including: (a) investing only in assets permitted by the investment strategy; (b) applying the Investment Manager’s exclusion policy; (c) do not significant harm assessment; (d) good governance assessment; (e) Taxonomy-alignment assessment; and (f) engagement.

The Company will invest a minimum of 90% of its assets in sustainable investments which the Investment Manager believes meet the sustainable investment objective of climate change mitigation in accordance with the binding elements of the investment strategy. A small proportion of the Company (up to 10% of its assets at any one time) may include investments that are treated as neutral for sustainability purposes, such as cash reserves (to the extent not generated from sustainable investments) and derivatives (for purposes of minimising or reducing risk or exposure in respect of investment). Further, 90% of the Company’s sustainable investments will be EU Taxonomy-aligned, calculated based on the turnover of the underlying investments.

The Company uses the following sustainability indicators to monitor attainment of the sustainable investment objective:

- Renewable energy generated (GWh)
- GHG emissions (Scope 1, Scope 2, Scope 3) (tonnes of CO<sub>2</sub>e)
- Carbon avoided (tonnes of CO<sub>2</sub>e)
- Equivalent number of homes powered

The third party operations and maintenance (“O&M”) service providers report to the Investment Manager’s asset managers on a regular basis on a standard set of KPIs and qualitative factors, such as health and safety compliance of O&M providers, compliance with relevant laws and regulations, local community engagement and habitat management, where relevant. The data is analysed by the Investment Manager asset management team and reported to the Company’s Board. These reports are also used as the basis for normal course reporting for investors.

KPI data is sourced directly from the investee companies and supplemented by specialist external advisers such as environmental consultants, as required.

Carbon footprint indicators are measured in line with the industry standard GHG Protocol based on an equity control approach, meaning emissions from the Company’s operations are weighted according to the Company or its investee companies’ ownership interest. Carbon savings are based on the marginal generation displaced in each jurisdiction. The carbon intensity (per MWh) of the marginal generator, relevant to each geography, is multiplied by the renewable energy generated. Carbon factors are taken from the IEA and SEAI. The sustainability indicators are subject to an annual review to ensure that the Investment Manager continues to improve transparency on ESG matters.

As part of the investment due diligence process, the Investment Manager typically appoints professional third parties to review a range of issues, including ESG considerations. The Investment Manager is committed to engaging with all stakeholders relevant to the portfolio to ensure its investments positively impact the communities in which they operate.

## **B. No significant harm to the sustainable investment objective**

The investments of the Company are expected to contribute to the sustainable investment objective and not significantly harm any sustainability objective.

*How the indicators for adverse impacts (in Tables 1-3 of Annex 1 of the RTS) are taken into account*

The Investment Manager considers the principal adverse impacts (“PAIs”) of its investment decisions relating to the Company on sustainability factors and this informs its approach to long-term investment stewardship and stakeholder engagement.

As the Company predominantly targets investments in renewable energy infrastructure assets held through Special Purpose Vehicles (“SPVs”), the PAIs that are most relevant to the Company include (but are not limited to):

- Greenhouse gas emissions (Table 1 RTS: PAIs 1-6); and
- Number of days lost to injuries, accidents, fatalities or illness (Table 3 RTS: PAI 3)

The Investment Manager seeks to mitigate the impact of the PAIs and other indicators considered in relation to the Company firstly by implementing the Company’s ESG Policy (a copy of which can be found [here](#)) (the “**GRP ESG Policy**”). The GRP ESG policy, which has been developed in line with the Investment Manager’s ESG Policy (a copy of which can be found on the Investment Manager’s website), sets guidance and principles for integrating sustainability in the Company’s investment and asset management processes and looks to establish best practice in sustainability related risk management, reporting and transparency. It outlines areas of focus that are common to renewable energy assets including environment, workplace standards, health and safety practices, governance (including compliance with applicable laws and regulations) and local community engagement, while allowing different strategies to consider additional factors or different materiality depending on the types or stage of investments targeted. It also includes a list of exclusions applied by all Schroders Greencoat managed or advised capital and key performance indicators that are monitored and reported on (as appropriate).

Sustainability factors are considered prior to investment as part of early-stage screening, detailed due diligence and the Investment Committee’s decision-making, and managed post-acquisition in accordance with the Investment Manager’s ordinary asset management practices (as further described in the latest AIFMD Disclosures available on the Company’s website).

A statement on PAIs, including the list of PAI indicators and associated metrics considered in relation to the Company, will be included in the Company’s annual reports.

### *Alignment with the minimum safeguards*

The Company predominantly targets investments in European renewable energy infrastructure assets which will be held through SPVs: standalone legal entities which typically do not have any employees or management teams. The SPVs will typically outsource all operations and management requirements to third parties. The Investment Manager assesses the alignment of the SPVs’ sustainable investments with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (the “**Minimum Safeguards**”).

The Investment Manager conducts initial due diligence and ongoing monitoring of SPVs to ensure their alignment with the Minimum Safeguards and, where possible, will impose obligations on the key service providers involved in the operations and management of the investee companies to ensure their ongoing compliance. This may be achieved by the Investment Manager's 'Code of Conduct Side Letter' (or an equivalent standard), which requires key service providers to comply with all applicable laws, rules, regulations and overarching principles in the countries where they operate. This covers anti-bribery and corruption, financial crime, data protection and employment and health and safety laws (including those relating to human rights, human trafficking, modern slavery, and public safety). These procedures are monitored regularly by the Investment Manager's risk function.

The Investment Manager also has a clear focus on raising awareness around the potential risks of forced labour and modern slavery in the supply chains of the Company's investments. For example, in the case of solar, the Investment Manager is supporting the Solar Stewardship Initiative, an industry-wide initiative (through Solar Energy UK) to establish a supply chain framework for the solar industry to address modern slavery issues linked to polysilicon production in high-risk areas. The industry (with the help of consultants) has developed the Solar Sustainability Best Practices Benchmark to produce industry standards for improved traceability and full disclosure of environmental and social aspects in the supply chain. It is also working on producing an assurance process to map data gaps in the solar supply chain and enhance traceability.

The Investment Manager will adopt the Schroders Global Norms Framework and apply this to the Company, excluding or engaging with key service providers and entities that are included in the Schroders 'global norms' breach list which have been identified as having breached one or more global norms, thereby causing significant environmental or social harm. Schroders' determination of whether a company has been involved in such a breach considers relevant principles such as those contained in the Minimum Safeguards. The Schroders Global Norms list may be informed by assessments performed by third party providers and by proprietary research, where relevant to a particular situation.

### **C. Sustainable investment objective of the financial product**

The Company invests in euro denominated renewable energy infrastructure assets in Relevant Countries within the Eurozone. The Company's aim is to provide investors with an annual dividend per Ordinary Share that increases progressively while growing the capital value of its investment portfolio over the long term, through re-investment of excess cash flows and the prudent use of leverage. More specifically, the Company is intended to contribute to the environmental objective of climate change mitigation on the basis of the activities of the assets targeted by the Company, which are renewable power generation assets that help to facilitate the transition to a low-carbon economy.

### **D. Investment strategy**

#### *Investment Strategy*

In order to achieve its investment objective, the Company invests in euro denominated renewable energy infrastructure assets in Relevant Countries within the Eurozone. The Company initially focused on investing in wind assets in Ireland, where it had acquired the Seed Portfolio and where the Board and the Investment Manager believe there is an attractive opportunity to consolidate onshore wind assets, and in Other Relevant Countries (being Belgium, Finland, France, Germany, Netherlands, Denmark, Norway, Sweden, Spain and Portugal), where the Board and the Investment Manager believe there is a stable and robust renewable energy policy framework. Over time, the Company aims to achieve diversification principally through investing in a growing portfolio of assets across a number of distinct geographies and a mix of renewable energy technologies.

The Company will seek to acquire 100%, majority or minority interests in individual assets. These will usually be held through SPVs which hold underlying wind, solar or BESS assets. When investing in less than 100% of the equity share capital of an SPV, the Company will secure its shareholder rights through shareholders' agreements and other transaction documents. The Company will invest in equity and associated debt instruments when making such acquisitions.

The Company will maintain or modify existing PPAs or seek to sign new PPAs between the individual asset SPVs in its portfolio and creditworthy off-takers or negotiate the terms of or manage PPAs on its own behalf.

The Company does not intend to employ staff but instead will engage experienced third parties to operate the assets in which it owns interests. The Company will seek to mitigate risk at the project level by investing in projects with robust contractual structures delivering long-term predictable (often inflation-linked or partially inflation-linked) cash flows with operations and maintenance contracts which, the Company intends, will usually have the following features:

- warranted levels of availability, with payments to the project for any lost revenue from technical downtime below the contracted level;

- fixed or inflation linked price, which passes the risk of any variances in maintenance costs to the supplier; and
- insurance packages that will pay out to cover the cost of any damage or theft to the projects and loss of revenue from business interruption.

The Company intends to make prudent use of leverage to finance the acquisition of investments and to achieve target returns. As far as possible, the Company will generally avoid raising non-recourse debt by the SPVs owning individual wind farms in order to avoid the more onerous covenants required by lenders. The Company may raise debt from banks and/or capital markets. The Aggregate Group Debt will be limited to 60% of Gross Asset Value (calculated immediately following drawdown). Average Aggregate Group Debt is expected to be approximately 40% of Gross Asset Value over the medium to long term.

There will not be any cross-financing between portfolio investments and the Company will not operate a common treasury function as between the Company and its investments.

For more information on the investment strategy of the Company and its investment restrictions please refer to the Investment Policy and Pre-Investment Disclosures available on the Company's website.

### *Binding elements*

The following are binding elements of the investment strategy implemented in the investment process on a continuous basis to attain the sustainable investment objective:

#### a) Permitted investments

The Company will only invest in the assets permitted under the Company's governing documents.

#### b) Exclusions

New investments are screened against the Company's investment restrictions, which identify the geographies, businesses, and activities in which the Company will not invest. The Investment Manager will apply exclusion criteria with the effect of avoiding investment in activities that the Investment Manager believes to be incompatible with the sustainable investment objective. The full list of exclusions can be found in the Company's ESG policy.

#### c) Do not significant harm ("DNSH") assessment

The Investment Manager will conduct a DNSH assessment of each investment to ensure that it does not significantly harm any environmental or social objective (as described above in "*No significant harm to the sustainable investment objective*").

#### d) Good governance assessment

The Investment Manager will assess investee companies (where it has sufficient control or influence and the extent relevant, the key service providers involved in the operations and management of the investee companies) to ensure they follow good governance practices (as described below in "*Policy to assess good governance practices of the investee companies*").

#### e) Taxonomy-alignment assessment

The Investment Manager will target investments in economic activities that are considered aligned with the EU Taxonomy (meeting the TSC for the relevant economic activity), such that EU Taxonomy-aligned activities comprise 90% of the Company's sustainable investments. The Taxonomy-alignment of the Company is calculated based on the turnover of the underlying investments.

For all sustainable investments, the Investment Manager will assess new investments against the relevant TSC applicable to the economic activity, as part of normal course pre-investment ESG screening. To the extent an investment falls within the same economic activity, and is in all material respects similar to an investment that has already been assessed against the TSC, the Investment Manager will undertake a simplified assessment of the investment which focuses on any differences to the investment (to that which has already been assessed in accordance with the TSC).

The Taxonomy-alignment of the Company's investments will be included in the Company's annual reports.

#### f) Engagement

The Investment Manager is committed to engaging with all stakeholders relevant to its portfolio to ensure its renewable investments positively impact the communities in which they operate. Sustainability-related risks and

challenges are regularly discussed within the Investment Manager’s asset management teams which are also reported to and discussed with the Board through regular meetings and specific risk register review discussions. Key sustainability factors such as those relating to health and safety, compliance with environmental standards and stakeholder relations are regularly discussed and documented.

In addition to the binding elements listed above used to attain the sustainable investment objective, the Investment Manager also integrates sustainability risks in its investment decision-making.

*Policy to assess good governance practices of investee companies*

The Investment Manager 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 the table below.

In particular, the Investment Manager 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 the Investment Manager will typically take one or more seats on the board of each investee company and therefore take part in the strategic and operational decisions. In some cases, typically in large offshore wind joint ventures, depending on the size of the stake held by the Company, the Investment Manager representative on the investee company board may not be appointed by the Company or may be jointly appointed by the Company and other funds managed by the Investment Manager. As the investments will typically be held in SPVs which do not typically have employees or management teams, any employee related social factors in relation to those investments are focused on the third-party service providers.

The Investment Manager will monitor the governance practices relating to each investee company on an ongoing basis through regular reviews against the criteria listed below. The extent to which the Investment Manager 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 companies vs. corporate structures, majority vs. minority stake). As such, what “good governance” looks like will also vary and some of the requirements listed below may not be relevant in all cases.

<b>Good Governance</b>	
<b>Sound management</b>	<p><b>The Investment Manager expects the boards of all investee companies to promote the long-term success of each investee company and to act with integrity.</b></p> <p>The investee company board should demonstrate the following characteristics:</p> <ul style="list-style-type: none"> <li>• apply objective judgment and promote a culture of openness and integrity;</li> <li>• have the appropriate combination of skills, experience and knowledge;</li> <li>• understand the importance of the relationship between the company and stakeholders including the impact on the community and environment within which it operates; and</li> <li>• establish appropriate controls, audit functions and risk controls appropriate for the size of the company.</li> </ul>
<b>Tax compliance</b>	<b>Investee companies are expected to adhere to local and international tax laws.</b>

<b>Employee relations including remuneration</b>	<p><b>Employees should be treated fairly with particular consideration given to the maintenance of proper working conditions.</b></p> <p>For investee companies with employees, this would include having in place:</p> <ul style="list-style-type: none"> <li>• appropriate health and safety processes</li> <li>• proper remuneration practices in place whereby all employees are paid the minimum wage according to the region within which they are employed</li> <li>• policies ensuring adherence to all applicable labour laws (including the avoidance of child labour); and</li> <li>• a commitment to workforce diversity and inclusion</li> </ul> <p>For investee companies without any employees (i.e.: SPVs), this applies mainly to the key service providers involved in the operation and management of the SPV.</p>
<b>Anti-bribery and corruption</b>	<p><b>Investee companies should work against bribery and corruption in undertaking their corporate activities and have appropriate policies in place</b> (e.g.: Anti-Money Laundering, Bribery &amp; Corruption, and Conflicts of Interest policies)</p>

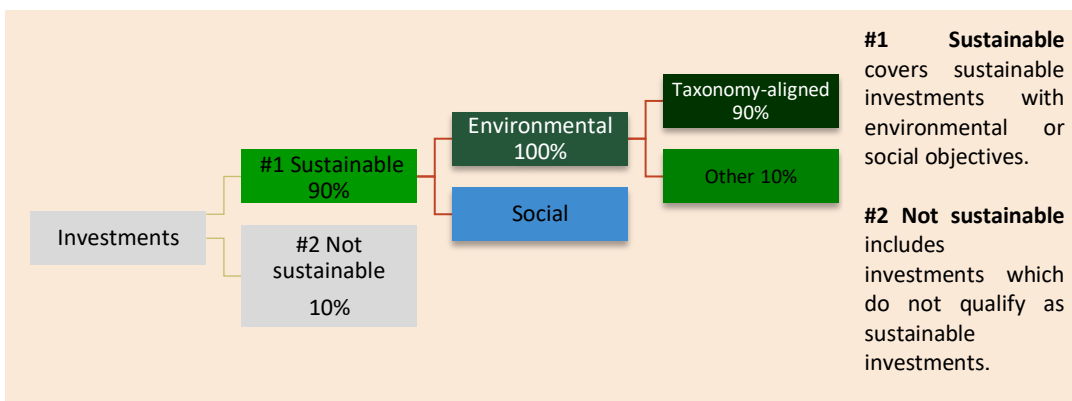
**E. Proportion of investments**

The diagram below illustrates the intended asset association for the Company as at the date of this document.

The Company invests at least 90%<sup>1</sup> of its assets in sustainable investments, which means included in #1 Sustainable are investments that the Investment Manager believes will contribute towards the environmental objective of climate change mitigation, in accordance with the binding elements of the investment strategy. A minimum of 90% of the Company’s sustainable investments will be EU Taxonomy-aligned, calculated based on the turnover of the underlying investments.

The allocation to #2 Not Sustainable includes investments that are treated as neutral for sustainability purposes, such as cash (to the extent not generated from sustainable investments) and the use of derivatives as described below which collectively will account for up to 10% of Company’s assets at any one time.

Please see above - “Investment Strategy” - for details of the specific assets in which the Company will invest.



*How does the use of derivatives attain the sustainable investment objective?*

The Company and its underlying investee companies may enter into hedging arrangements (in relation to interest rates, currencies, power prices and other commodities) for the purposes of minimising or reducing risk or exposure in respect of investments but will not use derivatives or hedging transactions for speculative investment purposes (i.e. to attain the sustainable investment objective).

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<sup>1</sup> Excluding cash and derivatives

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Company aims to ensure that 90% of its sustainable investments with an environmental objective are aligned with the EU Taxonomy and that all sustainable investments meet the do no significant harm and good governance requirements. The Taxonomy-alignment of the Company is calculated based on the turnover of the underlying investments. These investments will align with the requirements laid down in Article 3 of the EU Taxonomy, including the relevant TSC relating to the environmental objectives to which the underlying assets of the Company will contribute.

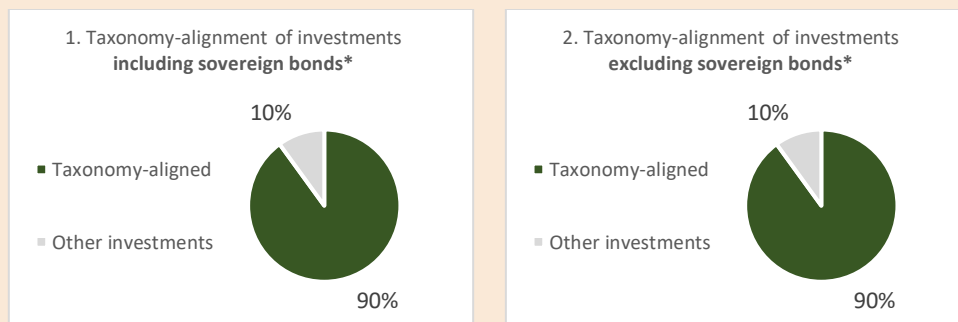
The Investment Manager will assess investments against the TSC applicable to the environmental objective of climate change mitigation and the relevant economic activity. As the regulation develops, it may be determined that the Company's investments also contribute to other environmental objectives of the EU Taxonomy.

The Taxonomy-alignment of the Company's investments will be included in the Company's annual reports. The Investment Manager does not presently intend to seek assurance of its Taxonomy-alignment assessments by a third-party provider, but may do so in the future.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

No, there is no commitment to a minimum share of "Taxonomy-aligned fossil gas".

**The two graphs<sup>2</sup> below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



**\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures**

What is the minimum share of investments in transitional and enabling activities?

There is no minimum share of investments in transitional and enabling activities.

What is the minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy?

As outlined above, the Fund's minimum share of sustainable investments with an environmental objective is 90%. Where a minimum share of 10% of these will be sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. However, as outlined in the Fund's binding criteria, every new investment will be assessed against the relevant TSC applicable to the economic activity, as part of normal course pre-investment ESG screening.

What is the minimum share of sustainable investments with a social objective?

There is no minimum share of sustainable investments with a social objective. Further, a taxonomy of socially sustainable economic activities has not yet been developed. Once those rules are developed, it may be determined that the Company's investments are considered socially sustainable economic activities.

<sup>2</sup> These graphs represent the Company's commitment to a minimum EU Taxonomy alignment of 90% of the Company's sustainable investments (rather than all investments), calculated based on the turnover of the underlying investments.

What investments are included under ‘#2 Not Sustainable’, what is their purpose and are there any minimum environmental or social safeguards?

The investments included under “#2 Not sustainable’ are treated as neutral for sustainability purposes, and may comprise a cash reserve (to the extent not generated from sustainable investments) and the use of derivatives or hedging arrangements (including in relation to interest rates, currencies, power and other commodities) for the purposes of minimising or reducing risk or exposure in respect of investments. Given the purpose of these investments, there are no minimum environmental and social safeguards applied to such investments.

#### **F. Monitoring of the sustainable investment objective**

The sustainability indicators used to measure the attainment of the sustainable investment objective of the Company are as follows:

- Renewable energy generated (GWh)
- GHG emissions (Scope 1, Scope 2, Scope 3) (tonnes of CO<sub>2</sub>e)
- Carbon avoided (tonnes of CO<sub>2</sub>e)
- Equivalent number of homes powered

The sustainability indicators are subject to an annual review to ensure that the Company continues to improve transparency on ESG matters.

#### **G. Methodologies**

The following table summarises the methodologies used to measure the attainment of the sustainable investment objective.

Sustainability indicator	Unit	Methodology
Renewable energy generated	GWh	Reported monthly from O&M providers.
GHG emissions	tonnes of CO <sub>2</sub> e	Scope 1, 2 and 3 emissions are measured in line with the GHG protocol, using an equity control approach
Carbon avoided	tonnes of CO <sub>2</sub> avoided per MWh	Figure based on a conversion factor for tonnes of CO <sub>2</sub> /MWh to reflect displaced thermal generation or local carbon intensity equivalent in Europe
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 OFGEM in the UK and EIA in the US.

#### **H. Data sources and processing**

The Investment Manager uses information provided directly from investee companies to attain the sustainable investment objective of the Company.

In order to ensure data quality, the Investment Manager works with specialist external advisers, such as environmental consultants. These advisors review the above methodologies and advise on industry best practices.

The data collected as described above is processed as follows:

- KPI data is sourced directly from investee companies and supplemented by specialist external advisers such as environmental consultants, as required.
- O&M service providers used by the Company or its investee companies report to the Investment Manager, on a regular basis, on a standard set of 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 the Company's operations are weighted according to the Company or its investee companies' ownership interest. Carbon savings and carbon equivalent metrics are measured by applying conversion factors taken from DEFRA, OFGEM, or other relevant agencies in relation to a particular geography, to the renewable energy generated figure.

In some instances, the Company may need to use estimates or proxy data. Where estimated data is used it will typically represent the minority of data used and will be based upon reasonable assumptions and appropriate comparators. The Investment Manager will act reasonably in using estimated or proxy data. As the use of such data will vary on a case-by case basis, it is not possible to provide a proportion of estimated data.

#### **I. Limitations to methodologies and data**

The Investment Manager has identified the following limitations to the methodologies and data sources referred to above in sections G (*Methodologies*) and section H (*Data sources and processing*):

- The GHG Protocol requires asset managers to account for non-amortised embodied emissions in the construction phase of assets in scope 3 of carbon emissions reporting, regardless of when the asset was built. As the Investment Manager predominantly invests in operational assets, this has created complications for the net zero trajectory.
- Lack of data available in supply chain due diligence.

The limitations outlined above do not affect the attainment of the sustainable investment objective of the Company. To ensure that the limitations do not have such an impact, the Investment Manager takes the following actions:

- The Investment Manager has engaged with industry bodies, such as the Net Zero Asset Managers initiative, on this issue with the intention to create more value in carbon emission accounting.
- In 2022, the Investment Manager developed its Supply Chain Policy which sets out the principles of good governance in procurement. The Investment Manager is supporting the Solar Stewardship Initiative, an industry-wide initiative (through Solar Energy UK) to establish a supply chain framework for the solar industry to address modern slavery issues linked to polysilicon production in high-risk areas. The industry (with the help of consultants) has developed the Solar Sustainability Best Practices Benchmark to produce industry standards for improved traceability and full disclosure of environmental and social aspects in the supply chain. It is also working on producing an assurance process to map data gaps in the solar supply chain and enhance traceability.

#### **J. Due diligence**

See sections B ('No significant harm to the sustainable investment objective') and D ('Investment strategy') above for details of the due diligence carried out on the underlying assets to achieve the sustainable investment objective.

The Investment Manager typically appoints professional third parties to assist with legal, technical, tax, market, insurance and occasionally financial due diligence. Due diligence can vary depending on the process and complexity of the project but will comply with the Investment Manager's due diligence procedures and typically includes:

- Energy yield: A key value driver for a generation asset is a firm confirmation of the assets' generation assumptions;
- Technical: A technical review of the asset, historical performance (where applicable) as well as the technical aspects of key contracts including operation and maintenance and commercial management contracts. This usually includes a site visit resulting in a punch list;
- Market: A review of the market arrangements in which the project operates, including regulatory and commercial aspects to provide insight and confidence on the price projections (which are usually sourced from a third-party economic forecaster);
- Sustainability: A review of specific sustainability risks including compliance with planning permission and environmental laws, environmental monitoring and performance, environmental reports, health and safety records, and an assessment of any community benefits and of governance controls in place;
- Construction: Where an asset is either acquired on a construction ready basis or a forward sale basis, there is an enhanced focus towards the key construction contracts;
- Development: Focus on favourable weather resource, availability of grid connection capacity as well as regulatory and planning approvals

- **Legal:** Review of all corporate matters (e.g., ownership, legal charges/pledges), land leases, equipment purchase agreements, grid connection agreements, fuel/feedstock supply agreements where applicable, offtake agreements, accreditation documentation where applicable, litigation where applicable, etc.;
- **Finance and Tax:** A review of all financial and tax aspects of the investment, including review of debt financing and associated contracts where applicable; and
- **KYC:** Know Your Customer (KYC) assessments on the assets and sellers, including customer due diligence or enhanced due diligence, as required, name screening and negative media searches, and a review of anti-money laundering (AML) and anti-bribery and corruption practices.

The Investment Manager usually aims to take a staged approach to using external resources to control costs. It typically first focuses on conducting internal technical due diligence as well as internal financial modelling. If the results are satisfactory, the deal team progresses with detailed technical, financial, legal, tax, market and insurance due diligence including the use of external advisers.

The Investment Manager's rigorous due diligence processes enable the deal team to understand any risks (including sustainability risks) that may affect the value of an investment and additionally which, if any, plans are required to mitigate any risks post acquisition. Further details of the Investment Manager's approach to due diligence (including in respect of sustainability risks) are available in the Admission Document.

### **Engagement policies**

The Investment Manager is committed to engaging with all stakeholders relevant to its portfolio to ensure the renewable investments it manages positively impact the communities in which they operate. Sustainability related risks and challenges are regularly discussed within the Investment Manager's asset management team which are also reported to and discussed with the Board through regular meetings and specific risk register review discussions. Key sustainability factors such as those relating to health and safety, compliance with environmental standards and engagement with local communities are regularly discussed and documented.

### **Attainment of the sustainable investment objective**

The Company does not have a carbon reduction objective and has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.