Schroders
greencoat

Version 5.0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

Schroders Greencoat LLP

2023

Version	Reviewed/approved by	Date	Change log
0.1	ESG specialist	15 January 2023	Policy Reviewed. Drafted by ILJ.
2.0	ESG Chair	25 January 2023	JS revision for review with ILJ
3.0	ESG Committee	8 February 2023	JS revision for review by ESG Committee
4.0	PapCo	28th March 2023	Issued to PapCo for approval and approved by PapCo

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1. Introduction

Schroders Greencoat LLP and its subsidiaries ("Schroders Greencoat") is dedicated to managing funds investing in sustainable real assets, with a focus on investments in wind, solar, bioenergy and other low carbon projects. Whilst we believe this strategy positively contributes to a transition to a low carbon economy, we also believe that responsible investment requires a clear and continuing focus on proactive management of environmental, social and governance ("ESG") factors across all aspects of our business. This ESG policy (the "Policy") reflects the commitment Schroders Greencoat has to responsible business and investing through the consideration and ongoing management of sustainability factors and sustainability risks, enhancing returns and creating long-term value for investors in the funds we manage. Schroders Greencoat is also committed to achieving Net Zero by 2050.

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

For the purposes of this Policy:

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

2. Scope

The Policy scope includes Schroders Greencoat and the listed and private funds (the "Funds") it manages.

With regard to Schroders Greencoat's business, the scope will include the management of physical offices, all Schroders Greencoat partners and employees and any contractors or consultants providing services to Schroders Greencoat. It will also include any philanthropic or corporate social responsibility ("CSR") activities undertaken by Schroders Greencoat.

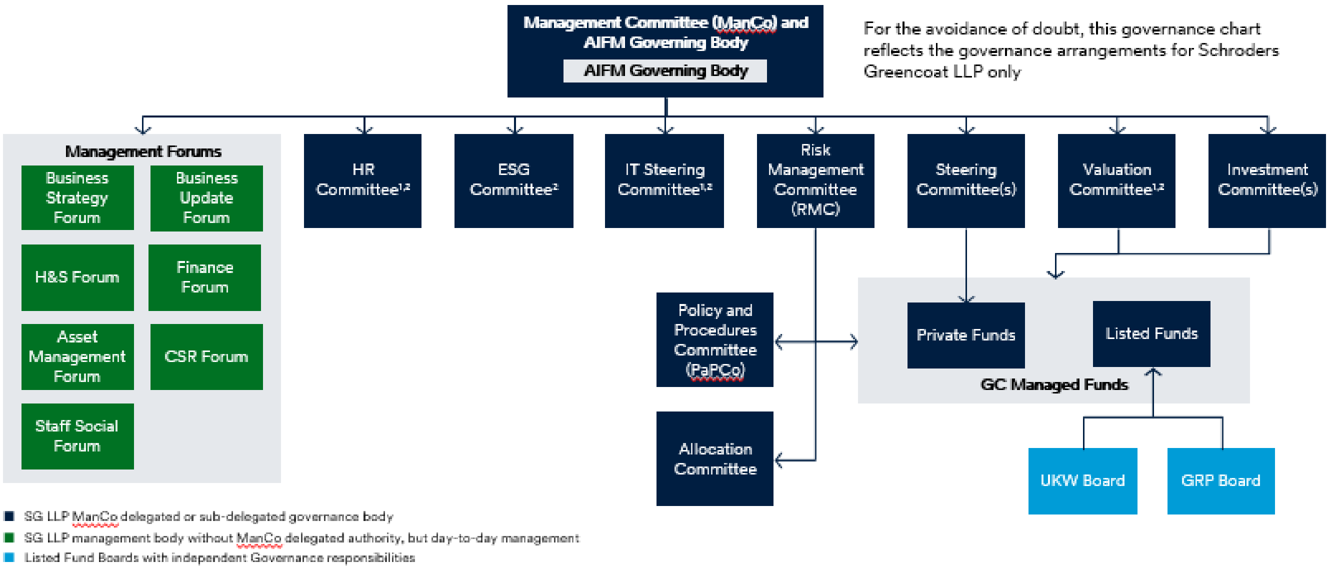
With regard to the Funds, it is acknowledged that some sustainability risks and sustainability factors will be relevant to all Funds, but the nature and materiality of others will vary according to the investment strategies of the Funds and the nature and location of the assets the Funds hold. Each investment and asset are therefore considered on their individual merits, however the principles followed to considering sustainability factors and integrating sustainability risks are consistent across all investment and asset management teams and the respective Funds they manage.

3. Policy implementation

3.1 Greencoat governance framework

Schroders Greencoat's Management Committee ("ManCo") has delegated authority for day-to-day ESG co-ordination and developments to a dedicated ESG Committee as part of its overall governance framework. The ESG Committee comprises one senior partner (representing the ManCo) and senior representatives from each of Schroders Greencoat's investment strategies. A separate CSR Forum, which does not have any formal delegated authority, develops and executes CSR related activities with the oversight of one partner, representing the ManCo.

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



Notes: [1]Committee has obligation to report or escalate where necessary, risk related exceptions to the RMC.
[2]All SG policies should be reviewed and/or noted as updated by PaPCo prior to implementation. See the Policy Monitor for details.

The ManCo is ultimately responsible for implementation of this Policy across its day-to-day business, and the responsibility for the implementation of this Policy at Fund level resides with the respective Boards of the listed funds, and the respective Steering Committees of the private funds. The Investment Committees, Valuation and Risk Management Committees will each consider sustainability risks and sustainability factors and this Policy as part of their respective responsibilities.

Schroders Greencoat's ESG Committee is responsible for reviewing the Policy at least annually or sooner should there be any material change in the systems and procedures or regulatory and legal requirements.

3.2 ESG Committee

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

- Review and make recommendations on this Policy (and any Fund level ESG policies) at least annually
- Any proposed amendments following such review will be approved by the Policies and Procedures Committee ("PapCo") and by the respective Board (for the listed Funds). For the avoidance of doubt, the respective Steering Committees (for the private Funds) and Boards (for the listed Funds) will be responsible for overseeing the implementation of this Policy (and any Fund level ESG policies)
- Support the investment managers' integration of this Policy (and any Fund level ESG policies) into their business processes
- Provide advice to investment managers on key performance indicators ("KPIs") and targets (where appropriate for each business) that appropriately reflects the material risk and opportunity factors relevant to certain types of renewable assets or Fund(s)
- Leverage Schroders Greencoat's existing resources and research capabilities on ESG related topics for the benefit of all investment teams and Funds
- Make recommendations concerning relevant sustainability risks and sustainability factors to be considered by the following Schroders Greencoat governance committees as part of their oversight responsibilities:
  - HR Committee
  - Risk Management Committee

  - Investment Committee(s)
  - Valuation Committee
  - Steering Committee(s)
- Inform the ManCo, other relevant Schroders Greencoat committees and investment managers of evolving ESG trends and industry developments
- Promote education and awareness of sustainability factors throughout Schroders Greencoat and, where possible, its service providers
- Assist and support where requested by investment managers or other Schroders Greencoat committees, any disclosures, reports or submissions made to third parties and investors, in order to ensure consistency and accuracy of content
- Ensure the completion and delivery of any Schroders Greencoat-wide commitments, disclosures, reports or submissions to third parties (e.g.: sustainability initiatives such as UNPRI, NZAMI) and investors
- Assess any ESG related project proposals and supporting business cases, and where required, oversee their execution
- Determine and report to the ManCo any ESG items that fall outside the powers of the Terms of Reference

3.3 Asset holding company governance and oversight

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

4. Transparency and disclosures

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

Schroders Greencoat has been a signatory to the PRI since May 2016 and has committed to adopt the six Principles for Responsible Investment in our business:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of PRI within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing PRI.

Principle 6: We will each report on our activities and progress towards implementing PRI.

4.2 United Nations Sustainable Development Goals

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

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

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

In addition, through the implementation of habitat management plans, and funding and support of local community projects and employment, the assets Schroders Greencoat manages contribute indirectly to a number of other SDGs: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production), SDG 14 (Life Below Water), and SDG 15 (Life on Land).

4.3 Net Zero Asset Managers' Initiative

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

By becoming a signatory, Schroders Greencoat has committed to:

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

In 2022, Schroders Greencoat set targets at portfolio level such that a) 95% of AUM will be managed in line with net zero and b) Scope 1 and Scope 2 emissions are reduced by 50% by 2030 (using 2022 as a baseline), using the Net Zero Investment Framework as its methodology.

For more detail, please refer to Schroders Greencoat's Net Zero Policy.

4.4 Task Force for Climate-Related Financial Disclosures

The Task Force for Climate-Related Financial Disclosures ("TCFD") was established in 2015 with the goal of developing consistent disclosure standards for companies to enable stakeholders to assess climate-related financial risks. Schroders Greencoat strives to maintain the highest standards of corporate governance and effective risk identification and management. Schroders Greencoat supports the recommendations of the TCFD and refers to them for guidance on addressing climate related risks and opportunities across the business.

Schroders Greencoat's listed and comingled private funds make the relevant TCFD disclosures in their annual reports.

4.5 Disclosures and reporting

Schroders Greencoat understands the importance of transparency in maintaining the trust of its stakeholders and, in addition to its annual PRI reporting, produces annual sustainability reports for the firm and a number of its Funds. The reports cover Schroders Greencoat's approach to responsible investing, ESG activities as well as relevant Key Performance Indicators.

Separately, the Funds include sustainability risks and sustainability factors in their reporting and accounts (also in line with SFDR[1] where relevant). These will continue to develop as the needs of investors, stakeholders and regulators evolve, and importantly with regard to climate change, aligned to the TCFD framework.

5. Schroders Greencoat's approach to ESG - Business

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

5.1 Corporate Social Responsibility ('CSR')

Schroders Greencoat is proud of its core business area of investing in and managing renewable infrastructure assets, and the positive change this is making to society. Those who work at Schroders Greencoat also have a passion for positive social change and as such, as a complement to the ESG Committee, Schroders Greencoat has established a CSR Forum with responsibility for:

- Fostering socially responsible behaviour towards the communities in proximity to our business operations, as well as to wider society
- Promoting the welfare of selected groups (with the main focus of attention being on those of disadvantaged backgrounds) through charitable donations of funds, skills, and/or time of Schroders Greencoat employees
- Identifying and endorsing volunteering opportunities with charities which support those groups
- Raising 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 an enjoyable and meaningful manner

5.2 Responsible business management

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

6. Schroders Greencoat's approach to ESG - Funds

6.1 Key sustainability factors affecting Fund investments

The materiality of sustainability risks and sustainability factors, and thus the potential to affect the risk/return characteristics of investments made by the Funds, will vary across the technology of the underlying assets (e.g. wind, solar, bioenergy), their physical locations and the jurisdictions in which they operate, and their maturity (e.g. construction vs operation). However, there are also a number of material sustainability risks and sustainability factors that will be consistent across the Funds and their assets which are described here:

Carbon emissions: We invest only in renewable infrastructure assets, which by their nature lower carbon emissions for electricity and heat production. We therefore focus our activities on maximising the efficiency and

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

productivity of renewable infrastructure assets, supporting increasing demand and thereby improving potential financial returns with a lower carbon impact.

Physical risks through climate change: We assess the exposure to physical risks as the result of climate change such as floods, and extreme weather patterns, and, where relevant, mitigate by addressing the drainage and surrounding water management conditions of a site. Remaining risks will be mitigated through appropriate insurance as much as possible. Where neither are feasible an investment into a given asset with such insurmountable risks may be rejected.

Climate change scenario modelling: We aim to incorporate analysis of forward looking scenarios associated with varying average temperatures, such as power price changes, policy and technology developments and physical impacts associated with changed weather patterns.

Sustainability: We aim to manage all aspects of our Funds' investments and assets sustainably. This includes management of biodiversity (e.g. habitat management), use of sustainable feedstocks in bioenergy investments and, where possible, encouraging compatible uses of land used by our assets.

Compliance: We ensure, to the best of our ability, that assets have, and continue to meet, planning permission restrictions, environmental standards around noise, waste/pollution, adherence to laws on health and safety, modern slavery, money laundering, bribery and corruption. Where a potential investment opportunity does not meet our requirements in these areas, and cannot be sufficiently resolved or mitigated, we will decline to proceed with recommending the investment.

Workplace Health and Safety: While we aim to ensure that our operations and management ('O&M') providers comply with all relevant labour laws and health and safety regulations, we recognize that culture is an important component of strong health and safety practices. We use independent third-party firms to audit and where necessary provide advice on Health and Safety. In addition to our service provider due diligence procedure, ongoing monitoring and reporting of certain data, we also undertake regular visits to asset sites with a view to observing O&M activities and behaviours.

Community engagement: We aim to proactively engage with local communities through a combination of funding or sponsoring of local community projects, mitigating visual or auditory impacts of projects or on site operations, and providing schools and universities access to our asset sites. We believe this helps foster strong relationships, reduces the risk of complaints and disruption to the operations of the assets while minimising any environmental and social impacts to habitats and communities.

Physical security (loss or damage): We aim to reduce the exposure to physical damage or theft of assets through security risk assessments and taking mitigation measures as needed.

Cyber security: We take the confidentiality, data integrity, and information security of our data and systems extremely seriously and aim to embed security at all stages of the technology lifecycle. By taking a comprehensive and consistent approach to the security management of information across the firm, this minimises both the likelihood of occurrence and the impacts of any information security incidents.

Governance: We aim to implement strong governance and oversight of processes, controls and compliance of laws and regulations, through the establishment of Steering Committees at Fund level (listed Funds have their own boards), and SPV boards at the asset holding company level. The latter will further define and oversee the implementation of policies, procedures and controls of the third-party service providers engaged to manage assets i.e. operations and management O&M providers.

Supply chains: As the renewables sector expands, demand for raw materials, resources, and labour to support this development grows too, and the sustainability risks present in this global supply chain evolve. Schroders Greencoat strives to ensure its high ESG standards and values are consistently applied throughout the supply chain supporting its investments, developments, and operations. Supply chain due diligence is undertaken through the application of robust policies and processes at both corporate and Fund level.

Diversity and Inclusion: We are committed to encouraging equality, diversity, and inclusion among our workforce, and, to the extent we have sufficient control or influence, any workforce of the key service providers involved in the operations and management of the SPVs, and eliminating unlawful discrimination.

Prior to investment these sustainability factors are documented, considered in due diligence, and reported on, along with any mitigation plans, to the Funds' Investment Committees.

6.2 Integration of sustainability risks into the Fund investment process

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

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

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

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

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

Schroders Greencoat works with the third-party operators responsible for the day-to-day physical management of the assets to manage sustainability risks and opportunities. To the extent Schroders Greencoat has the opportunity to appoint key service providers, it undertakes due diligence to ensure that where the Fund or an SPV enters a relationship on a material contract, the business integrity, policies, and practices of that new key service provider have been assessed and appropriate terms have been built into the contract accordingly. In some cases (e.g. usually in large wind joint ventures with a utility), the contracts with such service providers are inherited and we cannot enforce our own standards.

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

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

6.3 Investment exclusions

Schroders Greencoat applies exclusion criteria with the effect of avoiding investment in activities that it believes to be incompatible with a sustainable investment objective. Across the capital it directly manages, Schroders Greencoat shall avoid investing in the activities listed in Appendix 1, taking a zero-tolerance approach.

In circumstances where Schroders Greencoat has sub-delegated part of a mandate to another Schroders Group entity, such as for example mandates which include the management of listed equities, the relevant Schroders exclusion policy may apply to such part of the mandate instead.

6.4 Alignment with Minimum Safeguards

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

- the implementation of the following policies:
    - this 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 providers
- 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.

6.5 Good Governance

Schroders Greencoat expects its SPVs and, where it has sufficient control or influence, the key service providers involved in the operations and management of the SPVs, to practice a minimum standard of good governance in relation to sound management structures, relevant tax compliance, employee relations, remuneration and avoidance of bribery and corruption, as further described in Appendix 2.

In particular, Schroders Greencoat evaluates the governance practices of prospective SPVs and seeks to understand those of the key service providers it appoints through due diligence prior to investment. During the holding period, representatives of Schroders Greencoat will take one or more seats on the board of each SPV and will oversee all major strategic and operational decisions. Given this structure, outside health and safety risks, the organizational (including governance) risks of the SPVs are limited. None of the SPVs have employees or management teams and therefore any employee related social factors are focussed on the third-party service providers.

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

6.6 Monitoring and reporting

Schroders Greencoat monitors and reports on a wide range of KPIs for the Funds' assets, and in respect of its own partners, employees and activities. These are reviewed annually, and the current KPIs are appended in Appendix 3.

These KPIs reflect the main sustainability factors relevant to Schroders Greencoat's activities and may be broader in scope than the Principal Adverse Impacts ('PAIs') indicators applicable to funds it manages that are in scope of

SFDR[2] (which are also reported on as part of the Funds' annual reporting). As the Funds invest exclusively in renewable infrastructure, the PAIs that we focus on include (but are not limited to) greenhouse gas emissions and health and safety incidents. These PAIs (amongst others) have been used to inform our long-term investment stewardship and engagement policies. In terms of actions planned, Greencoat may engage directly with the SPVs and/or third-party service providers to better understand these impacts and/or take additional steps.

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

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

6.7 Knowledge sharing

Schroders Greencoat believes collaboration and knowledge sharing is an important element of a good corporate culture and developing ESG related capabilities. Schroders Greencoat undertakes the following to support this approach:

- Use of specialist consultants that are able to advise on best practice developments related to ESG considerations
- Attendance at relevant conferences, seminars and working groups
- Regular meeting of Schroders Greencoat's Health and Safety forum, which is an internal group of experts from across different teams, who meet to share learnings and experience about various health and safety practices and outcomes
- Regular meeting of Schroders Greencoat's Asset Management forum, which is an internal group of technical asset managers, who meet to share feedback on third-party providers, policies and practices on the management of asset sites

[2] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

Appendix 1 Investment exclusions

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

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

Appendix 2 Good Governance

Good Governance	
Sound management	**Schroders Greencoat expects the boards of all SPV companies to promote the long-term success of each SPV and to act with integrity.** The SPV board should demonstrate the following characteristics: • apply objective judgment and promote a culture of openness and integrity; • have the appropriate combination of skills, experience and knowledge; • understand the importance of the relationship between the company and stakeholders including the impact on the community and environment within which it operates; and • establish appropriate controls, audit functions and risk controls appropriate for the size of the company.
Tax compliance	**SPVs, and the key service providers involved in the operations and management of the SPVs, are expected to adhere to local and international tax laws.**
Employee relations including remuneration	**Employees should be treated fairly with particular consideration given to the maintenance of proper working conditions.** As SPVs typically do not have any employees, this applies mainly to the key service providers involved in the operation and management of the Fund's investments and includes having in place: • appropriate health and safety processes • proper remuneration practices in place whereby all employees are paid the minimum wage according to the region within which they are employed • policies ensuring adherence to all applicable labour laws (including, for the avoidance of child labour); and • a commitment to workforce diversity and inclusion
Anti-bribery and corruption	**SPVs, and the key service providers involved in the operations and management of the SPVs, should work against bribery and corruption in undertaking their corporate activities and have appropriate policies in place** (e.g.: Anti-Money Laundering, Bribery & Corruption, and Conflicts of Interest policies)

Appendix 3 Key performance indicators

Category	KPI	Unit	Methodology
Environment	Renewable energy generated	MWh	Reported monthly from O&M providers.
	Carbon emissions (PAI)	Tonnes of CO_2	Scope 1, 2 and 3 emissions are measured in line with the GHG protocol, using an equity control approach
	Carbon intensity	tCO_2e/£m revenue	The total carbon footprint is divided by revenue generated, in millions.
	Carbon avoided	tonnes of CO_2 avoided per MWh	Figure based on a conversion factor for tonnes of CO_2/MWh to reflect displaced thermal generation or local carbon intensity equivalent in the UK, Europe and US.
	Methane avoided	Tonnes of CO_2 avoided through diverting waste wood from landfill (applicable to Bioenergy only)	Where applicable, based on 0.4 tonnes of CO_2e savings for every tonne of waste wood diverted from landfill to energy recovery, according to DEFRA.
	Equivalent number of homes powered	Number	Figures based on electrical capacity generation. The equivalent number of homes powered is calculated based on estimated Typical Domestic Consumption data provided by OFGEM in the UK and EIA in the US.
	Share of non-renewable energy consumption and production (PAI)	Percentage	Share of non renewable energy consumption and non renewable energy production of investee companies from non renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources
	Biodiversity	Number	Number of reportable environmental incidents
	Biodiversity	Total number and percentage	Operating assets managed that have implemented habitat management plans (total and %)
	Water (PAI)	Tonnes	Where applicable, tonnes of emissions to water generated by investee companies per M EUR invested
	Waste (PAI)	Tonnes	Where applicable, tonnes of hazardous waste generated by investee companies per M EUR invested
	Fossil fuel exposure (PAI)	Percentage	Share of investments in companies active in the fossil fuel sector
Social	Health and safety	Percentage	Proportion of assets that had an independent health and safety audit
	Health and safety	Number	Number of assets that received an external audit, which included health and safety
	Health and safety (PAI)	Number	Number of recordable lost time injuries/incidents
	Community engagement	Number	Amount invested in community funds or social projects
	Community engagement	Number	Number of social projects invested in by the SPVs (to be reported as needed)
Governance	Sound Management	Percentage	SPVs that have implemented internal controls/ audit system/board level oversight.
	Tax Compliance	Percentage	SPVs (and the key service providers involved in the operations and management of the SPVs,

Category	KPI	Unit	Methodology
			where relevant) they comply with all applicable tax regulation.
	Employee Relations	Percentage	Percentage of key service providers that have policies to cover modern slavery, workers' health and safety, gender diversity across firm/senior positions (to be reported as needed)
	Social and Employee matters (PAI)	Percentage	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Social and Employee matters (PAI)	Percentage	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
	Anti-bribery and Corruption	Percentage	Percentage of key service providers that have policies to cover bribery and corruption, data protection and privacy, business ethics and integrity (to be reported as needed)
	Cyber security	Number	Number of assets that have undergone a cyber security vulnerability and penetration test (to be reported as needed)