

SCHRODERS GREENCOAT 2022 ESG REPORT



Schroders
greencoat

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1.1 Foreword

Schroders Greencoat LLP is a specialist investment manager, focused in the renewable energy sector, and operating in the United Kingdom, Europe and the United States. With around £9 billion of funds under management, we are one of Europe’s largest investors in the sector. The funds we manage have a diverse range of investors from the public and private markets, all of whom are looking for sustainable investment opportunities that generate predictable cash flows and stable, long term returns.

Schroders Greencoat is the Investment Manager of FTSE 250 company Greencoat UK Wind PLC as well as the London and Dublin dual listed Greencoat Renewables PLC. In private markets, we are the Investment Manager of several funds investing in the solar, wind, bioenergy and renewable heat sectors.

Renewable energy is a multi trillion dollar global asset class and is expected to grow by more than \$100 billion a year over the next decade. Utilities, energy companies and infrastructure developers will deliver the majority of this transition, but the scale of capital involved will require significant external financing.

There is a large and growing pool of capital which is keen to own and operate renewable generation assets, but these investors lack the specialised technical knowledge and industry experience needed to manage investments independently. Our purpose is to bridge this gap – to be a conduit for this capital and to provide the financial, technical and operational expertise to deliver secure income for our clients. Over the last decade, we have built a reputation for delivering our investment propositions, as well as for innovation – having created the model through which an entire industry sector invests in renewable infrastructure.

We acknowledge the importance of managing our Environmental, Social and Governance (ESG) risks if we are to sustain our long term commercial success and play our part in the transition to a net zero economy.

Following Schroders PLC’s acquisition of a 75% shareholding in April 2022, Schroders Greencoat is now part of Schroders Capital, Schroder’s private assets business, which also includes private equity, real estate,

infrastructure financing and private debt. As Schroders Greencoat we retain our investment independence, but are excited to be part of a business that puts sustainability and impact investing practices at the heart of its activities, and look forward to evolving our own approach to ESG through this new partnership.

As we look back at 2022, we made a significant number of acquisitions of renewable energy infrastructure assets in both the operational and construction phases and grew the renewable energy generating capacity of the funds we manage by over 20% to 5,258MW¹. The assets we manage produced enough renewable electricity in 2022 to power nearly 3.2 million homes, avoiding 4.5 million tonnes of carbon dioxide (CO₂) through the displacement of thermal generation.

Over the past year, we strengthened our presence in Germany, Finland, Sweden and Spain. Our strategy is to invest in countries that have stable and strong renewable energy regulatory frameworks and commitments to net zero. We continue to investigate opportunities in other mature renewable energy markets to expand our client offering.

We continued to make good progress in ESG governance. We updated our ESG Policy, with a particular focus on sustainability risk management, good governance, transparency and engagement. We also completed and approved our Supply Chain Policy, along with principles and a supporting framework, allowing our funds to identify and navigate emerging risks better.

¹ Installed capacity figures in this report represent the combined electrical capacity and the thermal capacity which has been converted to electrical capacity.

1.1

We have now adopted the Taskforce for Climate-related Financial Disclosures (TCFD) framework across all commingled funds, with two of the funds we manage, Greencoat UK Wind and Greencoat Renewables, providing a TCFD statement in their annual reports for the second time. All funds in scope of the Sustainable Finance Disclosure Regulation (SFDR) (representing 78% of AUM) have been designated Article 9, as they have sustainable investment (as defined in SFDR) as their objective. In accordance with SFDR requirements, on behalf of the relevant funds, we published our first disclosures explaining how sustainability factors are integrated into our investment process. For the first time, our Solar and Bioenergy teams completed the Global Real Estate Sustainability Benchmark (GRESB) assessment for a number of assets, as well as the Solar II fund.

We remain steadfast in our commitment to enhance biodiversity and support local communities. Our operating asset companies contributed £5.3 million to community funds or social projects during the past year.

We are committed to continuing progress, by identifying and implementing ambitious and pragmatic improvements in how we invest and operate to enhance returns to investors while creating long term value for stakeholders and the environment.

On behalf of all of us at Schroders Greencoat we invite you to read our 2022 ESG Report.

Our Management Committee



Laurence Fumagalli



Bertrand Gautier



Stephen Lilley



Richard Nourse



1.2 Introduction to Schroders Greencoat

Schroders Greencoat has grown significantly since its inception in 2009 and has established itself as one of Europe's largest investors in the renewable energy market. We have around £9 billion of funds and over 4.6GW of installed capacity under management across 283 operating renewable energy and heat assets.

Our team of over 100 investment, technical and support professionals globally², brings invaluable skills and expertise to Schroders Greencoat. They provide us with unmatched experience in renewable energy infrastructure management and enable us to have an in-depth understanding of our target markets and the investment opportunities within them.

Schroders Greencoat is the Investment Manager to several funds investing in a range of technologies, including wind, solar, bioenergy and renewable heat. Together in 2022, the assets under management generated around 11,500GWh of renewable electricity and heat in 2022, enough to power approximately 3.2 million homes for a year.

Sustainability is central to our purpose. We are proud to manage assets that generate clean, renewable energy and are contributing to a more sustainable future. Through these funds, we aim to generate stable, long term returns for investors whilst creating value for stakeholders through investments that help accelerate the transition to a net zero carbon economy. In managing them, we actively incorporate ESG considerations across all aspects of our funds, creating a better tomorrow.

² Schroders Greencoat has staff in London, Dublin, Frankfurt, Amsterdam, Madrid, Chicago, New York, and as of early 2023 also Copenhagen and Zurich.

Because renewable energy assets have a long lifespan of more than 25 years, our investment approach is underpinned by a commitment to long term value. As such, our responsibility as a manager stretches beyond simply buying renewable energy assets but managing them effectively and sustainably for the duration of their lifetime. As one of the largest specialist renewable infrastructure investment managers in Europe, Schroders Greencoat plays an important role in the world's green transformation. We know we can make an impact beyond our immediate investments by promoting effective operation, good governance and ethical business conduct throughout the renewable energy industry. We do this principally by actively participating in and contributing to the work of industry associations.

As a signatory to the United Nations backed Principles for Responsible Investment (PRI) since 2016, Schroders Greencoat is committed to adopting the six principles and embedding ESG issues into our investment practice.

Schroders Greencoat became a signatory to the Net Zero Asset Managers initiative (NZAM) in 2021. NZAM has 301 international signatories committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner.

1.2

Funds managed

The funds we manage invest exclusively into renewable energy infrastructure, in a range of technologies including wind, solar, bioenergy and renewable heat. These are:

Greencoat UK Wind



Greencoat UK Wind is the leading listed renewable infrastructure company, providing investors with the opportunity to participate directly in the ownership of operating wind farms in the UK.

The company's aim is to offer an annual dividend that increases in line with retail price index (RPI) inflation while preserving the capital value of its investment portfolio on a real basis over the long term through reinvestment of excess cashflow and the prudent use of gearing.

With 1,610MW of installed capacity across 45 operating onshore and offshore wind farms and a market capitalisation of over £3.5 billion, as of 31 December 2022, it is the largest renewable infrastructure fund and one of the largest owners of operating wind farms in the UK.

The fund is a constituent of the FTSE 250, is close to entry into the FTSE 100, and was the first renewable infrastructure fund to list on the London Stock Exchange in March 2013. As the first fund of its kind, Greencoat UK Wind pioneered the listed fund model and proved the viability of renewable infrastructure as a robust sector for private investment. In doing so, it has helped to create a new 'renewable infrastructure' sector which has a total market cap of over £10 billion. The fund is classified as a Green Economy Issuer by the London Stock Exchange.

Greencoat UK Wind publishes its own ESG Report, which can be viewed [online](#).

Greencoat Solar



Schroders Greencoat is one of the UK's largest independent managers of unlisted institutional capital in solar with over £1.7 billion committed to this strategy. We focus on acquiring ground mount solar photovoltaic (PV) assets in the UK to provide a robust, inflation linked yield over the long term.

In 2017, we launched Greencoat Solar II LP, a private markets pooled fund invested in solar PV assets in the UK. The fund has raised over £1.2 billion in committed capital from major UK pension schemes and has invested in 1,075MW of installed capacity across 123 solar farms in the UK. In 2022, we acquired five additional solar PV assets, four of which are in construction.

Greencoat Renewables



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Greencoat Renewables is an owner and operator of euro denominated renewable energy assets. Its aim is to provide investors with an annual dividend that increases progressively while growing the capital value of its investment portfolio in the long term. It is the largest owner of operational wind farms in Ireland and has a growing portfolio in other European countries.

Since its listing in 2017, Greencoat Renewables has invested throughout Ireland and has expanded into continental Europe. As of 31 December 2022, the fund had a market capitalisation of €1,295 billion and managed a portfolio of 35 operational renewable energy assets across the Republic of Ireland, France, Sweden, Spain, Germany and Finland with a combined installed capacity of 1,164MW.

Greencoat Renewables has been listed on the Growth Market of Euronext Dublin and the AIM market of the London Stock Exchange since 2017. It is also classified as a Green Economy Issuer by the London Stock Exchange.

Greencoat Renewables publishes its own ESG Report, which can be viewed [online](#).

Greencoat Renewable Income



BURBO BANK

Greencoat Renewable Income LP is a private markets pooled fund aiming to provide diversified exposure to renewable infrastructure assets in the UK generating predictable cashflows with significant inflation protection over the long term. It seeks to make investments in a diversified portfolio of assets with a focus on ground mount solar PV, bioenergy, wind and opportunistic investments, including renewable heat, leveraging the full breadth of the Schroders Greencoat investment capability.

As of 31 December 2022, the fund had secured £979 million in commitments from UK local government and corporate pension schemes and made nine investments (104 assets) with a combined net electrical capacity of 156MW.

Investments are made directly into underlying assets or through commitments to specific technology focused private markets funds managed by Schroders Greencoat. In 2022, the fund made two new biomass investments (representing over 31MW capacity) as well as further investments into solar through commitments to Greencoat Solar II LP.

Greencoat Bioenergy



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Schroders Greencoat launched its bioenergy business in 2019 to provide institutional investors with the opportunity to invest in bioenergy and renewable heat assets in the UK and Europe, utilising mature technologies. In 2022, the team expanded its focus to include hydrogen, Carbon Capture and Storage (CCS), sustainable aviation fuels, and electric vehicle (EV) charging infrastructure.

In 2022, we took over the management of eleven anaerobic digestion plants. Five of these plants are helping to decarbonise the heat sector by supplying green gas to the grid. Heat is one of the hardest sectors to decarbonise in the UK. This is because the energy network, from gas transmission to domestic boilers, has been constructed around the use of fossil fuels. Biomethane can act as a direct substitute for fossil natural gas. The other six plants all use biogas in onsite Combined Heat and Power (CHP) engines to generate renewable electricity which is exported to the power grid. Schroders Greencoat is investigating how the learnings from our ground-breaking low carbon greenhouses in East Anglia can be applied more widely to other heat decarbonisation projects.

In 2022, we acquired Margam and Speyside biomass plants and Simple Power Wind Portfolio. Together we have seven power and heat generating assets, with a thermal capacity of 144MW and an electrical capacity of 149MW. In addition, Simple Power Wind Portfolio's 54 wind turbines have an electrical capacity of over 13MW.

As of 31 December 2022, Schroders Greencoat bioenergy team has invested over £1.3 billion, on behalf of its clients.

Our growing business in the US

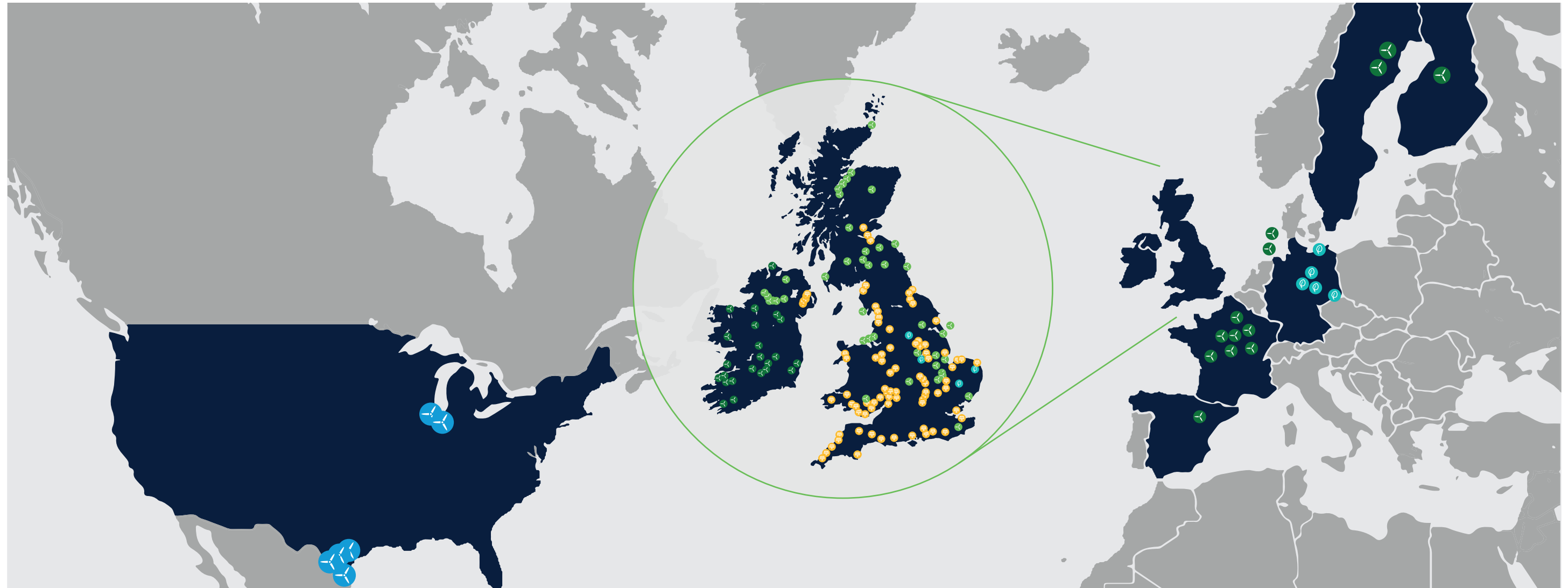
We have investments in two US wind portfolios, with an aggregate gross capacity of 531MW. Located in Texas and Illinois, they are owned in partnership with large European and North American utilities, some of which we have previously partnered with in Europe.

The US renewables market is forecast to increase by 200% over the next decade, which will require significant capital. Favourable US federal tax incentives, coupled with strong resources in terms of wind volumes and solar irradiation, present a significant opportunity for investment. Our existing relationships with global utilities in Europe have created a significant pipeline of opportunities in the US.

Our US team will continue to target investments in wind and solar. As we have seen in Europe, the expectation is that utilities and utility scale developers will need to recycle their capital through financial investors such as funds managed by Schroders Greencoat in order to meet the ambitious goals for renewables deployment.

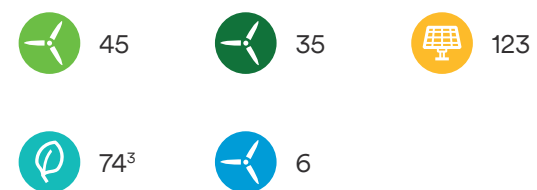
There is a significant pool of international capital keen to invest in US infrastructure, in addition to an increasing focus on ESG considerations in the region among US investors.

Assets under management



283

Renewable energy and heat assets under management

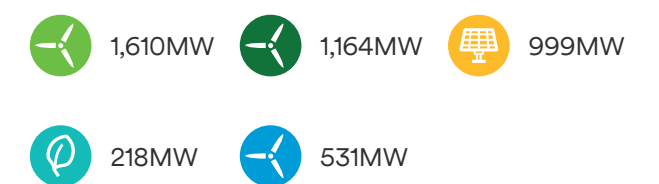


³ Greencoat Bioenergy figures include 54 wind asset in the Simple Power Wind Portfolio as well as 3 low carbon greenhouses.

4,598MW

net Installed capacity under management

76MW Schrodgers Greencoat managed accounts and cross sector funds



1.3 What ESG means to Schroders Greencoat

Schroders Greencoat’s investment philosophy is to identify opportunities in renewable infrastructure with appropriate risk return profiles that generate stable, long term returns that help accelerate the transition to a net zero carbon economy. Whilst we believe our strategies positively contribute to the 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 factors across all aspects of our business.

Schroders Greencoat considers, integrates and manages sustainability factors with the aim of enhancing returns and creating long term value for stakeholders - not only investors and shareholders, but also the local communities surrounding the assets we invest in and manage. We are also committed to achieving net zero by 2050.

Our investment decision making, and asset management practices, seek to identify areas of potential risk and opportunity that will impact the value and performance of the investments over the long term. Our funds invest in assets that have lifespans of over 25 years and invest on a buy and hold basis, meaning long term sustainability is at the heart of our approach. We believe that our businesses must act responsibly across all areas of their operations in order to preserve the trust of stakeholders.

Through our robust due diligence, investment decision making, and ongoing management and monitoring standards applied to assets, we aim to mitigate material ESG risks that may affect the value or returns of the assets. These considerations include health and safety policies, environmental impact assessments and habitat management plans, community engagement and employment where possible, and robust governance at all levels.

As the largest renewables investment manager in the UK and Europe, we have a responsibility to model and promote best practice in operation, governance and ethical business conduct. We are committed to promoting sustainable investment practice and transparency through membership of standards organisations stakeholder engagement, and reporting under a range of disclosure initiatives.

Pre-investment

- Identify low carbon opportunities
- Rigorously assess sustainability risks and prepare mitigation plans
- Screen against investment restrictions
- Follow a tailored Investment Committee process

Ongoing management

- Monitor and report on Health and Safety and Environmental matters
- Manage impact and habitat improvements
- Engage with and support the local community
- Perform due diligence on third parties and monitor review performance
- Establish good governance standards
- Manage Joint Venture structures
- Comply with laws and regulations
- Ensure business integrity
- Share best practice
- Monitor and report on ESG issues and KPIs in a structured way

1.4 Our ESG focus areas

At Schroders Greencoat, ESG is defined as a spectrum of topics that can impact the value of the investments we manage. On the following pages of this report, we cover the ESG matters that are of most importance to our renewable energy assets. Within each area, we explore the proactive stance we have taken to managing risks and opportunities, the positive impact we have had, as well as the contribution of our work to the UN Sustainable Development Goals.

The materiality of ESG factors, and thus the potential to affect the risk and return characteristics of investments, will vary across the nature of the assets (i.e., wind, solar and bioenergy), their physical location and jurisdiction in which they operate, and their maturity (i.e. construction vs operation). However, some ESG factors will be consistent across the funds and their assets.

These ESG factors are identified and prioritised as most critical to the operations and financial performance of the funds Schroders Greencoat manages. These areas are also informed by materiality factors recommended by the TCFD, and the Sustainability Accounting Standards Board (SASB).



1.5 Our ESG timeline

Schroders Greencoat has integrated responsible investment principles and ESG considerations into our activities since our establishment in 2009. As we continue our ESG journey, we will look for opportunities to strengthen our risk management and disclosures, based on best practices. We are also committed to actively shaping the integration of sustainability considerations across our industry.

2016

We became a signatory to the United Nations backed Principles for Responsible Investment (PRI) and formally incorporated responsible investment practices



2019

Our ESG approach was formalised, setting out how material ESG factors are incorporated into our investment decision making processes and ongoing asset management

We established our ESG Committee as the body responsible for advising Schroders Greencoat on embedding ESG considerations across our business and operations

2020

We reviewed and updated Schroders Greencoat's ESG Policy and Equality, Diversity and Inclusion Policy to ensure they continue to represent industry best practice and encourage high standards of conduct and behaviour

We created a Corporate Social Responsibility (CSR) Forum for individuals working at Schroders Greencoat who have a passion for positive social change to guide Schroders Greencoat in their CSR initiatives

1.5

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2021

We announced our Net Zero Policy and commitment to be net zero at manager level by 2050

We joined the Net Zero Asset Managers (NZAM) initiative to engage with wider industry to support a financial system aligned with the transition towards a green economy

2022

Schroders acquired a 75% stake in Greencoat Capital, allowing us to enter a new phase of expansion while benefiting from the expertise of one of the industry's ESG and impact leaders

We updated our ESG Policy, providing guidance to our funds and enabling them to align their own policies with the requirements of the Sustainable Finance Disclosure Regulation (SFDR)

As part of a broader review of our procurement procedures, we also began formalising the ESG related requirements of our service providers by rolling out a Code of Conduct Side Letter

Greencoat UK Wind and Greencoat Renewables published their first Task Force on Climate-related Financial Disclosures (TCFD) disclosures

First ESG Reports published

A dedicated ESG specialist was hired to coordinate ESG practices across the firm and support the ESG Committee

Began reporting under TCFD across the firm



Prepared for Level 2 SFDR disclosures

We completed and rolled out our Supply Chain Policy, along with principles and a supporting framework, allowing our funds to better identify and navigate emerging risks

We conducted our first Global Real Estate Sustainability Benchmark (GRESB) assessment for our Solar II and Anaerobic Digestion Aggregation Platform (ADAP) portfolios

Completed a full climate scenario modelling assessment of the bioenergy and heat assets within the Schroders Greencoat Bioenergy funds

Committed to cutting the intensity of our Scope 1 and 2 emissions as part of our support for the NZAM initiative

1.6 Key activities in 2022

Building on the accomplishments of previous years, we made significant progress this year in further embedding sustainability across our business and operations:

ESG Policy

During 2022, we conducted a detailed review of the Schroders Greencoat ESG Policy, which forms the basis of the policies applicable to our funds. With the support of sustainability and legal advisors, we formalised our approach to ESG risk management and good governance, and strengthened our commitment to promoting sustainable investment practice and transparency through membership organisations, stakeholder engagement and reporting under a range of disclosure initiatives. The policy can be found on our website.

Supply Chain Policy

As the renewable infrastructure sector expands, demand for raw materials, resources, and labour to support this development grows too, and the ESG risks present in this global supply chain evolve. Scrutiny from stakeholders is also increasing.

Schroders Greencoat strives to ensure its high ESG standards and values are consistently applied throughout the supply chain supporting its investments, developments, and operations. Supply chain due diligence is undertaken through the application of robust processes to ensure an investment will meet our ESG requirements.

In 2021, we continued to improve the ESG performance of our supply chain by partnering with a sustainability consultant to develop a more comprehensive understanding of ESG risks in the supply chain. This work focused on quantifying, responding to and influencing supply chain transparency and performance. Following the conclusion of this work, in 2022 Schroders Greencoat developed supply chain principles, a Supply Chain Policy and a supporting framework to help navigate emerging risks. Our Schroders Greencoat Solar team has appointed a legal firm to work on the implementation of our Supply Chain Policy. Other funds will follow, and we will use the learnings from this work when we begin to roll out the policies more widely.

We recognise that the degree of control and influence we hold over our global supply chain is not universal or all encompassing. Our ambition is to ensure our supply chain is transparent and understood, and that action is taken to reduce and mitigate ESG risk to as low as practically possible. Where ESG risk is present in the supply chain at a level at which Schroders Greencoat has no contractual influence or control, we recognise our duty as a responsible investor to enable and encourage change by using our market influence and through industry body engagement. As well as keeping abreast of emerging ESG risks, Schroders Greencoat stays informed about industry trends, such as technology-based solutions to improve traceability.

Global Real Estate Sustainability Benchmark (GRESB)

As part of our commitment to continuous improvement and greater disclosure, we continued our assessment of the GRESB Infrastructure benchmark for renewable energy infrastructure which began in 2021. The 2021 assessment focused on 25% (by value) of our Solar II portfolio and the results provided valuable recommendations on ways to improve ESG measurement and integration.

In 2022, we carried out an assessment of the entire Solar II fund. The benchmarking ranked Solar II first at asset level assessment and fifth at fund level among our peers. Our Anaerobic Digestion Aggregation Platform (ADAP) portfolio ranked second in peer comparison. We also completed a mock assessment of the Greencoat Renewable Investment fund to assess the suitability of the GRESB platform to a fund of fund structure. We are in the process of reviewing the results to assess whether it is appropriate for this fund. Further information on GRESB is provided on page 28.

1.6

Net Zero

In 2021, we announced our net zero commitment through signing up to the NZAM initiative. We also announced our Net Zero Policy which outlines our targets along the path to achieving net zero at manager level by 2050. In 2022, we committed to cutting our Scope 1 and 2 emissions intensity by 50% by 2030, using 2022 as a baseline. In order to set a reliable baseline and ensure consistency across all funds we standardised our carbon reporting methodology. These net zero commitments were submitted to the NZAM initiative in November 2022.

Efforts to reduce our operational impacts have also moved forward. We are a step closer to phasing out single use plastic in our offices after changing our office supplies and switching to cans and refillable glass bottles for beverages. In 2022, we also took steps to reduce the energy consumption by monitoring our travel and changing our office temperature points for heating and air conditioning. We estimate that the temperature adjustment will reduce our emissions by around 30% per annum.

Task Force on Climate-related Financial Disclosures (TCFD)

In 2022, Schroders Greencoat assessed a range of climate scenario modelling tools to find one most suitable to the assets we manage. During this assessment, each fund trialled at least one asset from each portfolio with a scenario modelling tool. Greencoat Bioenergy completed an assessment for all of its bioenergy and heat assets.



1.7 2022 highlights

Around
£9 billion
of funds under management across
283 renewable energy and heat assets

3.2 million
homes (equivalent)
powered by clean
energy generated

£5.3 million
invested in community
funds or social projects

4.5 million
tonnes of CO₂ avoided

65%
of assets had an external,
independent health and safety audit

82
operational renewable energy and heat assets acquired,
all in accordance with applicable ESG policies, with a
further seven in construction and eight forward sales

100%
of assets that require one have
habitat management plans (185);
a further 68 assets have voluntary
habitat management plans

4,598MW
of installed capacity of renewable energy assets
managed on behalf of investors, including 638MW
of newly acquired installed capacity in 2022
(14% increase from 2021)

11,728GWh
of renewable energy generated in 2022



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2 Our approach to responsible investment

2.1 Our approach to ESG management

Our investment approach is underpinned by a commitment to help accelerate the transition to a net zero carbon economy. Our responsibility as a manager stretches beyond simply purchasing renewable energy assets. By adopting and implementing best practice management of ESG issues across all aspects of our funds, we aim to enhance returns for our investors while creating long term value for all stakeholders. This means building responsible investment principles into our investment decision making and operational practices.

As the largest renewables investment managers in the UK and Europe, we can make an impact beyond our immediate investments by promoting effective operation, good governance and ethical business conduct throughout the renewable energy industry.

We seek to ensure that all people working at our sites are safe and in fair employment. We strive to build lasting relationships with local communities and to look after the animal and plant life that coexists with the renewable assets we manage.

Our ESG Policy

Our ESG Policy sets guidance and principles for integrating sustainability across Schroders Greencoat's business and looks to establish best practice in climate related risk management, reporting and transparency.

First formalised in 2019 and most recently updated in 2022, the policy 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 engagements. The policy allows for adaptation around the asset type and takes into account material issues. It also includes key performance indicators that are monitored and reported on (as appropriate).

Our policies are aligned with our approach to responsible investment which is under constant review. This enables us to improve continually and adapt where necessary. ESG oversight of individual renewable energy assets is exercised through the board positions we hold at asset level, and the expectations we set with third party service providers and operation managers.

OECD Guidelines

Schroders Greencoat seeks to ensure that investments are aligned with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs), 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 policies:

- **Schroders Greencoat's ESG Policy**
- **Schroders Greencoat's Slavery and Human Trafficking Statement**
- **Schroders Greencoat's Supply Chain Policy**
- 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 provider
- 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, for example through Schroders Greencoat's Code of Conduct Side Letter

Integration into the investment cycle

In 2022, our businesses completed investments or took over the management of **82** renewable energy and heat assets, all in accordance with applicable ESG policies. To achieve the highest standards of quality in ESG integration, the following process controls are present throughout the investment process:

Investment screening	where relevant, by discussions with service providers, consultations with technical advisers and/or with statutory authorities on potential mitigation plans.
As the Investment Manager, Schroders Greencoat carries out an initial assessment of a potential acquisition against the relevant fund's investment policy and investment restrictions and Schroders Greencoat's sustainability exclusions (as detailed in our ESG Policy). To the extent the information is available, we also assess the investment's ability to comply with our ESG standards.	Adjustment of price and mitigation plans
	If a material ESG risk is identified, we evaluate the nature and extent of it to address the matter and to implement an appropriate time bound action plan successfully (such as habitat management plans, turbine shutdown protocols and shadow flicker management plans).
Detailed due diligence	
Our detailed due diligence process enables us to understand any risks, sustainability or otherwise, that could affect the value of an investment. This includes risks that (i) affect the operational efficiency or environmental compliance of the assets, (ii) expose the business to legal and regulatory risk or (iii) reduce the benefit of collaboration with key project service providers and local communities. This includes, but is not limited to, considerations related to geographic location, community needs and environmental, biodiversity, air, noise or water pollution concerns.	If it is not possible to put in place an adequate remediation plan to minimise or mitigate the issue, the asset will generally not be purchased. Pricing and transfer considerations will be established at this stage and will take into account strategies and plans to address ESG risks.
Following our investigations, a list of transaction specific ESG issues is compiled. The list is calibrated and proportionate to the nature and extent of the anticipated sustainability risks. Aside from in-house knowledge, our assessment is also informed,	Investment committee approval
	Following completion of the due diligence, an investment committee meeting will be held to discuss the findings of the due diligence process and to determine whether to recommend the acquisition, and if so, on what terms. Investments have, and will be, rejected in the unlikely event that they do not meet our ESG standards.

Governance and risk management

To maintain investor trust and achieve long term returns, it is essential that we have effective governance and oversight of ESG issues throughout our operations. We focus on managing risk by implementing and strictly following strong governance procedures and controls to ensure that we are adhering to best practices and supporting the growth of our businesses.

Given our long term investment perspective, we constantly monitor and assess the risks our assets might be exposed to. We maintain a formal risk matrix which is reviewed and approved by the relevant boards and steering committees on an annual basis.

The listed funds that we manage, Greencoat UK Wind and Greencoat Renewables, both have independent and diverse boards of directors, bringing significant experience in the renewable energy sector and a wide range of relevant skills and expertise. We regularly discuss developments in energy policy and how the funds' strategies can further support the energy transition with the boards.

Oversight of private market vehicles within Greencoat Solar, Greencoat Bioenergy, Greencoat Renewable Income, Greencoat US and their investments, is provided by dedicated steering committees comprising senior managers from the wider Schroders Greencoat team with diverse expertise and a wealth of experience in the energy sector. These steering committees also provide oversight to ensure that the funds' own ESG policies are implemented in accordance with the overall Schroders Greencoat ESG Policy.

A Schroders Greencoat representative sits on the board of each asset company. This allows us to play a direct and active role in monitoring, assessing and influencing the financial, operational and ESG performance of the investments we manage to ensure strong governance.

Board members are responsible for ensuring ESG issues are considered in the context of the operational performance, business objectives and broader stakeholder relationships. By having board representation, we can be sure to enforce legislative compliance effectively and implement robust risk management frameworks across the funds we manage.



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Finally, our ESG Committee – detailed in the Governance section (page 56) – meets regularly to discuss ESG and climate related risks relating to the businesses we manage. The committee reviews and makes recommendations to our ESG Policy, that looks to establish best practice in ESG and climate related risk management, reporting and transparency. The committee then supports the investment managers’ integration of ESG considerations into their business processes.

Enhancing ESG capabilities

Schroders Greencoat believes collaboration and knowledge sharing are important elements of good corporate culture and developing ESG related capabilities. We actively engage with all our key stakeholders, from local communities and staff to investors, regulatory bodies and industry experts.

Our ongoing ESG training programme provides learning opportunities throughout the year, tailored to specific needs. This enables our staff to stay on top of best practices and allows them to understand the risks and potential mitigants available better.

Training activities include:

- External training sessions and conferences, such as mandatory health and safety training courses that need to be renewed on a recurring basis
- Presentations conducted by external advisors and consultants on relevant topics facing our business
- Team in-house training sessions for knowledge exchange
- Annual mandatory compliance training covering areas such as anti-money laundering, anti-bribery and corruption and whistleblowing
- Team members taking part in the dedicated ESG Committee and Health and Safety Forum where asset managers across various funds share learnings and best practices.

To support our knowledge sharing approach, Schroders Greencoat or the businesses we manage also belong to a number of industry associations, including:

- **RenewableUK:** The UK’s leading renewable energy trade association for wind power, wave power and tidal power industries with over 600 corporate members
- **Solar Energy UK:** An established trade association working for and representing the entire solar and energy storage value chain with a member led community of over 300 businesses and associates
- **Wind Energy Ireland:** The representative body for the Irish wind industry with more than 150 members
- **Sustainable & Responsible Investment Forum (SIF) Ireland:** The national platform for policy makers, capital providers and intermediaries to advance sustainable and responsible investing
- **Wood Recyclers Association:** The trade association for the waste wood recycling sector
- **Large Asset Owners Forum:** We have specifically contributed to the Forum on the security of solar farms, the sustainability of supply chains and OFGEM auditing processes
- **Heat and Buildings Business Council:** A cross sector group formed to engage with government and stakeholders to build better policy for decarbonising heating and buildings

We also utilise specialist consultants to advise on sustainability best practice developments, attend relevant conferences, seminars and working groups and hold regular meetings of Schroders Greencoat’s Health and Safety Forum. The H&S Forum brings together health and safety experts from across the business to share learnings and best practice and has proven a productive initiative leading to a number of H&S programmes being implemented across the businesses Schroders Greencoat manages. Our Asset Management Forum also meets regularly and shares feedback on third party providers, policies and practices on the management of asset sites.



2.2 Reporting and disclosures

As renewable energy infrastructure assets are a fundamental component of the future low carbon economy, we focus on maximising the positive impact of our investments while minimising the risks associated with climate-related physical or transition hazards (such as technological or policy changes).

As with many infrastructure assets, physical risks from the effects of climate change are an important consideration in our investment decision making processes. Renewable assets are impacted by weather conditions which have a bearing on the operational performance of the assets and thus the financial returns they generate. We also evaluate flood risk before investments are made in relevant asset classes and seek to mitigate any risks either through design improvements or ensuring appropriate coverage from insurance policies. Given our long term investment perspective, we constantly assess those transition risks our assets might be exposed to and factor them into our decision making and risk monitoring. These include, for example, asset related technology changes, changes to government policy and changes to market signals or pricing for electricity.

Accurate, reliable data is essential in the race to decarbonise our economy. We are continually improving our data capture and disclosure to drive more consistent reporting across the industry. We track our performance so that we can provide transparent information to shareholders. Transparency is crucial if we are to maintain the trust of our stakeholders. This ESG Report sits alongside our TCFD and, where applicable, SFDR reporting, covering our business operations. Our disclosures will continue to develop as the needs of investors, stakeholders and regulators evolve.

EU Regulation on Sustainable Finance Disclosure Regulation (SFDR)

The aims of SFDR, and related regulation such as the EU Taxonomy, include integrating sustainability investing into the financial system and helping steer the flow of capital towards sustainable investments.

Schroders Greencoat manages a number of funds that are now in scope of SFDR. All our funds that are in scope are considered to meet the criteria in Article 9 of SFDR as they have sustainable investment (as defined in SFDR)

as their objective. We are committed to making the relevant pre-investment and periodic disclosures which describe how sustainability risks are integrated into the investment process and have released the first such disclosures to the relevant investors.

For more information about these funds, please see their corresponding pre investment disclosure document available on the website of the relevant fund.

For further information, please read Schroders Greencoat, Greencoat UK Wind and Greencoat Renewables SFDR disclosures statements on the respective websites.⁴

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was created to improve and increase reporting of climate-related financial information. The TCFD recommendations comprise a set of voluntary consistent disclosure recommendations for use by companies in providing information to investors, lenders and insurance underwriters about their climate related risks.

In 2021, Schroders Greencoat set up an internal TCFD working group. Working with the ESG Committee, it was designed to share information and discuss how to implement the recommendations into our responsible investment policies. We have now adopted the TCFD framework across all commingled funds, with two of our funds, Greencoat UK Wind and Greencoat Renewables, providing a TCFD statement in their annual reports for the second time. It is important that we understand the climate related opportunities and risks our businesses face as we continue to grow. This alignment enables us to provide transparent and comparable climate related information to shareholders.

In 2022, Schroders Greencoat assessed a range of climate scenario modelling tools. During this assessment, each fund trialled assets from each portfolio with a

⁴ <https://www.schroderscapital.com/en/global/professional/capabilities/infrastructure/schrodersgreencoat/sfdr/>
<https://www.greencoat-ukwind.com/about-us/sfdr>
<https://www.greencoat-renewables.com/about-us/sfdr>

2.2

scenario modelling tool. All the assets assessed were analysed under the IPCC's Representative Concentration Pathways (RCP) 2.6 and 8.5 scenarios using the time horizons: 2030, 2050, and 2100. The assets were analysed against eight extreme weather and climate change hazards; river and surface water flooding, coastal inundation, forest fires, extreme wind, soil movement, freeze-thaw and extreme heat events. We recognise that these tools are continuously developing, and we will continue to move with the industry to keep abreast of new industry developments.

We make TCFD disclosures for our listed funds in their respective annual reports.

- [Greencoat UK Wind](#)
- [Greencoat Renewables](#)



SIXPENNY WOOD

2.3 External initiatives and standards

The best practice, science-based approaches required to deliver a net zero economy demand collaboration. As such, we are involved in the following initiatives:

UN Principles for Responsible Investment (PRI)

We have been a signatory to the United Nations backed PRI since 2016. The principles provide a voluntary framework to help institutional investors incorporate ESG issues into investment analysis, decision making, and ownership practices. Since becoming a PRI signatory, we have continued to report each year required.



Global Real Estate Sustainability Benchmark (GRESB)

As a standardised, globally recognised framework, the GRESB provides actionable and transparent ESG data and insight to financial markets. Several real estate funds, real estate investment trusts (REITs), property companies, real estate developers, infrastructure fund managers and asset operators use GRESB to assess their ESG performance.

As part of our commitment to continuous improvement and greater disclosure, we have been assessing the suitability of the GRESB Infrastructure benchmark for renewable energy infrastructure. GRESB participation provides us with actionable information to contribute to our monitoring and managing of sustainability risks.

In 2021, we carried out an assessment of around 25% (by value) of our Solar II portfolio to evaluate the applicability of the benchmark to the fund's scale and characteristics. The process resulted in several recommendations to improve ESG measurement and integration that were discussed with GRESB and should contribute to future improvements in the benchmark and industry standards. We analysed our results and identified and prioritised actions to improve our ESG approach in the fund further.

In 2022, we carried out an assessment of the entire portfolio of our Solar II fund. Solar II ranked first at asset level assessment and fifth at fund level among our peers. Our Anaerobic Digestion Aggregation Platform (ADAP) portfolio ranked second in peer comparison.

Greencoat Renewable Income also finished its mock assessment to consider whether the assessment would be suitable for the strategy which also invests through funds managed by Schroders Greencoat and is therefore sometimes one further layer from the assets. We are currently in the process of reviewing the results.



2.3

United Nations Sustainable Development Goals (SDGs)

The United Nations 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 manager of renewable energy assets, we directly contribute to the SDGs in two core ways: through the creation of renewable energy (SDG 7) and climate action (SDG 13). Beyond these, our investments contribute to a broader range of SDGs, as illustrated throughout our case studies.



SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

The assets we manage currently represent 4,598MW of total installed capacity. Together, the funds generated 11,728GWh of renewable electricity and heat in 2022, enough to power 3.2 million homes for a year.



SDG 13: Take urgent action to combat climate change and its impacts

The assets we manage contribute towards a zero carbon future and in 2022, avoided 4.5 million tonnes of CO₂ emissions. We are assessing and reporting the climate related risks and opportunities associated with these assets, as well as taking steps to reduce the carbon footprint of the portfolio across the funds we manage.



Net Zero Asset Managers (NZAM) initiative

The NZAM initiative is an international group of asset managers

committed to decarbonising their portfolios to net zero emissions by 2050 or sooner. Members work together with initiatives such as the UN Global Compact Business Ambition for 1.5°C, the Investor Agenda, the Science Based Targets initiative, Climate Action 100+ and the World Economic Forum (WEF) Mission Possible Platform in delivering this commitment. As of 2022, we are one of 301 signatories with a combined total of over \$59 trillion in assets under management.

3 Environment

3.1 Sustainability across our operations

A rapid transition to a net zero global economy is the best chance society has to mitigate climate change. As countries develop their own ambitious targets and commitments, it is imperative that companies develop strategies to decarbonise and contribute to a carbon neutral economy. We are committed to reducing our carbon footprint and achieving net zero by 2050, in line with the UK's commitment, by reducing greenhouse gas emissions from our own operations.

Our Net Zero Policy, commits us to:

- Reduce energy consumption in our offices and cultivate a climate conscious culture amongst our employees
- Phasing out single use plastics in our offices by 2023

Targets

- Scope 1 and Scope 2 emissions to be reduced by 50%, on an intensity basis, by 2030 (using 2022 as a baseline)

The Net Zero Policy, which was implemented in 2021, is regularly reviewed and will be revised and updated in line with best practice. The businesses we manage are also actively measuring carbon footprints and Scope 1, 2 and 3 baselines across their investments. In 2022, all funds outside the US have refined their measurement methodology, with the help of independent consultants. The standardised approach is in line with the Greenhouse Gas (GHG) Protocol, which supplies the world's most widely used greenhouse gas accounting standards. This will help ensure that we identify carbon footprints consistently in net zero trajectories.

84,871

tonnes CO₂ Scope 1 emissions

- 149 tonnes CO₂ UK Wind
- 47 tonnes CO₂ Solar
- 60 tonnes CO₂ Greencoat Renewables
- 84,615 tonnes CO₂ Bioenergy

5,326

tonnes CO₂ Scope 2 emissions

- 1,422 tonnes CO₂ UK Wind
- 213 tonnes CO₂ Solar
- 472 tonnes CO₂ Greencoat Renewables
- 3,219 tonnes CO₂ Bioenergy

419,780

tonnes CO₂ Scope 3 emissions

- 136,161 tonnes CO₂ UK Wind
- 3,988 tonnes CO₂ Solar
- 214,261 tonnes CO₂ Greencoat Renewables
- 137,370 tonnes CO₂ Bioenergy

CASE STUDY 1

Reducing operational emissions on our offshore wind sites

The NSL Endurance was a crew transfer vessel used to transport Greencoat UK Wind’s teams to Rhyl Flats and North Hoyle offshore wind farms in the Irish Sea. In 2022, the decision to replace the vessel with a new, more fuel-efficient model, the NSL Adventurer was made.

Although the new vessel was more expensive than its predecessor, the increased costs will be offset by significant fuel savings. The slender hull form of the NSL Adventurer requires less power to achieve cruising speed, resulting in fuel savings of 15 litres per hour and cost savings of around £12,600 per annum.

The new vessel will also be able to run off biodiesel reducing CO₂ emissions and contributing towards our company’s net zero ambitions.

The design of the vessel also reduces the possibility of manual handling incidents as loads can be carried on the spacious foredeck, removing the need for manual handling between decks. The two tier layout also provides improved visibility for the master.

CASE STUDY 2

Carbon capture and reuse

While carbon dioxide (CO₂) is a greenhouse gas, it is widely used in industry. From welding gas to dry ice manufacture and carbonation of drinks, CO₂ has many uses.

Four of Greencoat Bioenergy’s UK anaerobic digestion plants, Bay Farm, Helmdon Blackpits, Euston Biogas, and Wight Farm Energy, capture CO₂ from the biogas they produce. This food grade gas is then sold to industrial gas suppliers and distributors. The four plants have a combined capacity of 16,850 tonnes of CO₂ per annum which displaces CO₂ that would otherwise have been manufactured from natural gas (as a by product of fertiliser production).

The capture and reuse of CO₂ from biogas production generates a sustainable CO₂ market and reduces dependence on fossil fuel derived CO₂.



Waste management

Effectively managing waste is fundamental in our efforts to be a responsible corporate citizen by improving resource efficiency, reducing pollution and protecting the local environment. In 2022, we continued our efforts to reduce the overall amount of waste generated by the businesses we manage and increased the focus on reuse and recycling.

CASE STUDY 3

Turbine blade recyclability

Achieving national net zero commitments relies in part on the adoption of a more circular economy, where waste is continually cycled and used as an input for something new. While an estimated 85% to 90% of wind turbine components can be recycled, wind turbine blades remain a challenge. Most commonly, decommissioned turbine blades are landfilled. Two of our funds, Greencoat UK Wind and Greencoat Renewables, are working to understand and overcome the challenges in turbine recyclability.



Understanding the challenges

In 2022, we commissioned an independent expert in assurance and risk management, to carry out a turbine recyclability report. The report revealed that the challenge comes from the epoxy resin used in the blade manufacture, which cannot be recycled. These findings were shared with Original Equipment Manufacturers (OEMs) and asked for their ideas on how they would address this issue.

As managers of wind assets, Greencoat UK Wind and Greencoat Renewables are well positioned to lead the conversation around blade recyclability and help to drive collaboration across the sector to tackle this industry wide challenge.

Funding for innovation

In August 2022, Greencoat UK Wind launched its first grant making programme to find and support academic research and non-profit projects that advance the industry’s knowledge around wind turbine blade recycling, repurposing and recovery.

The programme was launched in partnership with BizGive, an online platform that connects organisations to external impact partners, such as universities, charities and community groups. The £250,000 impact programme has attracted applications from a wide range of unique projects.

Through this project, Greencoat UK Wind is awarding the University of Edinburgh a grant of nearly £125,000 for a 12-month research project focused on recycling old wind turbine blades into powders that can be used in surface coatings.

The ‘Added-value CoaTings’ project aims to deliver an easy, low-cost processing route for decommissioned blade materials that produces a valuable, high-end product that can be added to the surface coatings of engineering and structural components to prevent corrosion and erosion. For example, to protect new wind turbine blades from erosion caused by raindrops and other particulates, or as an anticorrosive coating in the built environment for cables in suspension bridges.

3.2 Producing renewable energy

Achieving net zero in many of the world’s economies will require substantial investment in the deployment of renewable energy infrastructure. Scaling up renewable energy generation is a core part of the solution to the global climate crisis.

With our size, track record and diverse portfolio of businesses focused on a range of renewable technologies and geographies, we have a key role to play in supporting the acceleration to a net zero carbon economy. The installed capacity of assets that we manage across our businesses now stands at 4,598MW, representing 14% more capacity than at the end of 2021. made investments or took over the management of 82 wind, solar and bioenergy assets, either in operation or in construction.

Our contribution
11,728GWh

CASE STUDY 4 Low carbon greenhouse

2022 saw the completion of Schroders Greencoat’s third low carbon greenhouse, based in Ely, Cambridgeshire. In a world first, the site uses LED lighting to accelerate crop growth, while warming the structure using open loop heat pumps to transfer the heat from a nearby reservoir. Combined Heat and Power (CHP) technology is used to power the heat pumps and LEDs. At 22 hectares, it increases the size of our greenhouse assets by 75%. The new greenhouse is amongst the largest ever constructed in the UK and grows nearly 10% of the UK’s tomatoes and cucumbers. The greenhouse helps to reduce reliance on food imports, models a way of lowering the carbon footprint of agriculture and helps to improve water efficiency. The greenhouse uses ten times less water than traditional farming.



3.3 Protecting the local environment

Being a responsible investor is about more than buying and operating sustainable assets. We must appropriately manage the local environmental impacts of the operation and maintenance of our assets in a way that respects and protects biodiversity and ecosystems.

198
independent ecological /
environmental assessments
across our assets

Before deciding to invest in an asset, we carry out a comprehensive assessment of compliance with environmental regulations and local planning permission environmental obligations. We also engage with local stakeholders, often in the early stages of opportunities screening, to determine any legacy or current environmental concerns which, depending on the technology, may include excess air pollution, noise, shadow flicker or other issues.

After making an investment, we make sure that management systems are in place to deliver on our obligations, often as part of regulatory or planning requirements. This means continuously evaluating any potential risks and impacts on local habitats and ecosystems and preventing or mitigating these. There is a specific focus on biodiversity, air quality, noise and waste management. For projects in construction, we also focus on waste management practices.

Biodiversity and ecosystems are managed in accordance with planning and environmental obligations, including preservation of habitats and mitigation of any potential negative impacts. For example current examples of habitat management initiatives at our solar sites include:

100% of assets that
require one have
habitat management plans (185);
a further 68 assets have voluntary
habitat management plans

hedgerow and tree planting, placement of bat and bird boxes, and sheep grazing; and limiting grass cutting to site access points, promoting the growth of wild flora and encouraging biodiversity. To support this work, in 2022 we engaged the services of arborists and specialist ecologists to help us assess the health of the trees on our solar sites from a health and safety and ecological perspective.

Our investment and asset management teams work closely with local environmental, ecological and planning consultants with track records in applying good industry standards, to ensure that a tailored landscape and ecology management plan for each asset is implemented where required and that all applicable laws and regulations are adhered to. Compliance with environmental regulation is monitored by the board of each operating asset company and periodic onsite inspections are carried out by our teams of asset managers, and experienced operations and maintenance service providers. Checks include specific items such as noise levels, progress against habitat management plans, presence of oil and dust pollution and an overall assessment of the effectiveness of management systems.

Environmental stewardship

A key consideration across all investment decisions is the unique ecosystems upon which each of the assets under our management is situated. Schroders Greencoat is committed to protecting the environment and wildlife at and surrounding our assets, on land or at sea.

Our businesses have put in place a habitat management plan or an environmental management system for each asset where this is needed, in accordance with its specific ecological circumstances, planning requirements and environmental obligations. As of the end of 2022, 100% of the operating assets required to implement a tailored habitat management plan, had done so.

As part of Greencoat Solar’s plans for sustained biodiversity improvement across their solar sites, beehives have been installed in areas deemed suitable for bees to thrive and where planning allows.

The Bioenergy team is focused on making sure that the wood and straw used as feedstock for the biomass assets in its portfolio comes from a sustainable source. Independent assurance is conducted every year in line with the UK’s Renewables Obligation Order 2015 sustainability requirements and results are shared with Ofgem. For example, Templeborough and Margam use only waste wood, as defined by the relevant waste codes. Sleaford uses mainly straw, an agricultural by-product that meets criteria for sustainability, sourced on average within 50 miles of the plant to minimise transport emissions and costs.

CASE STUDY 5
Protecting wildlife

The large scale expansion of wind energy is vital for making the transition to a low carbon and sustainable world. However, we recognise that potential impacts on nature and biodiversity need to be managed carefully in the development and operation of wind farms. When in operation, wind turbines can pose a risk to birds and bats. We monitor all sites to establish which species are present, often commissioning the services of ecologists to build up a comprehensive, year round picture of the animals’ natural behaviour. We then put measures in place to minimise the risks.



► CASE STUDY 5 continued

Bat protection, Illinois

Bat populations in the United States are in decline, mostly as a result of a fungal disease called white nose syndrome which is pushing the animals towards threatened status. At our Harvest Ridge wind farm in Douglas County, Illinois, we curtail turbine operations when wind speeds are under 5.0 m/s between July and October. This is timed to coincide with the breeding patterns of the bats. Young bats begin leaving their roosts in July. In October, all bats start preparing to hibernate for the winter. We also retain environmental contractors to monitor bat fatalities by searching the area around the turbines for any bat carcasses. We report this data to the Illinois Department of Natural Resources. This information helps them to assess the efficacy of the curtailment speed and informs their recommendations to the wind industry to improve bat conservation. In 2022, fatality monitoring discovered only one bat carcass.

Pasilly bird and bat detection

When Greencoat Renewables acquired the Pasilly wind farm, the French site had been assessed as posing a low risk to birds and bats. However, during the initial years of operations, numerous fatalities of red and black kites were reported.

Working with the local authority and other stakeholders, including a consultant ecologist, farmers and nearby residents, the team developed a plan to help reduce the site’s impact on wildlife.

The ecologist set up microphones and cameras to monitor the birds and bats. Together with desk based research on the migratory patterns of the kites, they developed a comprehensive understanding of the birds’ activity in the area.

Using this insight, bat curtailment measures were introduced over the summer months. As the risk of bird fatalities was highest following harvesting activities, the team put bird curtailment measures in place during these times. Local farmers and landowners now notify the team in advance of harvesting activities, enabling them to shut down the turbines. There were no reported fatalities of kites in 2022 and no directives issued by the local authority.

Monitoring golden eagles, Dunmaglass and Stronelairg

Greencoat UK Wind’s Dunmaglass and Stronelairg sites are home to golden eagles. Protected under the Wildlife and Countryside Act, 1981, the raptors are classified in the UK as an Amber List species under the Bird of Conservation Concern review.

The Regional Eagle Conservation Management Plan (RECMF) is a golden eagle research, conservation and monitoring project. Eagle territory surveys funded by RECMF have been carried out in Dunmaglass, and in 2022, golden eagle territory monitoring commenced at Stronelairg.

CASE STUDY 6

Nurturing biodiversity

A rich and diverse ecosystem supports vital ecological services and safeguards against species extinction, habitat loss, and environmental degradation. We work collaboratively with our business partners, local stakeholders and experts to both enhance and protect the biodiversity of our sites.



► CASE STUDY 6 continued

Wildflower habitat to attract insects, bees and butterflies

In 2022, the Greencoat Bioenergy team has been working with the operations and maintenance providers of the Anaerobic Digestion Aggregation Platform (ADAP) portfolio, Material Change, to improve the biodiversity on our bioenergy sites at Helmdon and Rainworth.

The project began by creating a wildflower meadow to attract insects, bees and butterflies. Members of the team attended a webinar hosted by the Eden Project on wildflower harvesting and from next year, will be distributing the collected seed in the existing meadow and using it to create additional wildflower verges around the sites. Collected seeds will also be used to supplement the wildflower garden at the Oak Grove anaerobic digestion plant.

Having provided habitat and food sources for insects, we also created bee and bug ‘hotels’ and installed bird boxes. Each of our sites were given bird boxes, along with instructions on where best to situate them.

Last year there were reported sightings by teams of their first blue tit fledglings appearing from one of the new nest boxes. We hope they will be the first of many more.

Volunteer beekeepers

As part of the Greencoat Solar team’s plans for sustained biodiversity improvement across their solar sites, they installed beehives at two more Community Interest Company (CIC) projects. There are six hives at Kimmel, North Wales, four at Rhewl, South Wales and four at Carlam,

East Yorkshire. The company plans to install more beehives on sites where the local habitat is deemed suitable for bees to thrive and where planning allows.

We believe that working in partnership with local people and groups can lead to positive impacts on both the environment and local communities. Local beekeeping association, Conwy Beekeepers, regularly organise workshops at the Kimmel solar farm for local people to learn about beekeeping and the benefits of the bees in biodiversity. We have fenced off part of the solar farm to provide parking and funded a cabin for the volunteers to meet.

The honey produced from the hives is sold by the beekeepers for their own profit and re-investment. A small quantity of honey is given to Greencoat Solar. This year, one of our suppliers donated to the charity, SoPowerful, in exchange for Greencoat Solar’s remaining stock of honey. SoPowerful installs off-grid solar systems in rural areas in Africa and Lebanon to support the operation of hospitals, schools and the local economy.

Measuring biodiversity

As the manager of large areas of land across the UK, Greencoat Solar can play a major role in improving and protecting local ecosystems.

In 2022, the Greencoat Solar team engaged a group of ecologists to help us measure the Biodiversity Net Gain at four pilot projects. Biodiversity Net Gain (BNG) calculates the difference in the current biodiversity on site compared to its pre-construction conditions. BNG will be a mandatory planning requirement from November 2023.

► CASE STUDY 6 continued

Biodiversity is something that our stakeholders increasingly care about. Having a methodology for measuring and monitoring the ecological improvements on our sites also helps demonstrate to investors the value of the ecological improvements we make.

From November 2023, the UK Environment Act 2021 will require most planning permissions in England to demonstrate a 10% BNG. In 2022 we ran pilot studies in Rhewl 1 & 2, Carlam and Bransholme which revealed biodiversity net gains exceeding the government target for both their linear habitats (e.g. streams and hedgerows) and non-linear (such as woodland).

Working with others to build knowledge on biodiversity

In our solar business, our biodiversity strategy focusses on measuring, monitoring and improving biodiversity through site-specific interventions.

We work closely with industry body, Solar Energy UK and dedicated ecologists, to implement best practice wherever practicable.

In 2022, we worked with the Lancaster Environment Centre at Lancaster University on their investigation into grassland management approaches at solar farms. The team were researching how sustainable management of grassland could enhance biodiversity and what impact this might have on the output from the solar panels, specifically for bifacial panel technology which is affected by the ground conditions.

We take our legal responsibilities to protect wildlife seriously and ensure that our contractors do too. This starts with setting clear expectations and documenting our approach for 2023.

CASE STUDY 7

Peatland management

Healthy peatlands are rich in biodiversity and serve as a source of food and habitat for wildlife. Peatlands hold large supplies of carbon that can be easily disturbed and released through overgrazing, burning, cutting, drainage and during the construction of a wind farm.

Unless properly managed, the carbon released during construction can adversely affect the carbon payback period of a project, undermining the core objective of renewable energy generation – to avoid net greenhouse gas emissions. Greencoat UK Wind has been working to restore peatland across relevant sites.

► CASE STUDY 7 continued

Managing livestock grazing at Tappaghan

Peatland management at Greencoat UK Wind’s Tappaghan wind farm in 2022 focussed on managing grazing and improving drainage. Grazing on peatlands is a delicate balance. Too many livestock can lead to overgrazing and peat erosion; too little or no grazing can lead to a build-up of leaf litter and old, woody vegetation, which makes it difficult for low growing peatland plants to compete. When tall grasses or shrubs dominate, the overall species

diversity declines, and the risk of wildfires can also increase. Fencing an area of peatland on Tappaghan helped to maintain low livestock densities during the summer period and prevented grazing over winter. To raise water levels, strip pile dams were installed along a drainage channel within the surrounding area. This promotes the growth of a variety of bog mosses (Sphagnum species), which are key species in building blanket bog habitat.



4.1 Our people

Diversity and inclusion

Having a diverse workforce is a business strength. Not only does it deliver a wide range of experiences and expertise, the diversity of thought also leads to better decision making and more creative thinking.

We want everyone who works for us, or with us, to feel valued, respected and included and we work hard to foster a culture that supports, includes and treats everyone fairly.

Gender diversity

Senior management



All employees



Female Male

In 2021, we held mandatory training for all staff on Dignity at Work as part of our commitment to promoting diversity and inclusion in the workplace. We repeated the training in 2022 on a voluntary basis. It is mandatory for all new joiners.

Employee engagement

Understanding how our employees feel about working at Schroders Greencoat is important to us. At the end of 2022, we sent out our first employee satisfaction survey. The results will be analysed in early 2023 and will be used to inform our approach to employee management. As part of our commitment to professional development, we will also be launching our first Mentoring Programme in early 2023.

Listening to other peoples’ perspectives and experience is a fundamental part of respecting diversity and fostering a sense of inclusion. We began our guest speaker programme during the pandemic, when all employees were working from home. As a result of positive feedback and attendance, in 2022, we started a Masterclass series of monthly meetings where guests speak on a wide range of topics including career journeys, goals and personal achievements.

Our Equality, Diversity and Inclusion (ED&I) Policy sets out our approach to maintaining a fair, diverse and inclusive workplace. In 2022, we invested in our people management system to allow us to track and analyse diversity metrics better.

4.2 Promoting wellbeing at Schroders Greencoat

At Schroders Greencoat, we believe that the wellbeing and mental health of our people is just as important as their physical health.

Closely aligned with our philosophy of generating stable, long term returns for investors, giving our people a safe, secure and rewarding place to work is important to Schroders Greencoat across all our businesses.

We recognise that a better work-life balance can improve employee motivation, performance and productivity, and reduce stress. We want to support our employees to achieve a better balance between work and their other priorities, such as caring responsibilities, leisure activities, further learning and other interests. We have both formal and informal arrangements in place and agree flexible working arrangements provided that the needs and objectives of both the organisation and the employee can be met. We have had a Flexible Working Policy in place since 2019. It, like all our policies, is regularly reviewed. The policy was last updated in August 2022.

All employees have access to our Employee Assistance Programme, where they can receive advice and, if needed, counselling on a range of issues, including dealing with stress, family issues, financial and legal matters.

In 2022, we rolled out a dedicated mental health awareness programme. Two colleagues volunteered and trained to become mental health first aiders. We also held events including a picnic, a puppy visit and a fundraising bake off competition in aid of mental health charity, Mind.

The health, safety and wellbeing of the people working in our supply chain is as important to us as that of our own people. We hold regular meetings with the operational subcontractors at each of our assets to discuss any concerns and make sure they are maintaining effective health and safety measures. This is to ensure the physical and mental health of our partners' employees, as well as their ability to ensure that suitable and sufficient levels of resources are always available to provide the services our assets require.

4.3 Health and safety

Health and safety is a top priority to Schroders Greencoat and the boards of the operating asset companies. The issue is regularly discussed by Schroders Greencoat's Management and Risk Management Committees as well as the boards of the listed businesses we manage and the equivalent steering committees of the private market funds.

The physical location, operation and maintenance of renewable energy assets, if inappropriately assessed and managed, pose health and safety risks that may result in physical injury or industrial accidents. We take our duty of care to our own employees and those operating and maintaining the assets we manage extremely seriously.

Prior to investment, we assess the health and safety track record of the asset and, if required, introduce modifications and safety precautions, ensuring compliance with applicable laws, regulations and widely accepted industry standards. Investments will be, and have been, rejected in the unlikely event that they do not meet our health and safety standards. After we have made an acquisition, we ensure strong measures and controls are in place to understand, monitor and manage risks related to the health and safety of all workers. Clear direction is provided in our health and safety policies and standards, which are implemented by the boards of all operating asset companies.

Our teams of asset managers work closely with third party service providers throughout the year to ensure that the highest standards are continually adhered to and any risk, no matter how minor, is reported and discussed. We aim to foster a 'safety aware' culture which actively encourages the reporting of all potential risks.

Health and safety compliance is monitored by our asset management teams with monthly onsite inspections carried out by third party service providers. Independent audits take place at regular intervals at each asset. In 2022, 182 – or 65% – of all assets underwent an independent health and safety audit.

During 2022, there were 43 reportable workdays lost to injuries, accidents or illness across 283 assets owned by funds and businesses managed by Schroders Greencoat.

We also ensure that those charged with the safe operation of our assets have continuous support. Our teams of asset managers work closely with third party service providers to ensure that the highest standards are always adhered to and all risks, no matter how small, are reported and addressed.

We monitor a common set of Key Performance Indicators (KPIs) across all of the funds we manage in order to improve on our health and safety management and performance.



Our health and safety principles and practices

- We operate under the principles of genuine care for the health and safety of everyone working at or visiting the assets we invest in, and respect for relevant laws and regulations
 - Principal responsibility for monitoring that high standards of health and safety are being maintained at each site resides with the boards of the operating asset companies
 - Health and safety management and performance track record is part of our deal due diligence
 - Our health and safety policies and standards provide direction and guidance
 - Health and safety is assessed and monitored regularly on each asset, including independent audits by accredited professional at regular intervals
 - We work closely with service providers to foster a culture of safety and transparency
 - We share knowledge and best practices among our teams, with our co-investors and the wider renewable energy industry
- 43

reportable work days lost
- 100%

of relevant staff completed health and safety training
- 182

assets that had an independent health and safety audit undertaken

CASE STUDY 8
Initiatives to improve health and safety

The safety of everyone who works on our renewable infrastructure assets is our number one priority. During 2022, we implemented several changes designed to minimise safety risks.

Safety at every stage

All our funds take the duty of care to employees and those operating and maintaining the assets extremely seriously. This is maintained throughout every stage of ownership of an asset. Prior to investment, the health and safety track record of the asset is examined and if required may introduce modifications and safety precautions, ensuring compliance with applicable laws, regulations, and industry standards. Post-acquisition, our funds ensure strong measures and controls are in place to understand, monitor and manage risks related to the health and safety of all workers.



► CASE STUDY 8 continued

Making health and safety business as usual

Health and safety is regularly on the agenda at the Board and Management Committee meetings, and clear direction is provided in health and safety policies and standards of the individual funds.

Each fund introduces processes and initiatives to operationalise health and safety and ensure practices are up to date, relevant and comprehensive wherever we operate. For example, in 2022, an audit at Greencoat Renewables’s Ballybane wind farm identified that a site specific operating procedure document would be required to meet the revised requirements of the EN50110-01 (Operation of Electrical Installations) standard. The fund intends to extend this practice to other assets as necessary. Also this year, Greencoat UK Wind engaged a specialist consultant to deliver tailored Institutional Occupational Safety and Health (IOSH) training to the Schroders Greencoat’s asset management team. We continue to work towards building a culture which encourages safety.

Greencoat Bioenergy’s SPVs also underwent health and safety improvement works in 2022. These included improvements to fire systems and installation of access control and CCTV by the O&M. Following one health and safety incident at one of our sites in 2022, a key clamp barrier was installed to provide a physical barrier to where the incident occurred. At Greencoat Bioenergy’s Templeborough site, monthly safety awards were introduced to encourage health and safety on site. At the Sleaford site, we introduced random drugs and alcohol testing. At our Margam site, we improved the vehicle and pedestrian segregation to reduce health and safety risks. Greencoat Bioenergy’s SPVs also underwent health and safety improvement works in 2022.

Greencoat Solar regularly monitors the health and safety conditions on the solar farms, with monthly walk-around visits typically undertaken by the

operations and maintenance (O&M) service providers and twice a year by the external asset management company. Over 69% of the solar farms were inspected by the Manager and 35% by independent auditors during the year. This exceeds our yearly target to visit a third of the portfolio by the Manager and a third by an independent auditor. In addition, independent health and safety auditors assess our O&M contractors’ practices every three years through the PAS 91 process, a standardised pre-qualification questionnaire, and recommend procedure improvements if required. We expect all contractors to meet the highest health and safety standards. On rare occasions we have terminated contracts with contractors following persistent health and safety underperformance.

High voltage (HV) maintenance

Operating wind farms involves a significant risk related to high voltage maintenance. Maintenance contractors are carefully selected to ensure that they are of the highest standard when it comes to health and safety. In 2022, we launched a tender process for the HV maintenance contracts covering assets in Ireland. The evaluation criteria placed significant emphasis on health and safety, among other metrics. Additionally, the contract included a provision mandating the successful contractor(s) to conduct a comprehensive safety audit of the HV system within a year of the contract start date.

The framework contract was awarded to two contractors that standardised the scope of work and personnel involved in HV maintenance across all assets in Ireland. This approach ensured a consistent and safe approach to maintenance.

In parallel, at our request, an external operator audited the entire HV governance structure. As part of the process, the two new contractors underwent an audit, during which minor issues were identified, promptly communicated to the contractors, and addressed.



4.3

► CASE STUDY 8 continued

Lifting operations on wind farms

Lifting operations are a key area of risk in the wind industry. In 2022, we continued to improve practices as part of our commitment to health and safety of the people working on our sites.

For example, Greencoat UK Wind engaged specialist consultants to deliver tailored IOSH safety training to the Schroders Greencoat's asset management team, and to conduct audits for compliance with

Lifting Operations and Lifting Equipment Regulations (LOLER) on 10 of their wind farms. Greencoat Renewables lifting operations working group produced a best practice document and trialled its recommendations at one wind farm in 2022.

Our ongoing actions

Health and safety demands consistent and comprehensive attitude and application. Each of our funds develop practices and procedures to minimise health and safety risks as part of every day operations.

We recognise our duty to minimise and manage health and safety risks at our sites. This is a responsibility we take extremely seriously. Health and safety considerations are discussed at least quarterly at the board meetings of each of their operating asset companies. We also work closely with third party operators to nurture a strong health and safety culture and rigorous reporting standards..

As a minimum, Schroders Greencoat expects external asset management companies and O&Ms to comply with all legal and regulatory requirements. On appointment of a new contractor, due diligence is conducted to assess their track record on health and safety performance. External asset management companies and O&Ms are encouraged to take a proactive approach to managing potential risks and developing a culture of safety by reporting any hazards, near misses and accidents promptly and clearly. In the unlikely event of a serious concern, the emergency response procedure will ensure that asset managers are notified as soon as possible including outside of business hours.

For each of the solar assets, a walk around visit is conducted once a month by the O&Ms and twice a year by the external asset management company. The solar asset management team also visits each solar farm on a rolling basis and carries out health and safety observations. Each of the assets undergoes an independent audit by a certified Health and Safety professional on a rolling basis every three years.

For our funds' large bioenergy assets, health and safety inspections are conducted on average once a month for each site. Smaller assets typically have inspections once a quarter. Each of the assets undergoes an independent audit by a certified professional on a rolling basis every year.

At our wind assets, health and safety compliance is monitored by the technical asset management teams with monthly onsite inspections carried out by third party service providers. Independent audits take place as a minimum every three years at each asset.

In early 2023, Schroders Greencoat joined the Global Offshore Wind Health and Safety Organisation (G+) in order to collaborate with the wider industry on health and safety best practices. Through this membership, we will continue to maintain robust health and safety standards and ensure that we uphold a best practice approach.

4.4 Human rights and modern slavery

We are alert to the potential risks of forced labour and modern slavery in our supply chains and take all necessary steps to mitigate that risk. We require all new service providers to sign up to the Schroders Greencoat Code of Conduct Side Letter, which requires service providers to comply with the laws in the jurisdictions where they operate.

Schroders Greencoat fell within scope of the UK Modern Slavery Act 2015 during the financial year ending 31 March 2022. This Act requires relevant commercial organisations operating in the UK to report annually on the steps they have taken during the preceding financial year to ensure that slavery and human trafficking are not taking place in their own businesses or in their supply chains. We have formalised a Modern Slavery Statement in accordance with this.



CASE STUDY 9

Supporting indigenous land rights

In line with our ESG Policy, Schroders Greencoat is committed to active engagement with local communities, ensuring that land and access rights are respected, and that projects are managed in accordance with planning permissions. Schroders Greencoat seeks to ensure that land rights are well documented in the jurisdictions we invest in, and these rights are an important part of the legal due diligence of any acquisition.

In 2022, Greencoat Renewables acquired an asset, Östra Kikkejaur in Finland, which is adjacent to a local indigenous people who herd reindeer in the same area as the wind farm. ESG issues, including land rights, were considered in the pre-investment analysis and addressed throughout the investment approval process. This included investment screening, detailed due diligence, price adjustment and mitigation plans and investment committee approval.

The third party Operations Manager employs a dedicated and specialised stakeholder manager whose role is to regularly engage with the indigenous community on behalf of the wind farm company. This includes phone calls, face to face and formal meetings throughout the year to ensure continued and ongoing positive engagement with the indigenous community.

There has been much success since acquisition with initiatives including: financial contributions, livestock barriers, fencing and a shared tunnel for ice mobiles. The stakeholder manager reports all ESG matters including any action plans to Schroders Greencoat on a regular basis, who in turn reports material matters to the Board of Greencoat Renewables.

4.5 Supporting local communities

The renewable energy assets we manage play an important role in the communities in which they operate, and create a range of valuable social, economic and environmental benefits. These include contributions to the relevant countries' ability to meet a number of the UN Sustainable Development Goals (SDGs), in particular access to clean energy (SDG 7) and climate action (SDG 13).

As a core part of our investment mandate, we actively engage with neighbours and support community activities and projects to ensure our assets have a positive impact on the people that live nearby, whether through the jobs and economic opportunity they create or through the support they bring through community benefit schemes.

While each of the businesses we manage may engage with communities in different ways, financial investment in community benefit funds and local projects is common across all Schroders Greencoat funds. In 2022, the businesses we manage donated £5.3 million across over 860 projects, ranging from improving local infrastructure and supporting schools to improving village halls and enhancing community spaces.

We actively seek opportunities to provide support in developing and maintaining community amenities and organisations. A number of the asset operating companies are registered as a Community Interest Company (CIC). A CIC is a special type of company which exists to benefit the community and invests a proportion of its revenue back into the communities in which it operates.

Nine of our solar asset operating companies are registered as CICs and there are community benefit projects for 32 additional solar assets. In 2022, these funds invested over £290,000 to support local community needs. This included school visits and other educational initiatives focused on the benefits of renewable energy and solar technologies.

We also offer landowners and neighbours the opportunity to maintain the vegetation on our solar sites, for example, in the form of animal grazing. Occasionally, we host visits from local schools and academics to undertake research studies (see Case Study 11).

Our bioenergy sites are also committed to their local communities, providing a range of jobs from anaerobic digestion plants to energy from waste facilities. Wherever possible, the Bioenergy team purchases any services, new equipment or materials for the renewable electricity and heat assets it manages from local suppliers (within 40 miles of each site). Sleaford Biomass Plant also provides low cost heat to local amenities.

Our voluntary extension of the Sleaford Community Power Fund, which provides £25,000 to local initiatives, continued in 2022 as did the support of the North Kesteven District Council (NKDC) community champions award. The fund also sponsored the NKDC award for Contribution to Climate Action. Guidance on how to submit a successful application to the community funding programme was also shared with the goal of increasing the number of successful applications next year.

At the Margam Bioenergy Plant, individual grants from the community fund were doubled to a maximum of £6,000 per grant.

£5.3million
contributed to community initiatives

Giving back to society

At Schroders Greencoat, we regularly seek opportunities to give back to society and share the expertise and skills of our employees with the wider community. We actively support and encourage our employees to pursue charitable endeavours throughout the year.

As a complement to the ESG Committee, Schroders Greencoat established a Corporate Social Responsibility (CSR) Forum. The CSR Forum encourages the companies we manage to build positive relationships with the communities they operate within. The Forum also identifies and endorses volunteer opportunities and initiatives as another way the company can contribute. Other responsibilities of the CSR Forum include:

- Promoting the welfare of selected groups (with the main focus of attention being on those of disadvantaged backgrounds) for example, through charitable donations of funds
- Running an employee and community engagement programme to raise the awareness of CSR initiatives within Schroders Greencoat and empowering team members to explore further CSR opportunities, and
- Helping employees to build better quality relationships and implement more collaborative behaviours towards their colleagues through undertaking CSR projects

In 2022, our annual Summer Insight Week for A-level students from schools in deprived areas of the UK and Ireland gave nine students an insight into the world of renewable energy and the topics of climate change and achieving net zero. The students spent a week at our London office, learning about different areas of our business and spoke to members of the team about career opportunities, CV writing and the process of applying for an internship. They ended the week by giving a boardroom presentation on one of four renewable infrastructure topics of their choice, giving the students a chance to apply their learnings whilst giving our team new perspectives.

CASE STUDY 10

Greening community infrastructure

Renewable energy investment provides communities with opportunities beyond jobs and funding.

The Clyde wind farm’s Community Fund awarded £170,000 to urban regeneration company Clyde Gateway, to develop a district heating programme in Shawfield, Glasgow. Once operational, the programme will provide local businesses and communities with affordable green energy, while contributing to their net zero ambitions.

The Sleaford bioenergy plant provides low cost heat to local public amenities such as the William Alvey Primary School and the local public swimming pool. Renewable energy investment also supports community organisations to transition to the low carbon economy. In addition, the Sleaford Community Power Fund awarded £5,000 to the local Hale Magna Village Hall, to install 11KW of solar panels on the hall’s roof. The project not only reduces the carbon footprint of the building, but also reduces the running costs. It was estimated that installing the solar panels would reduce utility costs by 16% and in doing so would keep the hiring costs of the facility down.

In 2022, the Ballybane Community Fund in County Cork, Ireland, contributed €5,000 towards Bantry General Hospital’s heat pump fundraiser, which became operational in 2022, the heat pumps are expected to significantly reduce heating costs and carbon emissions.

CASE STUDY 11

Green skills and education

The successful transition to a low carbon economy requires not only a workforce with the necessary skills and expertise to support it but also the passion and dedication of the next generation to pursue careers in renewable energy. By investing in education and training, we can cultivate a skilled workforce that is equipped to drive the clean energy revolution forward and ensure a sustainable future for generations to come.

South Lanarkshire’s Green Skills Training Centre

Providing communities that once depended on the fossil fuel industry with new training and employment opportunities is one of the ways businesses can support the transition to the net zero economy.

In 2022, through its stake in Clyde, Greencoat UK Wind contributed to the development of a state-of-the-art training centre in South Lanarkshire that is providing ex-mining communities with the skills required in the green economy.

As well as accreditations in home insulation, each student has a designated employment coach who ensures that every successful graduate will secure a green job from a local employer. The project will provide 250 jobs over the course of three years to the South Lanarkshire community.





► CASE STUDY 11 continued

School visits to learn about renewable energy

We want young people to feel positive about the future. Educating future generations on the benefits of renewable energy is important and we do this by facilitating visits to our sites to show them how a solar farm works.

Educational specialist, Earth Energy Education, organises visits to our sites and run school workshops. Students learn about how solar energy is produced, how it contributes to lowering carbon footprints, and about the steps taken to protect and enhance biodiversity. In 2022, Greencoat Solar hosted three site visits. Earth Energy Education organised twelve workshops which were attended by over 600 pupils in total. Following the success of the visits, we are planning to increase this programme in 2023.

The Good Bee Company, one of Greencoat Solar's partners for the maintenance of their onsite beehives, also hosted workshops for students during the year. In total, since our partnership began in 2021, the Bee Friendly Schools programme has reached around 2,000 young learners throughout the UK. The last year alone has seen over 50 school partnerships and close to 1000 young people in schools and the community benefit from the support of Schroders Greencoat.

Greencoat Bioenergy also welcomed students from the MSc in Sustainability, Enterprise and the Environment course at the University of Oxford to our greenhouses in Ely, Cambridgeshire. The group learnt about the heating system for the 22 hectare greenhouses which use renewable source heat from neighbouring reservoirs, upgraded in an array of heat pumps, and how the investment delivers stable, index-linked yields to Schroders Greencoat's pension fund clients. The greenhouses are part of a world first project that is already demonstrating ways of decarbonising both the heat and agriculture sectors.

The Trinity Access Programme gives Delivering Equality of Opportunity in Schools (DEIS) students from all around Ireland the opportunity to visit a wind farm. In 2022, Greencoat Renewables arranged a wind farm tour for 48 students. Three employees were on hand to answer questions about the site, the renewable energy industry and careers in the sector.



5 Governance

5.1 Fund governing bodies and management teams

We believe in the value of embedding strong governance practices and oversight of ESG matters across our businesses and assets. This is important in maintaining the confidence of investors and continuing to deliver on our promise of long term returns.

The listed funds that we manage, Greencoat UK Wind and Greencoat Renewables, both have independent and diverse boards of directors, bringing significant experience in the renewable energy sector and a wide range of relevant skills and expertise.

Oversight of the private businesses, Greencoat Solar, Greencoat Bioenergy, Greencoat Renewable Income, Greencoat US and their investments, is provided by dedicated steering committees comprising senior managers from the wider Schroders Greencoat team with diverse expertise and a wealth of experience in the energy sector.

A Schroders Greencoat representative sits on the board of each operating asset company. Board members are responsible for ensuring ESG issues are considered in the context of the operational performance, business objectives and broader stakeholder relationships. Board representation also ensures enforcement of legislative compliance and strong risk management frameworks across the funds we manage.

5.2 ESG Committee

Established in 2019, Schroders Greencoat’s ESG Committee oversees the performance, delivery and embedding of our ESG Policy across our business and operations. The Committee comprises seven senior individuals with diverse skill sets and complementary experience. The ESG Committee’s role is to promote education and awareness of ESG factors and best practice throughout Schroders Greencoat and, where possible, its service providers. A dedicated ESG specialist coordinates ESG practices across the firm and supports the ESG committee.

The ESG Committee’s responsibilities include:

- Reviewing and making recommendations on the ESG Policies of Schroders Greencoat as well as those of our businesses
- Supporting Schroders Greencoat’s integration of ESG considerations into our business processes
- Providing advice to investment managers on KPIs and targets that appropriately reflects the material risk and opportunity factors relevant to certain types of renewable assets or funds
- Leveraging our existing resources and research capabilities on ESG related topics for the benefit of all investment teams and funds
- Making recommendations concerning relevant ESG factors to be considered by the Management, HR, Risk Management, Investment, Valuation and Steering Committees
- Informing the Management Committee, other relevant Schroders Greencoat committees and investment managers of evolving ESG trends and industry developments
- Promoting education and awareness of ESG factors throughout Schroders Greencoat and where possible, its service providers
- Assisting and supporting, where requested by investment managers or other Schroders Greencoat committees, any disclosures, reports or submissions made to third parties and investors, in order to ensure consistency and accuracy of content
- Ensuring the completion and delivery of any Schroders Greencoat-wide ESG disclosures, reports, or submissions to third parties and investors
- Assessing any ESG related project proposals and supporting business cases, and where required, overseeing their execution
- Collaborate with the Sustainability and Impact team at Schroders Capital to deliver coordinated, best in class approach to ESG integration across Schroders Capital

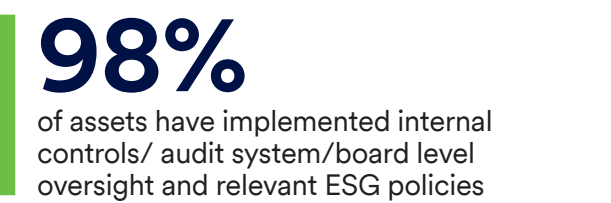
5.3 Business ethics and conduct

We take a zero tolerance approach to bribery and corruption. Those working within the funds we manage must adhere to rigorous compliance policies and procedures. All Schroders Greencoat employees are required to complete anti-bribery, anti-corruption and anti-money laundering training. They must also attend

annual compliance refresher training, which incorporates all aspects of compliance law, as well as our own policies and procedures. These include market abuse, financial promotions, client money and assets, conflicts of interest and data protection including the EU General Data Protection Regulation (GDPR).

5.4 Expectations and requirements of third parties

All service providers to the assets we manage are expected to adhere to our compliance requirements, as set out in their contractual agreements. We introduced ESG related requirements for service providers in 2020 in the form of a standard Code of Conduct Side Letter. The letter is used by our teams as part of contract renewals or when engaging new service providers. It includes clauses related to bribery and corruption, data protection and privacy, governance, business ethics and integrity, environmental management, workers’ health and safety, community engagement and modern slavery. We also require evidence of compliance with the UK Modern Slavery Act 2015.



Enhancing supply chain due diligence

As we grow our business, it is crucial to have a consistent approach to the way we integrate ESG standards into our supply chain operations.

In 2022, Greencoat Solar continued its support for 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. The initiative is also working on an assurance process to map data gaps in the solar supply chain and enhance traceability.

5.5 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, this minimises both the likelihood of occurrence and the impacts of any information security incidents.

Cyber attacks continue to pose a significant risk to the effective operation of assets. The Schroders Greencoat team has continued to raise awareness, conduct vulnerability and penetration testing and ongoing monitoring, and enhance incident response procedures, where necessary.

Our IT governance is overseen by the Schroders Greencoat IT, BI and Change (IBC) Steering Committee which comprises four senior Schroders Greencoat employees and a member of the Management Committee. Schroders Greencoat’s IT Security Policy and Data Privacy and Protection Policy were revised and updated in 2022 with an annual review being performed by its Managed Service Provider. We keep our systems under regular review, conducting regular network penetration tests and retaining the services of industry experts to continually enhance our cyber security measures.

6 Looking forward

Renewable energy infrastructure is a vital part of a net zero future. There is a huge and growing amount of capital eager to own and operate these assets and we have a key role to play using our financial, technical and operational expertise to generate secure returns for our clients as part of that transition.

Robust sustainability performance has never been more important. There is already increased scrutiny from institutional investors, customers and employees, looking to see how businesses are performing and holding themselves accountable to high environmental, social and governance standards. Enhanced disclosure of our activities and their impacts will remain a key priority to increase transparency for shareholders and other stakeholders.

We welcome new regulatory and policy developments, such as the European Union’s SFDR, that promote clear and consistent disclosure of carbon impacts and data. Similarly, we will continue to implement measures to align with requirements set out by the TCFD as well as expanding our understanding of the impacts of incoming regulatory changes, such as the EU Green Taxonomy and UK Sustainability Disclosure and Taxonomy regimes.

During 2022, we focused on strengthening our methodology for collecting, verifying and reporting our carbon emissions data. This included carrying out a carbon footprint assessment to calculate the carbon emissions across Scope 1, 2 and 3 for our funds in scope of TCFD. We will use this work to establish a reliable baseline year with all funds aligned.

As we look to the year ahead, we will continue to seek out opportunities to scale renewable solutions through access to responsible investment practices collaboration and the sharing of our knowledge and expertise.

As we look to the year ahead, we will continue to seek out opportunities to scale renewable solutions through access to responsible investment practices collaboration and the sharing of our knowledge and expertise.



7 2022 Key Performance Indicators (KPIs)

Metric	#
Overview	
1.	Total number of operating assets283
2.	Total number of assets (including forward sale or in construction)298
3.	Total installed electrical capacity of assets4,598MW
4.	Total installed electrical capacity (including those under forward sale and under construction assets)5,863MW
5.	Total installed thermal capacity of operating assets144MW
6.	Renewable electricity generated11,584GWh
7.	Renewable heat generated571GWh
8.	Number of homes (equivalent) powered by clean energy3.2 million
9.	Number of people (equivalent) whose energy needs were met7.7 million
10.	Committed capital / market capitalisation or equity under management (as at 31 Dec)£8.7 billion
Environment	
11.	Total CO2 savings from renewable generation (tonnes)4.5 million
12.	Total CO2 savings from renewable electricity generation (tonnes)4.4 million
13.	Total CO2 savings from renewable heat generation (tonnes)108,546
14.	Number of assets that require one that have implemented a habitat management plan100%
15.	Number of assets that have implemented voluntary habitat management plans68
16.	Number of reportable environmental incidents16
17.	Number of emissions breaches15
18.	Number of independent ecological/environmental assessments conducted across our assets198
19.	Total carbon footprint (tonnes CO2)581,976
20.	Scope 1 emissions (tonnes CO2)84,871
21.	Scope 2 emissions (tonnes CO2)5,326
22.	Scope 3 emissions (tonnes CO2)491,780
23.	Out of Scope emissions (tonnes CO2)916,538
Social	
24.	Percentage of assets that received independent health and safety audits65%
25.	Percentage of assets that received an internal audit, which included health and safety79%
26.	Percentage of staff involved in operations that have completed health and safety training100%
27.	Number of reportable workdays lost to injuries, accidents or illness43
28.	Amount invested in community funds or social projects£5.3 million
29.	Number of community funds or social projects invested in867
Governance	
30.	Number of assets that have undergone a cyber security vulnerability and penetration tests59
31.	Number of assets that have carried out additional cyber security enhancing activities123
32.	Percentage of assets that implemented internal controls, audit systems, board level oversight and relevant ESG policies98%

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