VICTORY HILL

Enabling the energy transition

VH GLOBAL SUSTAINABLE
ENERGY OPPORTUNITIES PLC

Annual Report and Accounts

For the year ended 31 December 2022

OUR PURPOSE

Our investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets

HIGHLIGHTS

Market capitalisation
£426.7m

Capital raised in 2022
£122.0m

Dividend coverage[1]
1.4x

Dividend per share for FY 2022
5.13p

NAV
£457.2m

NAV per share[1]
108.2p

Total NAV return since IPO (Feb 2021)[1]
15.5%

Total NAV return for the year[1]
7.6%

Number of sustainable energy assets globally
28

Number of technologies[2]
5

Clean energy generated
35,117 MWh

Tonnes of carbon avoided
14,349t

[1] Alternative performance measures are defined on pages 138 and 139
[2] Terminal storage, solar PV & battery energy storage systems, solar PV, hydro, flexible power with CCR

ABOUT THE COMPANY

Investment company with a specialist mandate to support the global energy transition

VH Global Sustainable Energy Opportunities plc's (GSEO or the "Company", "Investment Company") investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner countries or OECD Accession Countries.

The Company's investment policy states that it aims to achieve diversification principally by making a range of sustainable energy infrastructure investments across a number of distinct geographies and a mix of proven technologies that align with the UN Sustainable Development Goals ('SDGs') where the investments are a direct contributor to the acceleration of the energy transition towards a net zero carbon world.

The Company's investments in proven technologies will include exposure to power generation (renewable and conventional), biomass, transmission, distribution, storage and waste-to-energy. These investments are in operational, construction or 'ready-to-build' assets but will not include assets that are under development or in pre-consent stage.

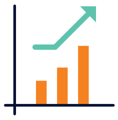
No investment is made in projects involving the extraction of fossil fuels or minerals.

WHY INVEST IN GSEO?

A vehicle presenting a distinctive combination of access, return and impact.

Access

- Access to global private markets energy investments
- A geographically and technologically diversified portfolio of actively managed, high-impact investments



Return

- Targeting attractive risk-adjusted returns from around the world whilst ensuring an effective and just climate transition
- A highly diversified mix of assets driving both long-term capital growth and income
- High degree of inflation linkage with over 90% of revenues that are inflation-linked

Impact

- Creating environmental and social impact transforming lives and communities without compromising on returns
- Transparent impact reporting
- SFDR Article 9 fund

INVESTMENT TIMELINE

DEC – 20 | MAR – 21 | JUN – 21 | SEPT – 21 | DEC – 21 | MAR – 22 | JUN –

Capital raising activities

IPO £243m

Placing £70m

US terminal storage assets

Agreement Signed

Acquisition Completed (£50m)[1]: Motus T1 & T2

Contract Optimisation

Project Leverage (14%)

Motus T2 Expansion (+£29m)[1]

Commercial

Brazilian solar PV assets

Agreement signed (£52m)[1]: 18x assets

COD: 6x assets

Australian solar PV with battery storage assets

Agreement signed (£50m)

Phase 1/2 (£5m): 1x asset

Phase 1/2 (£7.3m) : 1x asset (operational)

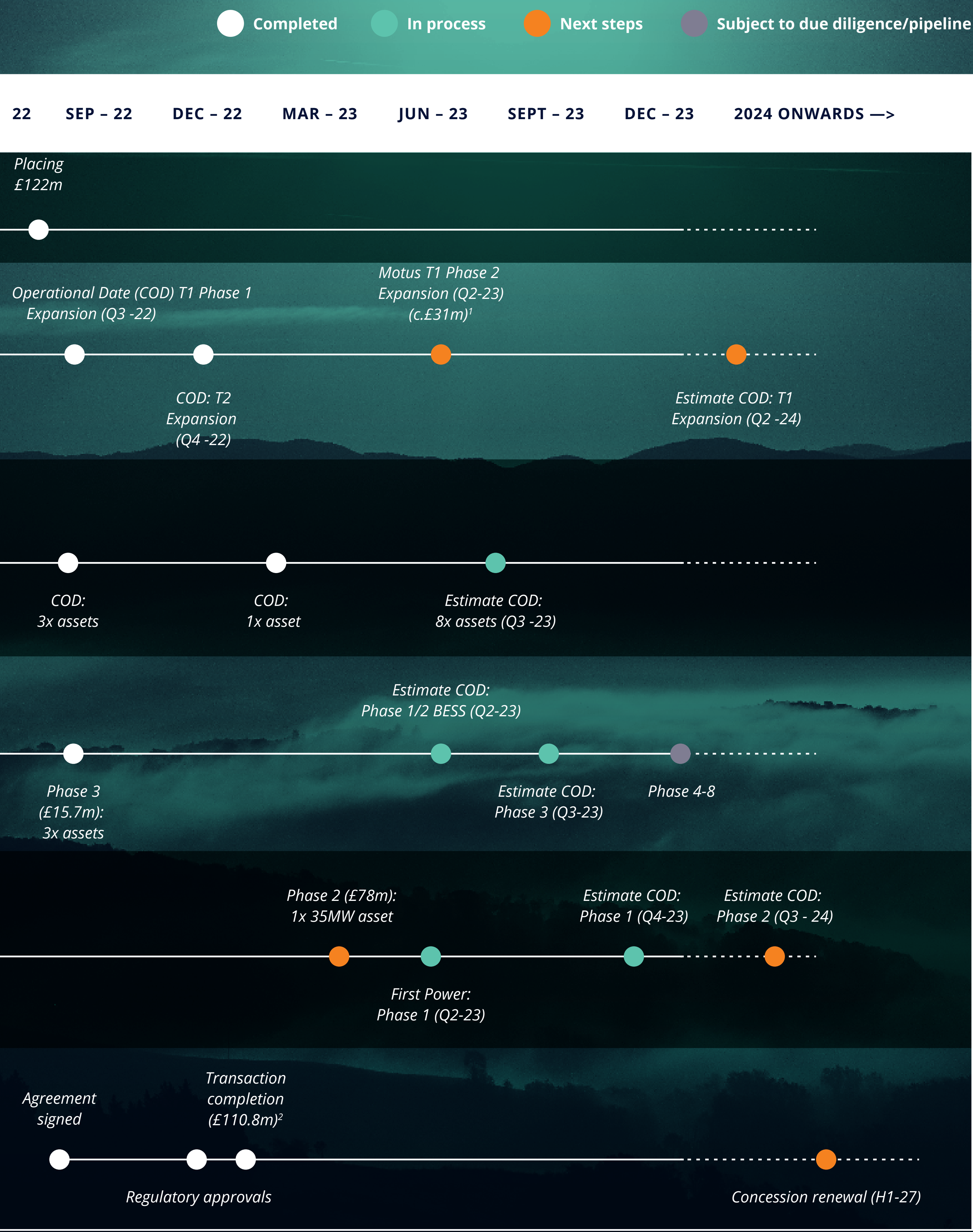
UK flexible power with CCR assets

Agreement signed (£106m): 2x assets

Phase 1: 1x 10MW asset

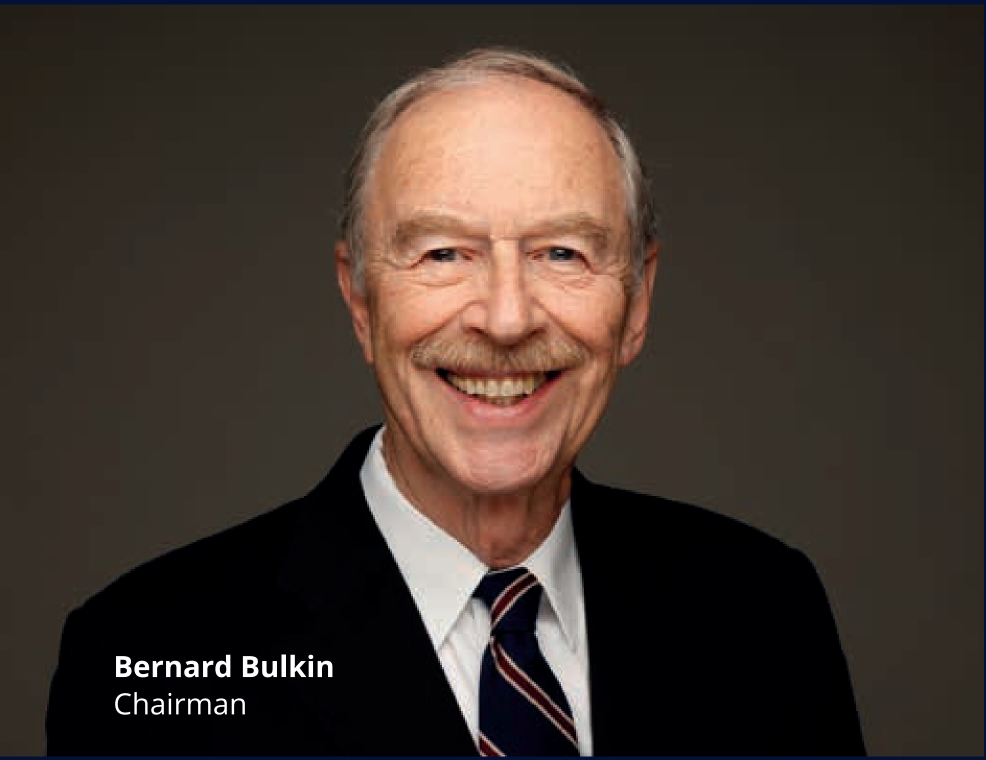
Brazilian hydro facility

[1] Foreign exchange rates as at 31 December 2022 were used for the purposes of this timeline. (USD:GBP was 1.2098:1, AUD:GBP was 1.7750:1)
[2] 7 December 2022 spot rate


Completed
In process
Next steps
Subject to due diligence/pipeline
22
SEP – 22
DEC – 22
MAR – 23
JUN – 23
SEPT – 23
DEC – 23
2024 ONWARDS —>
Placing £122m
Operational Date (COD) T1 Phase 1 Expansion (Q3 -22)
Motus T1 Phase 2 Expansion (Q2-23) (c.£31m)[1]
COD: T2 Expansion (Q4 -22)
Estimate COD: T1 Expansion (Q2 -24)
COD: 3x assets
COD: 1x asset
Estimate COD: 8x assets (Q3 -23)
Estimate COD: Phase 1/2 BESS (Q2-23)
Phase 3 (£15.7m): 3x assets
Estimate COD: Phase 3 (Q3-23)
Phase 4-8
Phase 2 (£78m): 1x 35MW asset
Estimate COD: Phase 1 (Q4-23)
Estimate COD: Phase 2 (Q3 - 24)
First Power: Phase 1 (Q2-23)
Agreement signed
Transaction completion (£110.8m)[2]
Regulatory approvals
Concession renewal (H1-27)

CHAIR'S STATEMENT

Leading the energy transition and driving positive impact on the environment and society



The Company focuses on investing in a diverse range of projects across the energy value chain, including energy infrastructure such as renewable energy, transmission and distribution, and energy storage that have a clear path to commercialisation and scalability.

I am pleased to present the second Annual Report for VH Global Sustainable Energy Opportunities plc (the "Company" or "GSEO") for the year ended 31 December 2022.

This year under review has continued to witness global economic challenges, a growing energy crisis exacerbated by Russia's invasion of Ukraine, and a sharp increase in the cost of living that is severely affecting families and households. The current environment presents a very attractive opportunity for the Company investing in solutions that facilitate the energy transition, enable renewable energy technologies, improve energy security and affordability, while having a meaningful impact in the economies where it deploys capital.

The global energy transition is a critical and ongoing process that aims to shift the world's energy systems away from fossil fuels and towards cleaner, renewable sources. This transition is driven by a need to combat climate change, reduce air pollution, and ensure energy security.

The use of renewable energy sources such as solar, wind, and hydropower is central to the energy transition. These sources are abundant, sustainable, and produce little or no greenhouse gas emissions. They also offer the potential for significant cost reductions over time, making them increasingly competitive with fossil fuels. However, the transition also involves the use of other clean energy technologies such as natural gas with carbon capture and re use, which can provide reliable and low-carbon energy.

The energy transition is also about more than just generating energy. It involves a transformation of the entire energy system, including the way energy is distributed, stored, and consumed. This includes the integration of renewable energy into the grid, the development of energy storage solutions, and the implementation of energy efficiency measures.

A successful capital raise in July 2022 helped to ensure that GSEO had funds available to deploy into its enhanced pipeline of assets, as it has continued to do since IPO, to work towards its strategic goals. We were also delighted to welcome new shareholders to the register on this occasion.

GSEO represents the first publicly listed investment trust in the UK with a global focus on the energy transition. The Company's ability to invest in a range of technologies, across a broad geographical scope mitigates the risk of weather patterns and prevents reliance on any single regulatory regime or currency. We believe these characteristics help us with the objective to offer shareholders attractive risk-adjusted returns combined with high impact, through exposure to the global energy transition.

Financial performance

The Company's net asset value (NAV) per share performance was 108.2p as at 31 December 2022, an increase of 4.04% from the previous year. This increase was notably driven by movements in valuation of the assets and foreign exchange, albeit FX was a detractor in the final quarter of the year as sterling strengthened against the basket of currencies in the portfolio, namely the US dollar, Australian dollar and Brazilian real. However, due to the long-term inflation-linked revenues stemming from investments, the Company does not hedge the principal value of the investments.

CHAIR'S STATEMENT CONTINUED

The macroeconomic environment in the second half of 2022 was characterised by rising inflation, interest rates, energy prices and changes in foreign exchange rates. The asset value creation and inflation-linked revenues mitigated any negative impact stemming from macroeconomic environment.

Higher interest rates had a limited impact on the Company's investment performance given relatively low levels of gearing at mainly fixed rates within the debt held at project level. As at the end of the financial year, there is only 14% debt on the US terminal storage assets and no gearing at the Company level. However, higher rates did impact valuations as applied to projected future cashflows. The average discount rates for operational assets as at the end of the year are 8.4% in the US, 8.6% in Australia, 10.5% for the Brazilian hydro facility and 13.1% for the Brazilian solar PV assets. The UK flexible power with CCR assets are in construction and therefore currently held at cost.

GSEO's profit after tax for the year was £28.2 million (2021: £20.4 million) resulting in earnings per share of 7.7 pence (2021: earnings per share of 10.5 pence). Removing unrealised movements on investments at fair value, the adjusted profit before tax is £24.1 million (2021: loss of £1.7 million), equivalent to 6.55 pence per share (2021: loss of 0.87 pence).

Cash received from the portfolio assets by way of distributions, which includes interest and dividends, was £28.8 million during the year (2021: £1.7 million). After operating and finance costs, cash flow from operations of the Company was £22.0 million, covering the cash dividends paid for the 2022 financial year of 5.13p per share resulting in a normalised dividend coverage of 1.4x. Details on the Company's overall financial and operational performance can be found in the Investment Adviser's Report.

Dividend

The Board was pleased to declare total dividends of 5.13p per ordinary share in respect of the 2022 financial year, with the fourth interim dividend paid in March 2023.

In line with the Company's progressive dividend policy and based on projected investment cash flows from the current portfolio as prepared by the Investment Adviser and approved by the Board, the Company announced a dividend of 1.38p per share with respect to the period from 1 October 2022 to 31 December 2022, an increase of over 10% vs. the prior quarter, bringing the total dividend declared for the financial year ending 31 December 2022 to 5.13p per ordinary share, exceeding the dividend target of 5p per ordinary share. The Company is targetting quarterly dividends of 1.38p or 5.52p in total for the 2023 financial year. The long-term sustainability of the Company's dividend remains a priority for the Board.

The total NAV return including reinvestment of dividends in the financial year is 7.6%. Since IPO, the total NAV return at 31 December 2022 is 15.5%.

Investment activity

The Company is dedicated to deploying capital towards sustainable energy infrastructure that drive the global transition towards cleaner and more sustainable sources of power. The Company focuses on investing in a diverse range of projects across the energy value chain, including energy infrastructure such as renewable energy, transmission and distribution, and energy storage. We have a thorough due diligence process in place to ensure that we invest in high-quality assets that have a positive impact on the environment and society.

We are committed to supporting the growth and development of these assets through active involvement in their strategic decision-making and providing access to our network of industry experts and partners. We also strive to promote sustainable business practices and to minimise the environmental impact of our assets.

The Company believes that by deploying capital towards sustainable energy infrastructure, we can make a meaningful impact on the global effort to combat climate change while also generating attractive returns for our investors. We are dedicated to investing in projects that provide long-term and stable cash flows, while also contributing to the transition to a low-carbon economy.

Our investment strategy seeks to take advantage of the energy transition by investing in a diverse portfolio of energy assets. Diversification is a key part of the strategy. The Company's ability to invest in EU, OECD and OECD Accession and Key Partner countries allows us to take advantage of reduced correlation in energy and power prices. We also aim to minimise concentration risk via investing across a large number of projects.

During the year under review, the Company announced investment commitments in both new and existing projects. Investment activity during the course of the year included:

- Nine solar PV sites across five Brazilian states were completed following a period of construction. These sites represent a generation capacity of 24.5MWp. All the sites have contract lengths of 20 years and are inflation-linked.
- A further £28 million was committed in May to the second UK flexible power plant as part of the Company's programme to support the UK's energy transitions plans to net zero. This increases the total commitment to the programme from £78 million to £106 million across two sites. In October, the Company also signed a 15 year CO_2 Offtake Agreement for its first UK flexible power plant with carbon capture. This 15-year term contract is believed to be one of the first of its kind and contrasts with the 1-3 year terms typically agreed.

- The completion of the acquisition of three solar PV sites of 5MW each located in New South Wales, Australia was announced in October. This is part of the existing £50 million commitment to its Australian solar PV with battery storage assets. Construction has begun with completion and commissioning still on track for Q2 2023.
- The last investment of the year was made on 7 December (first announced in August), being the completion of the acquisition of a 198MW hydro facility in Brazil, the portfolio's fifth programme. The acquisition of the Mascarenhas Hydro Electric Facility (the "Brazilian hydro facility") in the state of Espírito Santo, Brazil was for a total consideration of BRL 708 million, which is subject to post-closing adjustments. In addition, BRL 425 million is payable subject to the conditions established under the process of renewal of the Brazilian hydro facility concession in H1 2027.

The Company continues to follow a low-gearing strategy in comparison to the wider infrastructure peer group, with outstanding debt across the group representing approximately 3% of NAV at 31 December 2022. This is markedly lower than what is provided for in the Company's prospectus, whereby the Company may make use of long-term limited recourse debt for investments and not exceed 60% of the prevailing Gross Asset Value.

As at the end of the reporting period, the Company is 93% deployed or committed. The Board is pleased with the timely deployment of capital into new and follow-on investments during the year, which have been consistent with the Company's targeted technologies and geographic markets. This success demonstrates the Investment Adviser's ability to source and secure attractive investments that meet the Company's investment strategy and objectives.

Corporate governance

The Board recognises the importance of strong corporate governance that meets the requirements of the Listing Rules of the Financial Conduct Authority and the Association of Investment Companies ('AIC') Code of Corporate Governance.

The Company aims to maintain an open dialogue with investors regarding its strategic objectives, both financial and operational, and how they are executed. During the period since IPO, the Investment Adviser and the Company's corporate brokers engaged with shareholders through meetings (including a well attended Capital Markets Day in November), market announcements and diverse written materials.

Board composition is regularly discussed by the Board's Nomination Committee to ensure that the Company's non-executive Directors have a diverse range of relevant expertise and experience to apply to the oversight of the Company and to engage effectively with the Investment Adviser. With that, and in a post-period update, the Board was delighted to appoint Daniella Carneiro as an independent non-executive Director of the Company. Born and educated in Brazil and the UK, Daniella has over 30 years of global experience in project development, governance, strategy, tax and M&A with major companies including KPMG and Shell. She brings a depth of experience in key target markets, especially Brazil, and a direct understanding of the local impact of the Company's investments. Her experience will help strengthen the Board's ability to ensure investments are aligned with the global transition to net zero.

Share capital

In June 2022, the Company raised £122 million via an institutional placing and retail offer. This was at an issue price of 110p per share, representing a premium of 3.4% to the end of Q1 2022 NAV. The Board was pleased with the result in what was a volatile period for public markets, notably the second half of June. This highlights the growing demand for exposure to global sustainable energy infrastructure and gives a strong endorsement of the Company's strategy.

The fund raise underpinned the acquisition of the Brazilian hydro facility which was one of the assets highlighted to investors in the Company's prospectus as one of the 'enhanced pipeline' assets. The Board is delighted with the Investment Adviser's ability to originate and gain exclusivity to sustainable energy infrastructure assets resulting in efficient capital deployment.

The Board would like to take this opportunity to thank our existing investors for their continuing support and welcome new institutional and retail investors to the Company's shareholder register.

Sustainability and ESG

Climate change and sustainability are two of the most pressing issues facing our planet today. Climate change, caused by the release of greenhouse gases, poses a significant threat to our environment and to human health and well-being. It has the potential to cause widespread damage to ecosystems, economies and communities around the world. Sustainability, on the other hand, is the practice of meeting the needs of the present without compromising the ability of future generations to meet their own needs. It is a holistic approach to economic, social and environmental development that aims to create a more equitable and resilient world.

Our goal is to make a positive impact as we deploy capital into sustainable energy projects around the world, and ensure that ESG criteria are incorporated into all of our investment decisions. This is reflected across our investment philosophy and approach, including the selection of our investment adviser, Victory Hill Capital Partners LLP (the "Investment Adviser" or "Victory Hill"), which is dedicated to the energy transition. As a signatory to the UN Principles for Responsible Investment and the Net Zero Asset Managers Initiative, Victory Hill has integrated ESG risks as well as opportunity assessments across every single stage of its investment process in sustainable assets around the world, reflecting the sustainable

CHAIR'S STATEMENT CONTINUED

culture of both Victory Hill and the Company. GSEO has been proactively tracking metrics such as carbon emissions avoided, renewable energy generated and life cycle analysis, and continually seeks ways to improve its reporting and transparency for investors.

The Board recognises that impact investing is also becoming increasingly important for investors so we will be aiming to report in a transparent way, making it easier for investors to assess and quantify the positive impact that GSEO is having on communities around the world and the environment more broadly. Furthermore, we intend to adopt reporting standards as they are developed and adopted by the industry, such as those being developed by the Task Force on Climate-related Financial Disclosures ('TCFD') and the Sustainable Finance Disclosure Regulation ('SFDR').

The Company has sustainable investment as its objective. Article 9 Funds under the Sustainable Finance Disclosure Regulation (SFDR) are products that have a sustainable investment objective. As of 31 December 2022, 24% of the Company's investments were aligned with EU Taxonomy economic activities. 25.9% of the Company's investments were EU taxonomy eligible and undergoing technical screening. The remaining 50.1% were invested in economic activities with a different environmental objective or in activities not EU taxonomy eligible.

The disclosures related to TCFD and SFDR, and how they are incorporated, including outputs, can be found in the dedicated Sustainability section of this report on page 51.

Principal risks and uncertainties

The Board and the Investment Adviser monitor and, where practicable, mitigate a range of risks to GSEO's strategy.

These risks are expanded on in the principal risks and uncertainties section on pages 42 to 49.

The Company's ability to invest in a range of technologies, across a broad geographical scope mitigates the risk of weather patterns and prevents reliance on any single regulatory regime or currency. We believe these characteristics help us with the objective to offer shareholders attractive risk-adjusted returns combined with high impact.

Outlook

Looking forward, there are fresh challenges for investors, within the current period of uncertain macroeconomic outlook and geopolitical tension. With the portfolio benefitting from significant inflation protection via index-linked revenues, the Board remains optimistic on the ability of the Investment Adviser to continue to add growth to the portfolio through its asset value creation strategy. Whilst the Board remains mindful of the construction exposure in the portfolio, the Board believes new infrastructure must be built in order to achieve the ambitious net zero targets, which in turn creates additional capital growth as assets move through the stages of a project's life cycle.

GSEO is well-positioned to capitalise on the global shift towards cleaner, more sustainable sources of power. The demand for renewable energy is rapidly increasing as countries and corporations commit to achieving net zero emissions and governments implement policies to support the transition to a low-carbon economy. We have a diversified portfolio of assets and projects across technologies and geographies that allows the Company to participate in multiple growth markets and provides a hedge against regulatory and technological risks.

With the need for new sustainable energy infrastructure as urgent as ever to meet global goals, and the strong pipeline of investment opportunities identified by the Investment Adviser, the Company is well positioned to continue growing, providing genuine positive impact, whilst delivering attractive returns to investors. The current investment pipeline has a good balance of opportunities across technologies and geographies, often involving bilateral negotiations where the Investment Adviser has a particular strength or relationship, which is advantageous to the Company. The Investment Adviser maintains robust pricing discipline when conducting due diligence on any opportunities within its target markets.

On behalf of the Board, I would like to thank shareholders for their continued support and I am confident that GSEO's business model, which has successfully prevailed in 2022, will enable the Company to continue to generates sustainable returns and contribute towards a net zero carbon future.

Bernard Bulkin
Chair

27 March 2023

AT A GLANCE

Victory Hill continues to demonstrate that it has a unique insight into the energy sector. The Company's continued performance and selective expansion has also benefitted from our robust execution capabilities.

Anthony Catachanas
Chief Executive Officer
Victory Hill Capital Partners LLP

The Company's investment strategy, and particularly its approach to joint venture partnerships with experienced energy developers around the world, has served it very well over the period. The selection of joint venture partners rests on our investment team's ability to discern unique and differentiated commercialisation strategies in hand-picked energy markets. At the same time, our joint venture partners' development and operations expertise has provided invaluable support in managing construction as well as some commercial risks, thus vindicating our investment model.

Our differentiated sustainability framework, which has been developed using an industrial energy lens, has helped us maintain our promise to the Company's shareholders, to support the energy transition. Our thematic investment criteria have also been key drivers to uncovering appropriate joint venture partners that have a competitive and differentiated approach to capturing the opportunities arising from the energy transition in their local energy markets.

Over the period our investment team has doubled in human capital terms, which has increased our capacity to execute the investment strategy and monitor the Company's portfolio as it continues to grow. Our commitment to further growth and enhancement of Victory Hill's operation is already serving, and will continue to serve, the Company well.

Over time we intend to continue to diversify the Company's portfolio, both technologically and geographically. We continue to bring value to shareholders through the expansion of further joint venture programmes with new developer/operators and uncover less obvious and lesser-known sources of investment returns.

We start with sustainability and look for investments

Investment decision process

Opportunity-specific UN SDGS

Investment pathways

Climate change

Energy access

Energy efficiency

Market liberalisation

Investment decision gates

Gate 1
Assessment of opportunity and relevance to the Company's investment pathways

Gate 2
Assessment of whether there is any material breach of non-core UN SDGs

Gate 3
Assessment of the investment itself

BUSINESS MODEL AND STRATEGY

Victory Hill continues to guide the Company's investment strategy

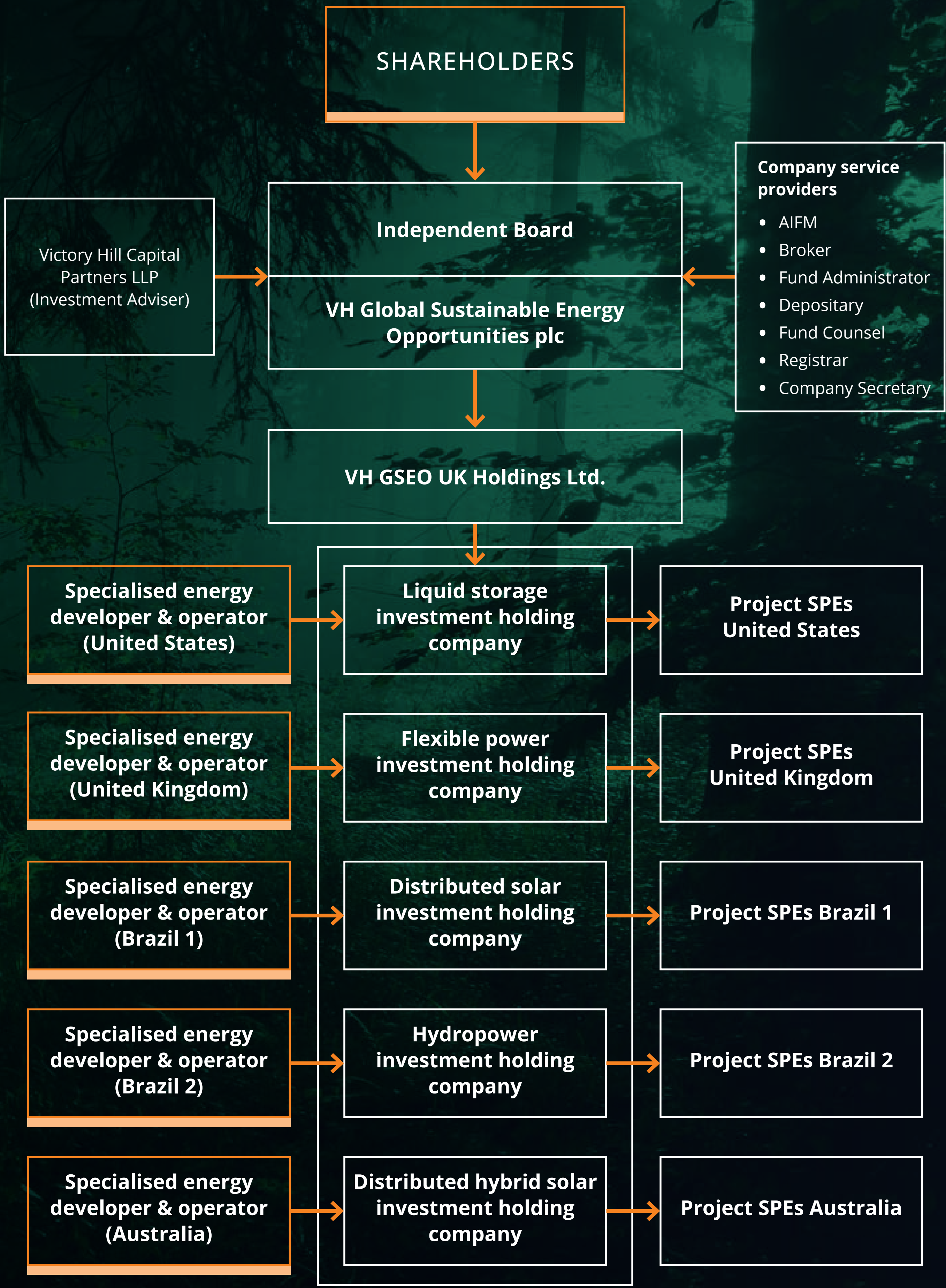
The Company group structure

The Company is an investment company incorporated in England and Wales and its ordinary shares trade on the premium segment of the Main Market of the London Stock Exchange. The Company's investments are held indirectly via its sole direct subsidiary and main investment vehicle, VH GSEO UK Holdings Limited ("GSEO Holdings" or "HoldCo"), a limited company incorporated in England and wholly-owned by the Company, (the Company and GSEO Holdings, together, the "Group"). GSEO Holdings is itself an investment entity and is therefore measured at fair value.

The Company has an independent Board of Directors, has no employees and has appointed Victory Hill to advise on investments and G10 Capital Limited (AIFM) to manage investments on its behalf.

Apex Fund and Corporate Services (UK) Limited ("Apex", "Administrator" or "Company Secretary") has been appointed by the Company as a third party service provider via an administration agreement.

- In order for the Company to achieve its investment objective, it makes its investments via its sole investment vehicle, GSEO Holdings, and its direct and indirect subsidiaries.
  - GSEO Holdings typically invests in project special purpose entities (SPEs) around the world. The project SPEs normally provide local energy transition solutions to counterparties globally, often through long-term contracts. Each SPE, and by implication the portfolio of investments as a whole, therefore has a lifetime over which it provides target returns to GSEO Holdings and ultimately the Company. These SPEs are typically structured such that the Company has a majority stake and the operating partner has a minority stake or profit share.
  - The Company has a 31 December financial year end, and expects to announce its full year results in March and half year results in September.
  - The Company intends to pay dividends quarterly.


SHAREHOLDERS
Independent Board
VH Global Sustainable Energy Opportunities plc
Victory Hill Capital Partners LLP (Investment Adviser)
Company service providers
AIFM
Broker
Fund Administrator
Depositary
Fund Counsel
Registrar
Company Secretary
VH GSEO UK Holdings Ltd.
Specialised energy developer & operator (United States)
Liquid storage investment holding company
Project SPEs United States
Specialised energy developer & operator (United Kingdom)
Flexible power investment holding company
Project SPEs United Kingdom
Specialised energy developer & operator (Brazil 1)
Distributed solar investment holding company
Project SPEs Brazil 1
Specialised energy developer & operator (Brazil 2)
Hydropower investment holding company
Project SPEs Brazil 2
Specialised energy developer & operator (Australia)
Distributed hybrid solar investment holding company
Project SPEs Australia

BUSINESS MODEL AND STRATEGY CONTINUED

Governance

The Board is responsible for the overall governance of the Company. As an investment company, the Company's purpose is expressed in its investment objective. Its investment policy describes the strategy adopted by the Company to achieve its objective. The investment objective and policy stated below should be considered in conjunction with the Chairman's statement, the Investment Adviser's report and the other disclosures within this Strategic Report which provide an in-depth review of the Company's performance and strategy.

The Board acknowledges that good governance is integral to ensuring the Company's success and sustainability. It always works towards ensuring that its decisions are in the best interests of the shareholders and other stakeholders. This is achieved by effectively utilising the diversity of skills, expertise and experience on the Board. The Board aims to follow high standards of governance and establish a culture based upon openness, integrity, trust, mutual respect and constructive challenge. This culture of openness and constructive challenge extends to the Board's interaction with the Company's third party service providers, particularly the Investment Adviser.

The Company has put in place a number of policies and procedures which assist with maintaining a culture of good governance. These include policies relating to directors' share dealings, directors' conflicts of interest, anti-money laundering, anti-bribery and corruption, and prevention of facilitation of tax evasion. Compliance with these policies is monitored regularly through Board meetings and an annual evaluation process.

Investment objective

The Company's investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner Countries or OECD Accession Countries.

Investment policy

The Company seeks to achieve its investment objective by making sustainable energy infrastructure investments across the EU and OECD group of nations predominantly, including but not limited to OECD Key Partner Countries and OECD Accession Countries. The Company's investments in global sustainable energy infrastructure must be:

i. investments in sustainable energy infrastructure that support the attainment and pursuit of the United Nations Sustainable Development Goals (the "SDGs", each an "SDG") where energy and energy infrastructure investments are a direct contributor to the acceleration of the energy transition towards a net zero carbon world; and

ii. investments that can be categorised into one or more of the four investment pathways that guide the Company's investment strategy. These investment pathways are (1) Addressing Climate Change, (2) Energy Access, (3) Energy Efficiency, and (4) Market Liberalisation,

and must also fall into one or a combination of the following categories:

i. power, heat and green gas producing assets reliant on, but not limited to, wind, solar, biomass, natural gas and hydropower technologies;

ii. production and refinement of fuels derived from biomass sources;

iii. energy storage infrastructure such as containment and non-processing facilities for liquid and gas fuel sources, power storage utilising battery or gravity-based technologies;

iv. energy transportation infrastructure such as pipelines, interconnectors and micro-distribution grids;

v. distributed energy sources (heat, power, gas and steam) which are produced close to where it will be used, rather than at a large centralised plant elsewhere, delivered through a centralised grid infrastructure; and/or

vi. equipment that is installed at the premises or on site, directly connected to the premises including, but not limited to, CHP units, CCHP plant schemes, HVAC units, lighting equipment, biomass boilers and steam raising boilers (including intermediate pressure (IP) steam processors),

in each case, either already operating, in construction or ready-to-build ("Sustainable Energy Infrastructure Investments").

The Company looks to achieve NAV growth by investing in higher yielding Sustainable Energy Infrastructure Investments that are operational, in construction or "ready-to-build" but does not invest in assets that are under development (that is assets that do not have in place required grid access rights, land consents, planning and regulatory consents and commercial arrangements).

The Company acquires a mix of controlling and non-controlling interests in Sustainable Energy Infrastructure Investments that are held within SPEs which the Company invests through equity and/or shareholder loan instruments. In certain instances, the SPE may hold one or more Sustainable Energy Infrastructure Investments of a similar type.

The Company invests in SPEs structured as joint venture investments (JVs) or co-investments, including through minority stakes, where this approach is the only viable approach. Where the Company participates in a JV or a co-investment, it seeks to secure its rights through obtaining protective provisions in shareholders' agreements, joint venture agreements, co-investment agreements or other transactional documents, as well as board representation for the Investment Adviser, and with the aim of trying to ensure that the investment is managed in a manner that is consistent with the Investment Policy.

Diversification

The Company aims to achieve diversification principally by making a range of Sustainable Energy Infrastructure Investments across a number of distinct geographies and a mix of proven technologies that facilitate the achievement of the SDGs by way of Sustainable Energy Infrastructure Investments.

Investment restrictions

The Company can invest (calculated at the time of investment) up to:

- 25% of Gross Asset Value in any one Sustainable Energy Infrastructure Investment;
- 40% of Gross Asset Value in a single technology;
- 35% of Gross Asset Value in assets that are in construction or "ready-to-build";
- 40% of Gross Asset Value in assets that are located in any one country;
- 30% of Gross Asset Value in assets that are owned or operated by a single developer;
- 10% of Gross Asset Value in assets that are located in countries that are not members of the EU, OECD, OECD Key Partner Countries or OECD Accession Countries; and
- 10% of Gross Asset Value in other closed-ended investment funds which are listed on the Official List.

No investments are made in extraction projects for fossil fuel or minerals.

Non-compliance resulting from changes in the price or value of Sustainable Energy Infrastructure Investments following investment will not be considered as a breach of the investment restrictions.

The Company holds its investments through one or more SPEs and the investment restrictions are applied on a look-through basis.

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the remedial actions to be taken by the Company through an RIS announcement.

Cash management

Whilst it is the intention of the Company to be fully or near fully invested in normal market conditions, uninvested cash or surplus capital or assets may be invested on a temporary basis in:

- cash or cash equivalents, namely money market funds (as defined in the 'Guidelines on a Common Definition of European Money Market Funds' published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA)) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU); and
- any "government and public securities" as defined for the purposes of the FCA Rules,

provided that not more than 20% of the Gross Asset Value, calculated at the time of investment, may be so invested, following the deployment of the Company's net issue proceeds.

Borrowing policy

The Company may make use of long-term limited recourse debt for Sustainable Energy Infrastructure Investments to provide leverage for those specific Sustainable Energy Infrastructure Investments. Such long-term limited recourse debt will not, in aggregate (calculated at the time of entering into or acquiring any new long-term limited recourse debt), exceed 60% of the prevailing Gross Asset Value.

In addition, the Company may make use of short-term debt, such as a revolving credit facility, to assist with the acquisition of suitable opportunities as and when they become available. Such short-term debt will be subject to a separate gearing limit so as not to exceed 30% of the Gross Asset Value at the time of entering into (or acquiring) any such short-term debt.

In circumstances where these aforementioned limits are exceeded as a result of gearing of one or more Sustainable Energy Infrastructure Investments in which the Company has a non-controlling interest, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

BUSINESS MODEL AND STRATEGY CONTINUED

Use of derivatives

The Company may enter into hedging transactions for the purposes of efficient portfolio management, which may include (as relevant) short-term currency hedging (as described in the last published prospectus of the Company), interest rate hedging and power price hedging. The Company does not intend to use hedging or derivatives for investment purposes but may from time to time use risk management instruments such as forward contracts and swaps (collectively "Derivatives") to protect the Company from any fluctuations in the relative value of currencies against Pound Sterling, as well as to hedge against interest rates and power prices. The Derivatives must be traded by private agreements entered into with financial institutions or reputable entities specialising in this type of transaction and will be limited to maturities no longer than 12 months. The Company will target investments that provide sufficient asset-level returns to compensate for longer term fluctuations in exchange rates. Furthermore, asset level returns where possible will be linked to local inflation rates.

Derivatives may be employed either at the level of the Company, at the level of the relevant SPE or at the level of any intermediate wholly owned subsidiary of the Company.

All hedging policies of the Company will be reviewed by the Board and the AIFM on a regular basis to ensure that the risks associated with the Company's investments are being appropriately managed. Any derivative transactions carried out will only be for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

Amendment to investment policy

As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of the FCA and shareholders, by ordinary resolution and will be notified to HMRC. If a change to the investment policy is material for the purposes of the AIFM Rules, the AIFM will need to notify the FCA prior to the implementation of such change and the change may not be implemented until the period of time prescribed in the AIFM Rules has elapsed without the FCA having objected to the change.

Status of the Company

The Company was incorporated on 30 October 2020. It is registered as a public limited company and is an investment company within the terms of section 833 of the Companies Act 2006. It has been approved by HMRC as an investment trust company in accordance with sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion that the Company has conducted its affairs in compliance with sections 1158/1159 during the year ended 31 December 2022 and intends to continue to do so.

The Company's shares trade on the premium segment of the Main Market of the London Stock Exchange. It is a member of the Association of Investment Companies (the "AIC"). The Company and the Board are governed by its Articles of Association (the "Articles"). Any amendments to the Articles must be approved by shareholders by way of a special resolution.

Employees, human rights, social and community issues

The Board recognises the requirement under Companies Act 2006 to detail information about human rights, employees and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements, which may apply to the Company's investments, do not apply to the Company as it has no employees, all the Directors are non-executive and it has outsourced all its functions to third party service providers. The Company has therefore not reported further in respect of these provisions.

The Company is not within the scope of the Modern Slavery Act 2015 because it has not exceeded the turnover threshold and therefore no further disclosure is required in this regard. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers comply with the provisions of the Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Details about the Company's approach to ESG are set out on pages 52 to 58.

Diversity

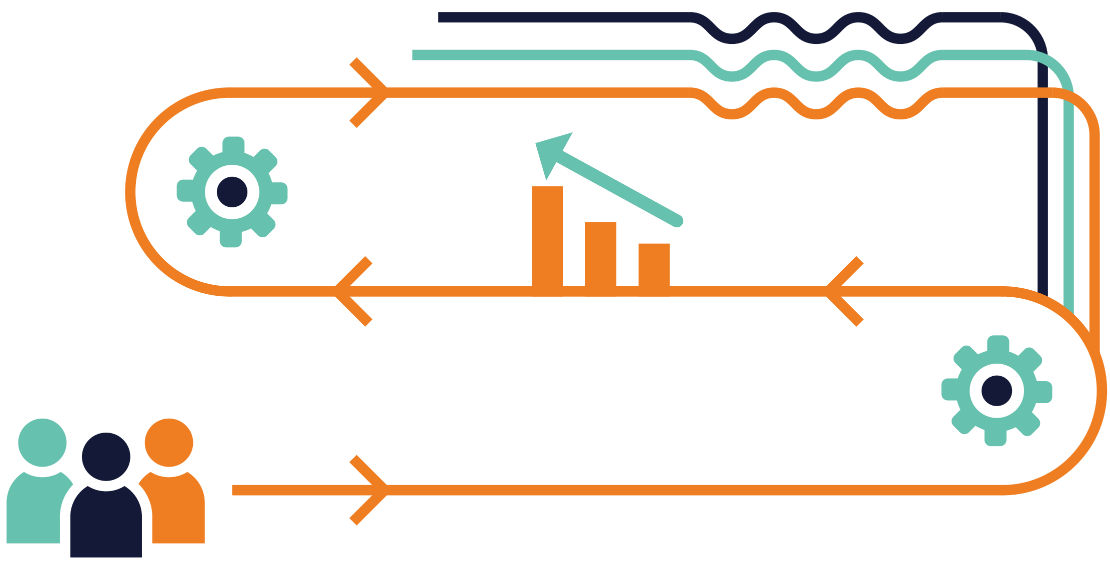
As at 31 December 2022, the Board comprised two female and two male Directors.

It is the Company's aim to have an appropriate level of diversity on the Board. The Board welcomes the recommendations from the FTSE Women Leaders Review on gender diversity on boards and the Parker Review about ethnic representation on boards. The Company was already conforming with the gender diversity targets during the year under review and the Board is pleased to report that following the appointment of Ms Carneiro post year end, it is now also compliant with the ethnic diversity targets. See pages 96 and 97 for further details of the Board's diversity policy and compliance with the recommended diversity targets.

As the Company has no employees, there is nothing further to report in respect of gender representation within the Company.

Investment Adviser – Victory Hill Capital Partners LLP

- Advises the Company and the AIFM on the portfolio of sustainable energy infrastructure assets to achieve the Company's investment objective
- Sources, evaluates and implements a pipeline of new investments as well as monitoring of existing investments
- Monitors financial performance against Company targets and forecasts
- Advises the Company's Board on investment strategy and portfolio composition to achieve the desired target returns within the agreed risk appetite
- Manages the process and analysis for quarterly valuations of the Company's portfolio
- Ensures good financial and cash management of the Company and its assets having regard to accounting, tax and debt usage and covenants
- Manages the Company's investor reporting and broader investor relations activities



VICTORY HILL'S STRATEGY

Competitive advantages:

Investment Adviser:

Victory Hill has a highly experienced team with decades of collective experience in advising energy market participants around the world.

Company's global investment programme:

Unique partnership model allows us to access assets in multiple jurisdictions across proven technologies

Experience ensuring SPEs benefit from strong governance and the highest standards of industry practice and sustainability practices.

Sustainability:

Potential new investments must meet a strict SDG-driven process and assured externally before investment due diligence begins.

Existing portfolio:

The Company has an established portfolio of assets which have the benefit of strong operational track records and predictable, wholly or partially inflation-linked cash flows supported by long-term contracts as well as a construction element driving underlying growth.

Operating model

01

Asset identification and selection

02

GSEO acquires investments through acquisition and construction

03

Construction, operation and maintenance by specialist local operating partner

Sustainability considerations

Sustainability criteria are an integral part across the entire project life cycle. The Investment Adviser assesses each opportunity of its relevance to the Company's pathways and core SDGs, of which there are six, as well as assessing whether there is any material breach to the remaining eleven.

Following investment due diligence and acquisition of an asset, the Investment Adviser seeks to improve and incorporate ESG best practices across the portfolio during ownership including throughout the construction process. There is a continuous monitoring of alignment of the SDGs and measuring both environmental and social impact.

All underpinned by risk management, strong corporate governance and financial management.

Geographies: Diversified across EU and OECD countries including OECD Key Partner and Accession countries.

Diversified across proven technologies. No technology risk in the Company's portfolio.

04

Asset value creation, governance and sustainability best practice driven by Victory Hill

05

Hold assets over the long term to support the dividend and capital return target

Value created

Investors:

Income and capital growth for GSEO shareholders.

Our partners:

Continue to bring new projects within the Company's existing programmes.

Communities and customers:

Immediate social benefits within the communities where assets are located such as job creation.

Environmental benefits:

Helping achieve the energy transition via investments in sustainable energy infrastructure.

INVESTMENT ADVISER'S REPORT

Richard Lum
Co-Chief Investment Officer
Victory Hill Capital Partners LLP

Eduardo Monteiro
Co-Chief Investment Officer
Victory Hill Capital Partners LLP

Market developments / market backdrop in 2022

In 2022, the world experienced the first global energy crisis of this millennium, precipitated by Russia's invasion of Ukraine, the effects of which will not only be felt for the present day, but for decades to come. Russia's actions have worsened the fundamentals of economic recovery emerging from the post-pandemic times, straining global supply chains, creating a global energy crisis, and by extension causing inflationary pressures and the sparks of a global recession.

Russia has been one of the largest exporters of oil and gas in the world, and the stoppage of its supply of oil and particularly natural gas as a result of its decision and European sanctions are being felt in economies across Europe and beyond, exposing nations of consumers to higher energy bills and supply shortages. Governments in developed economies have sought to soften the blow to consumers from the impact of this crisis to the tune of US$500bn, as well as implementing other short term measures such as securing alternative fuel supplies, relying more on coal and fuel oil generation, extending the lifetime of nuclear power plants and accelerating the flow of new renewable projects in their territories.

Clearly the focus for governments for much of 2022 has been energy security in their national economies, and within this context the question is relevant as to whether the energy crisis is a setback for the clean energy transition or it will promote a hastening of it.

Some observers have blamed international climate policies and net zero targets as contributing to the increase in energy prices during the crisis. However the IEA in their 2022 Outlook report does not see evidence of this, and indeed has concluded that regions with higher shares of renewable generation were correlated with lower electricity prices on average, and demand side energy efficiency schemes in homes and the grid provided some buffer to costs for consumers.

We believe the question of whether the transition continues to be relevant for society at large in light of the crisis has been comprehensively settled in its favour. Fundamentally, the shape and behaviour of society's consumption of energy is moving away from conventional fuel-based supply to electrification, and this is aligned with the growth in the global implementation of renewable power generation that has created a new energy economy.

Electricity's share of the world's final energy consumption has risen steadily over recent decades and currently stands at 20%. As the pace of climate-related energy transition picks up in future years, it will account for around 50% of final energy use by 2050, according to the IEA. Given that electricity delivers useful energy services better than other fuels, the contribution of electricity is even higher than these numbers suggest.

In the view of Victory Hill, in this new energy economy the market for clean technology will continue to be a major area for investment and international competition, and secular events such as the cessation of exports of Russian oil and gas in light of the Ukraine conflict is unlikely to stop this momentum.

The IEA estimates in their 2022 Outlook report that, if the world is on track to net zero emissions by 2050, and national policies in major energy markets are leading the way, then annual clean energy investment will double to US$2 trillion by 2030, with the US Inflation Reduction Act of 2022 being in large part responsible for increasing annual solar and wind capacity additions in the US by 2.5 times current levels, with EV sales at seven times the size of sales today. Meanwhile, according to IEA expectations, faster deployment of renewables and efficiency improvements in the European Union are expected, resulting in the reduction of EU natural gas and oil demand by 20% this decade, and coal demand by 50%. It is expected that the push will be given additional impetus by the need to find new sources of economic and industrial advantage beyond Russian gas.

Victory Hill strongly believes that the successful implementation of energy security as part of the transition will require real action which acknowledges the following points, namely:

i. Vulnerabilities in the prevalence of highly concentrated clean energy supply chains will need to be addressed. Demand for key minerals for the production of clean energy technologies including wind and solar PV generation and battery storage is set to rise sharply in the coming years, more than doubling from today to 2030. High reliance on individual countries such as China as a supplier of raw materials is a risk for the implementation of the transition;

ii. During the transition, the functioning of clean and conventional energy technologies will need to continue to provide uninterrupted supply of energy to consumers, even though their proportions of supply will change over time. According to the IEA, technologies such as gas-fired power plants will be needed for peak electricity needs, and sophisticated refineries will be required to provide cleaner fuels for transportation, and the removal of this could have negative consequences for energy security.

"The shape and behaviour of society's consumption of energy is moving away from conventional fuel-based supply to electrification, and this is aligned with the growth in the global implementation of renewable power generation that has created a new energy economy."

Richard Lum, Co-Chief Investment Officer

In Victory Hill's view, existing technologies deployed in a commercially astute way can bring benefits to all parties involved without requiring the government to provide underlying support with incentives and subsidies. Take distributed generation, for example. With current costs for solar panels, building small-scale solar PV plants at end users premises has become viable, even when considering energy sales contracts that represent discounts in the energy bills of these end users. With the current volatility in energy prices, the demand for viable behind the meter (BTM) solutions will continue to increase.

Apart from the impetus towards sustainable and secure energy systems, 2022 has also brought back inflation concerns to the global economy. Driven by a combination of unusual factors such as supply chain disruptions post COVID-19 and shocks due to geopolitical instability, inflation has become temporarily uncontrollable for central banks. With the significant impact on cost of living in many countries, demand for government intervention has led to further fiscal pressures around the world which in turn will lead to additional inflationary drive.

In an environment in which inflation is rampant and energy security concerns are high, building sustainable energy infrastructure will be critical to protect investors' wealth and to contribute to a more stable global economy.

How Victory Hill has addressed the transition in 2022

GSEO is at the forefront of the private initiative involvement in the energy transition with a global focus to enable sustainable energy projects with long-term equity capital. Victory Hill's global approach means our attention will be centred around different themes depending on the geography, as each market requires a different approach to the energy transition.

In the UK, we have progressed with GSEO's investments in grid balancing initiatives. The advent of the Ukraine crisis combined with unseasonally low wind yields has brought to prominence the importance of grid firming activities provided in particular by gas-fired power plants in Q1 and Q2 of 2022. This has sent power prices skyrocketing and many renewable facilities which do not have fuel costs to bear have benefitted from windfall pricing exceeding their short run marginal costs for operating, when they are able to generate.

The commercial structure of GSEO's investment in the UK CHP project will ensure that we will benefit from higher commodity prices, when the first plant comes online to generate power in Q2 2023, given the embedded power to gas price hedge in the PPA. We remain confident that the Company's UK programme will contribute meaningfully to the grid stability required given the increased penetration of renewable power production in the market.

In the US and Mexico border, the need to maintain momentum in the clean-up of Mexican fuel will remain as strong as ever. The Mexican government will continue to push on the agenda to support state owned enterprises which control the fuels value chain and the power generation segment. These entities depend greatly on the ability to clean domestic fuel to avoid environmental disasters associated with the burning of untreated indigenous fuel.

In Brazil, the commitment to renewable energy penetration will continue to go from strength to strength. The incoming government has a strong commitment to the environment which will continue to benefit the proliferation of distributed generation solar PV plants. These plants will play a crucial role in supplying the Brazilian economy with clean and affordable energy at a time when electricity prices continue to cause a lot of pain on Brazilian households.

The volatility caused by high commodity prices in the Australian energy market is likely to persist over the short to medium term. Until such time that sufficient renewable power, energy storage and gas-fired power generation enter the grid at scale, the market will experience significant spikes in power prices at peak times, as coal plants continue to run off production and close. The global

INVESTMENT ADVISER'S REPORT CONTINUED

economic backdrop for GSEO's investments therefore remains buoyant, with the opportunity to install battery storage onsite at the next stage of development of Solar PV assets, ensuring that our investments will be able to access the "duck curve" margin in energy arbitrage at peak times as well as participate in the ancillary services market, including frequency response.

Portfolio highlights

GSEO continued on its journey to enable sustainable energy projects in 2022. In the US, we have increased the capacity of the Company's terminals to be able to contribute to more cleaning of essential fuels used in Mexico. In Brazil, nine solar projects have started injecting clean energy into the grid and we have also completed the acquisition of a 198MW hydro power plant from Energias de Portugal (EDP). The plant is operational and provides reliable and clean energy to Brazil's economy. In Australia, we have added three solar sites to the Company's Australian programme and continue to build storage capacity for the assets already in operation.

In November, we held our first Capital Markets Day during which the operating partners for each of GSEO's investment programmes presented their capabilities and the impact of the projects they promote.

Portfolio performance

The Company's investment portfolio performance remained resilient during the period, with limited financial impact from the effects of the COVID-19 pandemic and disruptions to the energy market due to the Russian invasion of Ukraine. We remain diligent in minimising the Company's exposure to additional macroeconomic factors such as supply chain disruption and energy availability. Whilst inflation is one of these factors, it is worth highlighting over 90% of the Company's revenue is inflation-linked with no caps.

Victory Hill places a considerable emphasis on monitoring and asset managing GSEO's investment portfolio through our asset management function, not only to protect the value of each investment but also to pursue opportunities to create further value for stakeholders through our asset value creation initiatives.

The operational assets within the portfolio provided key services to essential industries and economies and continue to operate with minimal disruption. Overall, the portfolio remains relatively insulated from negative macroeconomic factors and therefore there has been no material impact to performance.

Portfolio optimisation

Active management of assets is a key component of our strategy. In collaboration with the Company's operating partners, we seek to maximise earnings opportunities at the assets we invest in.

In the US, we have re-contracted with the main tenant PEMEX in June, with improved contract terms for the Company, leading to significantly higher profitability.

In the UK, we secured a long-term power offtake and gas supply contract with Axpo and have worked with Axpo and the Company's operating partner to secure excellent margin hedges for the power generation component of the project. We have also secured highly attractive long-term contracts for the sale of food-grade bottled CO_2 with an industrial gas specialist firm from Germany.

In Australia we launched the expansion of the Mobilong solar farm with the addition of battery storage to turn this asset into a hybrid system and optimize its commercial potential.

Construction part of portfolio / supply chain

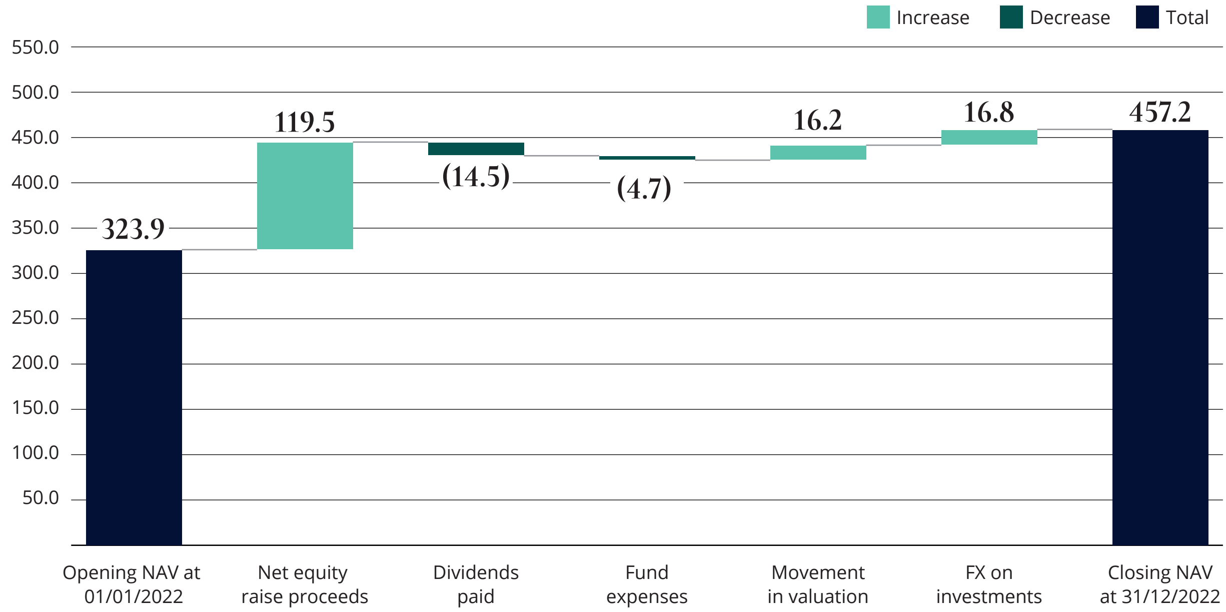
UK: Construction of the first project has advanced through the past year. The EPC contractor providing a full wrap on construction risk has readied the site and major pieces of equipment have been delivered by the manufacturers for containerisation. The power side of the facility is expected to be completed in Q2 2023 and will start generating power and revenues. The carbon capture facility requires subsequent installation over several months and the fully-integrated facility is expected to be commissioned in Q4 2023.

Australia: During 2022, the main construction activity for the Mobilong DC-coupled solar and battery storage hybrid system was the procurement of the BESS. The equipment has been manufactured in China and has now been delivered to site without supply chain disruption thanks to a successful proactive procurement and engagement with the suppliers. The hybrid solar and storage system is expected to be commissioned in Q2 2023. 2022 also saw the start of construction for the three new sites acquired in New South Wales. The orders were promptly placed to all suppliers to avoid potential supply chain disruption and equipment is currently being manufactured. The solar farms are expected to be commissioned in Q3 2023.

During 2022 we completed nine of the 18 solar distributed generation sites in Brazil. All remaining sites are due to be completed in Q3 2023, two of which are being relocated in Brazil to improve operational performance.

Net asset value

NAV Bridge for the year-ended 2022 (£'m)



Shares in issue	**311,589,799**	**422,498,890**
NAV/share (pence)	**104.0**	**108.2**

The NAV of the Company increased from £323.9m at 31 December 2021 to £457.2m on 31 December 2022. The total NAV return including reinvestment of dividends in the financial year is 7.6%. Since IPO, the total NAV return at 31 December 2022 is 15.5%. The key NAV drivers were:

- A gross equity raise of £122.1m (net £119.5m) on 1 July 2022.
- Total fund expenses for the year of £4.7m or 1.3% in ongoing charges ratio have shown strong cost discipline in the period.
- A net increase in the value of investments of £16.2m, mainly as a result of assets moving from construction to operational phase during the year, with the main contributor being the US terminal storage assets and strong cash flow generation from the investments in the US, Brazil and Australia. Underlying contracts with third-parties are inflation-linked, therefore short-term inflation volatility has increased the valuation of operational assets. Assets in operation also benefited from operational improvements during the year which have resulted in an increase in valuations across the portfolio.
- The weakness of GBP to the basket of currencies, including the USD, AUD, and BRL during the 12-month period to 31 December 2022, resulting in an FX gain of £16.8m in aggregate.

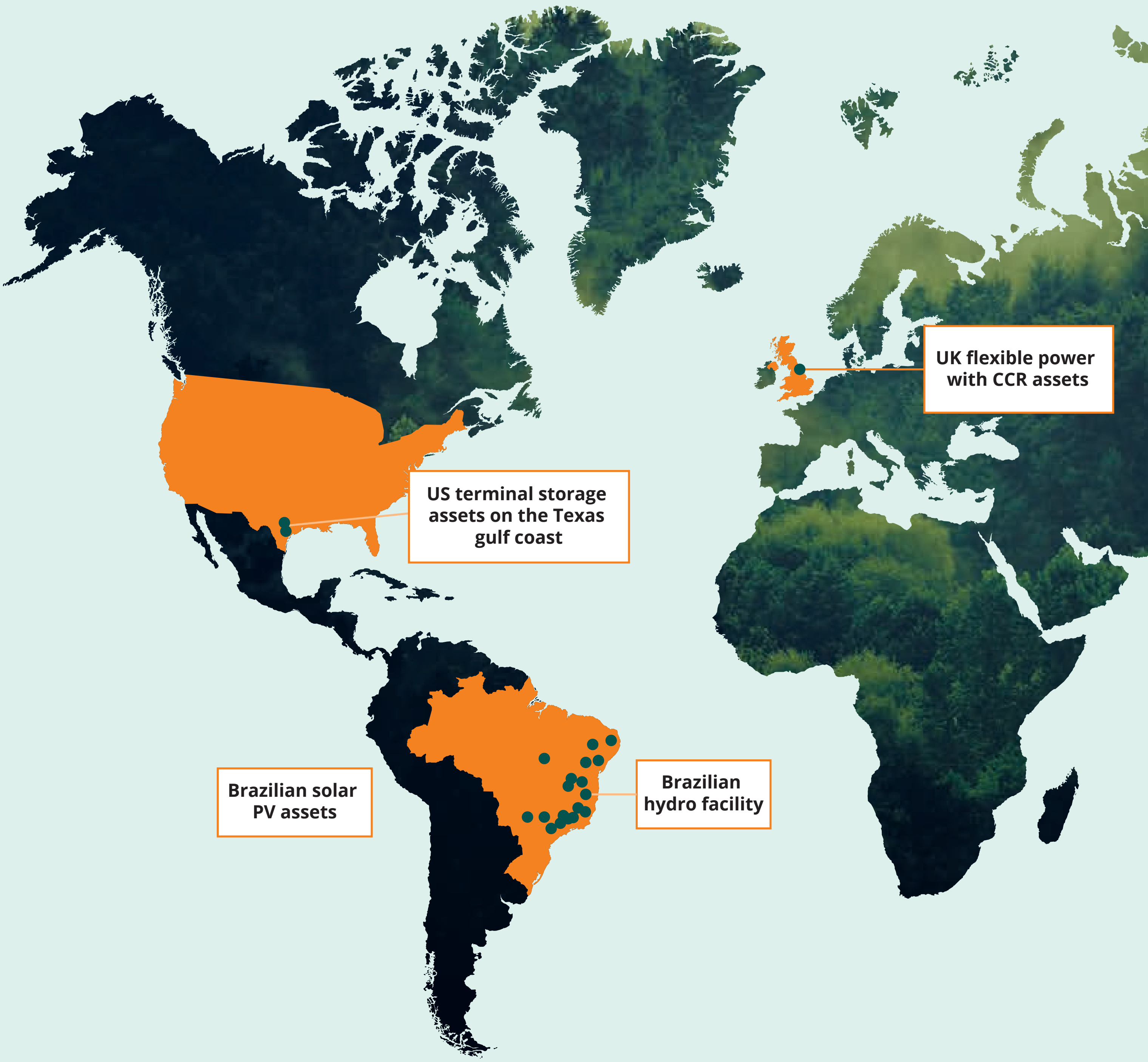
As at year end, the Company had deployed 66% of its total commitment, including the US terminal storage assets and the Brazilian hydro facility. 6% of existing deployment relates to delays in the construction of the Brazilian solar PV assets. The remaining committed funds are expected to be deployed within the first six months of 2023.

Key sensitivities

The below chart illustrates the sensitivity of the Company's NAV per share to changes in key input assumptions for assets in operation as at the year end. In performing the sensitivity analysis, it is assumed that potential changes occur independently of each other with no effect on any other assumption, and that the number of investments in the portfolio remains static throughout the modelled life.

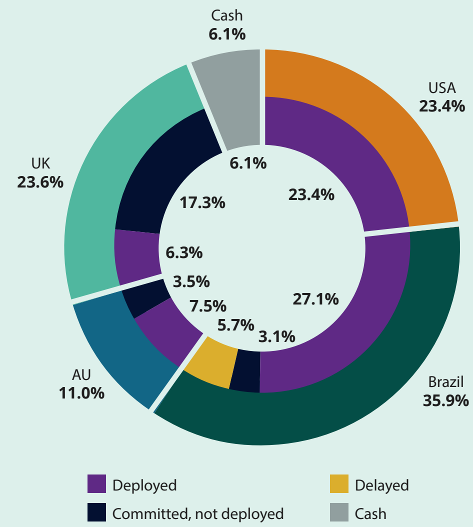
INVESTMENT ADVISER'S REPORT CONTINUED

Portfolio update

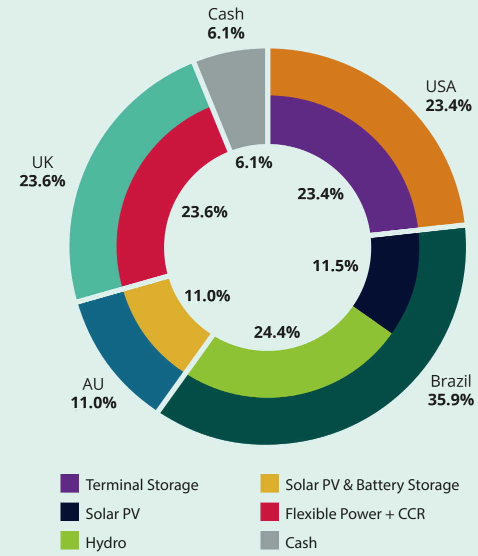


US terminal storage assets and Brazilian hydro facility represented at fair value. All other assets represented at cost. Cash adjusted for 2022 fourth interim dividend and committed not deployed funds.

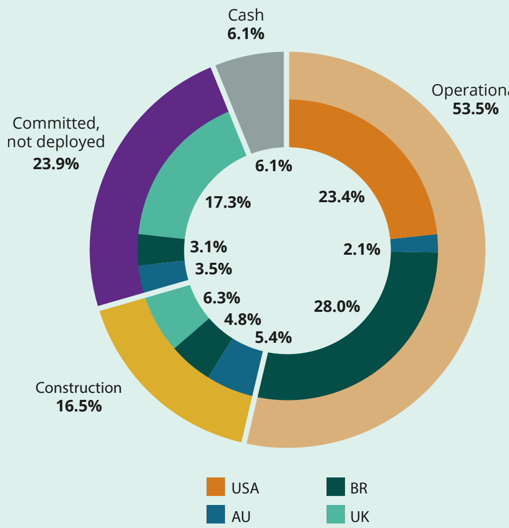
Portfolio by geography and deployment



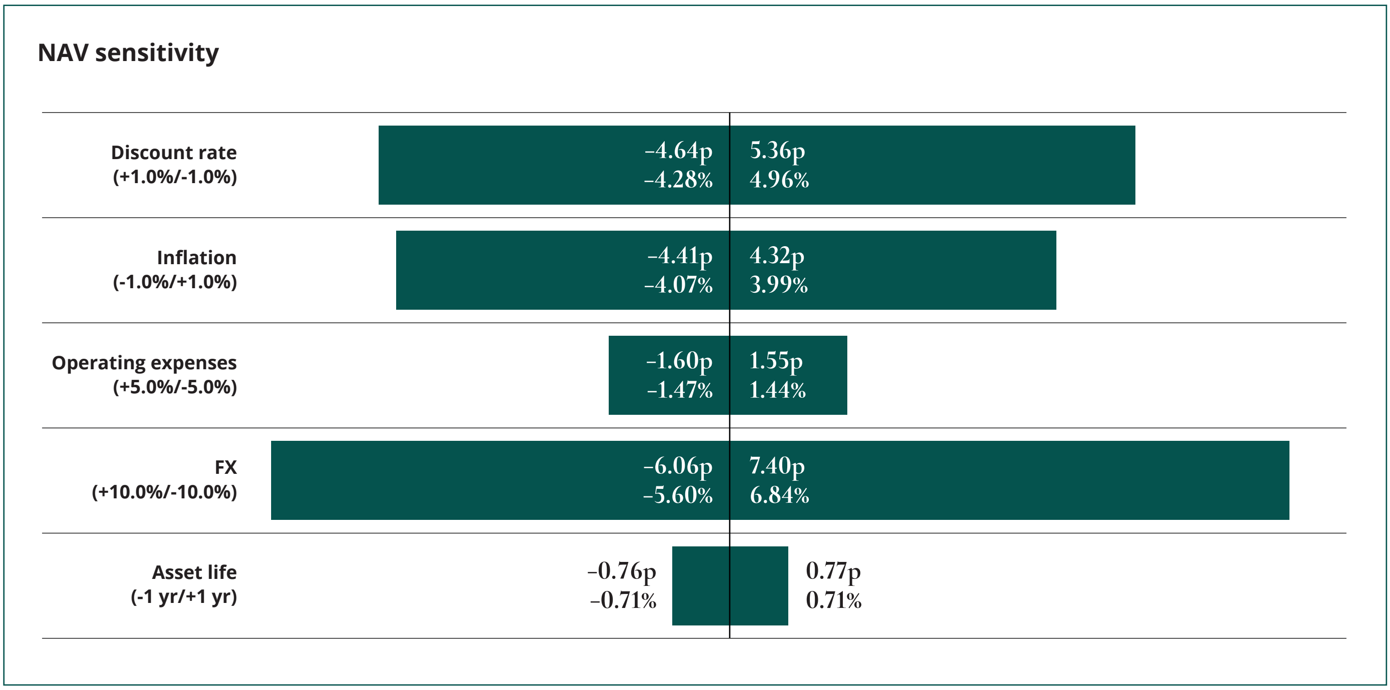
Portfolio by geography and technology



Portfolio by deployment and currency



INVESTMENT ADVISER'S REPORT CONTINUED



Discount rate

A range of discount rates is applied in calculating the fair value of the investments, considering risk free rates, country-specific and asset-specific risk premia and betas. Discount rates for operational assets at 31 December 2022 are 8.4% in the US, 8.6% in Australia, 10.5% for the Brazilian hydro facility and 13.1% for the Brazilian solar PV assets. A 1.0% increase (decrease) in discount rates across the portfolio decreases (increases) NAV by 4.64p (5.36p).

Inflation

The sensitivity assumes a 1% increase or decrease in long-term inflation relative to the base case of 2.0% for the US assets, 2.5% for the Australian assets and 3.0% for the Brazilian assets for each year of asset life. A 1.0% increase (decrease) in inflation rates across the portfolio increases (decreases) NAV by 4.32p (4.41p).

Operating expense

The sensitivity assumes a 5% increase or decrease in operating expense relative to respective contracts and budgets for each asset. A 5% increase (decrease) in operating expenses across the portfolio decreases (increases) NAV by 1.60p (1.55p).

Foreign exchange

The sensitivity assumes a 10% increase or decrease in foreign exchange movements against the sterling.

The Company seeks to manage its exposure to foreign exchange movements by hedging short-term distributions from non-sterling investments to maintain a healthy dividend cover but, due to long-term inflation-linked revenues stemming from these investments, the Company does not hedge the principal value of the investments. A 10% increase (decrease) in foreign exchange rates across the portfolio decreases (increases) NAV by 6.06p (7.40p).

Asset life

The sensitivity assumes a 1 year increase or decrease in asset life relative to the base cases of 30 years for the US terminal storage assets, 25 years for the Australian solar PV with battery storage assets, Brazilian solar PV assets and Brazilian hydro facility. A 1 year increase (decrease) in asset lives across the portfolio increases (decreases) NAV by 0.77p (0.76p).

Resource sensitivity

The portfolio has little resource risk sensitivity given the availability based nature of the US terminal storage assets, the base load generation profile of the Brazilian hydro facility, the UK flexible power with CCR assets, and the addition of battery storage to the Australian solar PV assets to mitigate solar intermittency risk.

Pipeline

We continue to originate sustainable energy opportunities globally, as was set out in the announcements we made for the follow-on capital raise in early July 2022. Our focus for the deployment of capital from the first three raises to date and from future raises will be on biomethane, geothermal, wind and battery opportunities in a broad range of geographies, including UK, US and South East Asia. We see great potential to continue to deliver on a portfolio that is diversified by geography and by technology. Thanks to a very robust pipeline, we are able to prioritise opportunities according to the shape of the portfolio.

Outlook

Sustainable energy is here to stay and will become more and more a natural choice for economic growth. A lot of exciting initiatives are taking place and we will continue to see strong news flow in relation to innovative solutions. However, the evolution that truly motivates us is the proliferation of smaller-scale distributed sustainable energy projects directly contracted with end users on a global scale. We call this trend the quiet revolution, as it does not grab the same headlines as the large multi-billion dollar projects being announced in the energy space day to day.

The quiet revolution will continue to gather pace and new opportunities in different markets will emerge.

At Victory Hill Capital Partners LLP, we will continue to uncover unique opportunities that will benefit from the macro trends affecting the global economy. In the short to medium term, we expect to see political and economic instability. However, investing in sustainable energy infrastructure will play a great part in bringing stability back to the global economy.

Our robust pipeline continues to increase and we will continue to seek opportunities to optimise our existing portfolio. With support from the Company's shareholders, we expect to contribute in a material way to the sustainability agenda.

CASE STUDY

Brazilian hydro facility

Asset profile:

Capacity:

198MW

Acquisition price:

BRL 708m

Location:

SE Brazil, State of Espirito Santo

Hydropower in Brazil

Brazil has one of the world's largest hydrological resources and is a global leader in hydropower generation. The country has attracted large amounts of capital investment in the hydropower sector making it one of the most established and prominent hydropower markets in the world. In Brazil, hydropower generation continues to have systemic importance. Hydropower plants provide a reliable and continuous source of clean energy for a power system which needs to meet ever growing demand.

This form of power generation can help firm and stabilise the grid in times of increased supply volatility caused by the growing penetration of intermittent solar and wind power generation in the energy system. The penetration of intermittent renewables is still in its infancy in Brazil, yet it is the fastest growing source of power generation. Hydropower will continue to play a critical role in enabling further penetration of those intermittent yet necessary technologies to achieve what could become one of the world's most balanced and sustainable energy systems.

The hydropower sector in Brazil is underpinned by a unique regulatory framework which seeks to mitigate hydrological resource risk for individual hydropower generators. The framework pools hydrological resources into a nationwide consortium of eligible hydropower generators of systemic importance. Members of the hydropower consortium benefit from the output of the whole pool of eligible hydropower generation irrespective of an individual member's actual production. Therefore, the idiosyncratic risk of a single hydro plant is mitigated by the output of the pool.

Facility features:

The facility is a run-of-river hydropower plant with a nameplate capacity of 198MW. It is located in the state of Espírito Santo and has been operational since 1974. Since it was first commissioned, the hydro facility has been maintained and managed to a very high standard. The energy regulator in Brazil ranks over 140 hydro plants across the country based on a number of factors to assess their quality of operation and has recently ranked this facility as a top 10 hydro plant in Brazil.

This facility benefits from a portfolio of over 30 long-term inflation-linked PPAs with creditworthy counterparts in the regulated utilities market representing c. 85% of the plant's total revenues. It also has the potential to commercialise power with large energy consumers in the self-consumption ("auto-consumo") segment of the energy market.

Value creation:

Victory Hill and our operating partner have agreed a commercialisation strategy which is designed to capture additional value in the self-consumption market. These self-consumption contracts are typically shorter-term and allow us to capture some merchant exposure. Furthermore, the operating partner has already identified some areas for operational improvements that should contribute to generating additional value.

ESG impact:

Since the commissioning of the facility, a thriving local community has emerged that is now permanently established and supports the economic ecosystem around the hydro facility and the region. The direct impacts of this facility are readily identifiable with 22 full-time jobs, an expected 944,472 MWh of clean, affordable and reliable energy generation which avoids an estimated 91,578t of CO_2 per year.

The river itself, its fauna, flora, banks and sediments are key to the livelihoods of the local communities that rely on them for fishing, irrigation, transportation and other activities. As a result we are undergoing a series of initiatives to improve the social and environmental impacts of the facility. For example, we are seeking to achieve certification of the facility under the IHA (International Hydropower Association) Hydropower Sustainability Standard. We are also working with our operating partner to develop community outreach programmes to improve the dialogue with local communities and ensure that our investment activity remains sensitive to the needs of local stakeholders.

Our operating partner:

Paraty Energia Ltda. is a fast growing energy development and commercialisation company established in early 2020. The company is headquartered in Sao Paulo and is 100% founder-owned and counts over 50 members of staff as at 31 December 2022. Paraty is an active participant in the Brazilian energy sector specialising in energy trading, project advisory and operations. The company has a strong operating track record in the Brazilian energy sector, underpinned by a deep understanding of the Brazilian energy regulatory framework.

Programme updates

Brazilian solar PV assets

Australian solar PV with battery storage assets

Brazilian solar PV assets: Of these assets, nine sites have been generating clean and affordable energy as we reached the end of 2022. The sites are located in remote areas of Brazil, in the states of Para, Paraiba, Rio Grande do Norte, Rio de Janeiro, Sao Paulo and Sergipe. The states in the northeast region have predominantly agricultural economies with large rural areas which tend to be poorly served in terms of energy supply. While the sites are contracted with top tier customers the communities in these remote locations derive a direct benefit from the power generated by our plants, reiterating the importance of this programme not only in terms of returns but also with regards to the socioeconomic impact it can have.

Of the remaining nine sites that were expected to be generating power in 2022, one has reached operational phase in early 2023. The other eight have experienced significant delays caused by global supply chain issues. These issues predominantly stemmed from widespread Covid-19 outbreaks in China, consequently impacting equipment importation schedules into Brazil and severely impacting the business of the selected engineering procurement and construction company (EPC) that was appointed to those sites. Both Victory Hill and our operating partner have since identified new EPC candidates to finalise the development. Furthermore, two of these sites are being relocated in Brazil to improve operational performance.

Victory Hill continues to work with our operating partner and advisers in Brazil to resolve these delays and enforce contractual rights. In this respect, the Company has benefited from the operating partner's local presence, strong operational competence, and Victory Hill's proactive engagement in mitigating further project delays. The combined efforts to manage and resolve construction delays in country should ensure that the remainder of the sites in the program will be completed in Q3 2023.

Australian solar PV with battery storage assets: Starting with a high-dependency on coal-fired generation, Australia is experiencing a fast and disorderly transition with the accelerated decommissioning of coal-powered units, the quick penetration of intermittent renewable energy generation in certain parts of the network and the slow deployment of grid-firming technologies to help stabilise the market with this increased structural volatility. In 2022, the increase in commodity prices culminated and the regulator had to intervene in the market at the end of Q2 2022 to stabilise trading and prices. This programme in Australia is building a portfolio of decentralised hybrid solar and battery assets providing additional renewable energy and energy storage capacity, both critically needed by the energy system in Australia. Coupling both technologies should allow optimisation of each technology to better serve the needs of the Australian market in its transition and generate differentiated returns for GSEO. This portfolio is being implemented in the distribution network, therefore avoiding curtailment risk from the congestion on the already stressed high voltage network and providing further relief in a system already stressed. We are working closely with the network operators in South Australia, Queensland and New South Wales for the deployment of this portfolio. The battery system is currently being added at the South Australia site and completion is expected in Q2 2023. Three additional ready-to-build sites were acquired in New South Wales and construction of the solar farms promptly commenced. Three new solar farms are expected to be completed in Q3 2023 and in the meantime our operating partner is conducting development work to study implementation of co-located battery storage on each site.

UK flexible power with CCR assets

UK flexible power CCR assets: The UK's success in asset industries, subsidies and financing towards large scale deployment of renewable infrastructure can be a point of national pride. More renewable generation capacity will be needed to continue the transition and this high penetration of intermittent renewable energy generation in the system is putting the power system under high stress while commodity price volatility that same year further deepened the issue in 2022. The UK flexible power with CCR assets bring a net zero solution to firming the grid beyond the capacity of typical battery systems, thanks to a highly efficient and flexible gas-fired generation capacity with carbon capture and reuse technology on site. Construction of the first site has steadily progressed in 2022. Major pieces of equipment are already on site being readied for first power and first revenues in Q2 2023. The carbon capture and reuse system is expected to be installed and commissioned within the months following first power. The full commissioning of the integrated plant is expected in Q4 2023. Over the past year a 15-year power offtake and gas supply agreement was signed with Axpo and a first batch of sparkspread hedges were secured, locking in healthy margins for the project. In addition, a 15-year offtake agreement for food-grade CO_2 was also signed on attractive terms with an industrial gas specialist group. Our operating partner Landmark Power Holdings has advanced the development of the second project representing around three times the size of the first project and which is currently under due diligence.

US terminal storage assets

US terminal storage assets: In Mexico, vehicles are burning fuel with high sulfur content, resulting in the creation of significant PM2.5 air pollution and causing health problems, particularly in highly populated areas such as Mexico City. The same fuel is also being used in power generation close to large populated areas where the power is being consumed. The US terminal assets aim to reduce the environmental and health threats that high sulfur fuels have on human health by reducing the availability of high sulfur fuel oil for domestic consumption in Mexico and displacing it with cleaner less pollutive products, reducing PM2.5, SO_2, and NO_2 emissions. The US terminal assets provide an aggregation point and facilitate the transfer of high sulfur oil currently produced at a surplus in the Mexican fuel market. As a result of the terminals' proximity, northbound flows are destined for greater and more efficient refining capacity in the United States. Once refined the PM2.5 contribution of the fuels is reduced materially to levels experienced in Europe and the United States. Since its acquisition in 2021, we have been working closely with our operating partner Motus Energy LLC to expand the storage capacity of the terminals.

Expansion of Terminal 2 has been completed. In Q3 2022 a 150,000 bbls tank capacity was commissioned, and an additional 5 tanks totalling 190,000 bbls of capacity were commissioned during Q4 2022, reaching a total storage capacity of 640,000 bbls. The new capacity has been allocated to new and existing tenants. Additionally, two 15,000 bbls tanks were commissioned and signed with an existing tenant in Terminal 1, bringing the total combined capacity of the programme to 895,000 bbls.

Victory Hill Capital Partners LLP
27 March 2023

KEY PERFORMANCE INDICATORS

The Company sets out below its financial, operational and climate-related KPIs which it uses to track the performance of the Company over time against the objectives, as described in the Strategic Report. Although the Company is not required to report under the recommendations of the TCFD, many of those recommendations are followed in order to enhance the Company's disclosures. The Board believes that the KPIs detailed below provide shareholders with sufficient information to assess how effectively the Company is meeting its objectives. Prior year KPIs have not been provided as the portfolio is in its initial build out phase and prior year comparatives are potentially misguiding. The Board monitors these KPIs on an ongoing basis.

Financial KPIs

NAV per share (%)

+4.04%

Definition
NAV divided by number of shares outstanding as at 31 December 2022.

Commentary
The NAV has increased to 108.2p since 31 December 2021. Alternative performance measures are defined on pages 138 to 139.

Share price (%)

–5.61%

Definition
Closing share price as at 31 December 2022.

Commentary
The share price has decreased to 101.0p since 31 December 2021.

Total NAV return since IPO (%)

15.5%

Definition
A measure of performance that includes both income and capital returns. This takes into account capital gains and any dividends paid out by the Company since IPO in February 2021.

Commentary
Total return reflects continued underlying delivery to shareholders. Alternative performance measures are defined on pages 138 to 139.

Ongoing charges ratio (%)

1.30%

Definition
Annualised ongoing charges (i.e. excluding investment costs and other irregular costs) divided by the average published undiluted NAV in the period, calculated in accordance with AIC guidelines.

Commentary
The Company has incurred less ongoing charges than anticipated. Alternative performance measures are defined on pages 138 to 139.

Dividend per share (pence)

5.13p

Definition
Aggregate dividends declared per share in respect of the financial year.

Commentary
The Company's target was to pay a dividend of 5.00 pence per ordinary share in respect of the year to 31 December 2022. With the declaration of the interim dividend of 1.38 pence per ordinary share on 22 February 2023, the total dividend per share for 2022 is 5.13 pence per ordinary share, exceeding the dividend target for the year.

Total NAV return for the year

7.6%

Definition
A measure of performance that includes both income and capital returns. This takes into account capital gains and any dividends paid out by the Company during the year.

Commentary
Total return reflects continued underlying delivery to shareholders. Alternative performance measures are defined on pages 138 to 139.

KEY PERFORMANCE INDICATORS CONTINUED

Operational KPIs

Weighted average project life (years)

27.3

Definition
Weighted average number of years which are assumed to be the remaining project life of operational assets in the Company's investment portfolio.

Commentary
Useful life is applied as an assumption in determining the investment valuation of operational assets.

Largest investment as a % of NAV

23.2%

Definition
Value of largest investment divided by NAV at period end.

Commentary
The largest investment within the Company's portfolio is the US terminal assets.

Largest 3 investments as a % of NAV

54.5%

Definition
Value of the three largest investments divided by the NAV at period end.

Commentary
The three largest investments are the US terminal assets, Brazilian solar PV and the Brazilian hydro asset.

Climate-related KPIs

Total renewable energy generated (MWh)

35,117

Definition
Underlying portfolio energy generated from renewable assets in KWh.

Commentary
The portfolio's generation for 2022 in MWh, equivalent of the annual electricity use of approximately 9,000 UK homes.[1]

Total avoided carbon emissions (tonnes CO_2e)

14,349

Definition
A measure of our success in investing in projects that have a positive environmental impact and reduce energy usage, equivalent to removing about 7,000 average sized cars from UK roads.

Commentary
The portfolio's total avoided emissions in tCO_2e from displacing fossil fuel derived electricity.[2]

Weighted average carbon intensity per $1m invested (tonnes CO_2e / $m)

96.01

Definition
Portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/$m revenue.

Commentary
The calculation covers operational scope 1 and 2 emissions which includes imported electricity to solar farms. Emissions from assets under construction are not factored into the calculations.

[1] Average electricity consumption in the UK of 3898 kWH from UK BEIS Energy Consumption in the UK 2022 report https://www.gov.uk/government/statistics/energy-consumption-in-the-uk-2022

[2] c.7,000 cars calculated based on the UK emission factor of 0.26kgCO_2e/mile. Car emission factor is defined in the website https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022

STAKEHOLDER ENGAGEMENT

Overview

This section of the annual report covers the Board's considerations and activities in discharging their duties under section 172 of the Companies Act 2006, in promoting the success of the Company for the benefit of the members as a whole.

Stakeholders are integral to the long-term success of the Company. The Directors recognise that, both individually and collectively as the Board, their overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company. As set out in section 172 of the Companies Act 2006, the Directors act for the benefit of shareholders and in the interests of stakeholders as a whole, having regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

All Board discussions include consideration of the longer-term consequences of any key decisions and their implications for the relevant stakeholders.

Stakeholders

A company's stakeholders are normally considered to comprise its shareholders, employees, customers, suppliers, as well as the wider community in which the company operates and impacts. The Company is different in that as an investment trust it has no employees and, in terms of suppliers, it receives professional services from a number of different providers, principal amongst them being the Investment Adviser.

Through regular engagement with its stakeholders, the Board aims to gain a rounded and balanced understanding of the impact of its decisions.

The Company recognises the importance of maintaining high standards of business conduct and seeks to ensure that these are applied in all of its business dealings and in its engagement with stakeholders. These engagement mechanisms are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective. The importance of stakeholders is taken into account at every Board meeting, with discussions involving careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. Details of how the Board seeks to understand the needs and priorities of the Company's stakeholders and how these are taken into account during all its discussions and as part of its decision-making are set out overleaf.

Key decision made during the year

Placing of ordinary shares

On 9 June 2022, the Company published a Prospectus in respect of an initial placing, initial open offer, initial offer for subscription and initial intermediaries offer of new ordinary shares in the Company, together with the implementation of a 12-month Share Issuance Programme.

On 9 June 2022, the Company also published a Circular and Notice of General Meeting to shareholders regarding the Share Issuance Programme. The Circular provided details around the potential investment opportunities which the Investment Adviser had identified and the pipeline assets, and the shareholders voted overwhelmingly in favour of the resolutions at the General Meeting held on 28 June 2022. Pursuant to this Share Issuance Programme, gross proceeds of £122 million were raised by way of an issue of 110,909,091 new ordinary shares at a price of 110 pence per share. Further information on the Share Issuance Programme is set out in the Circular, which is available on the Company's website, and details of the share issuance are included on page 79.

STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder	Importance	How the Company engages
Shareholders	Continued shareholder support and engagement are critical to the existence of the Company and the delivery of its long-term strategy. The Board and the Investment Adviser give a high priority to ensuring that shareholders understand the Company's strategy and goals and can monitor its performance through the robust corporate governance processes established by the Company.	The Board welcomes shareholders' views and is committed to maintaining open and transparent channels of communications with them. The Board is responsible for the content of communication regarding corporate issues and for conveying its views to shareholders. It aims to ensure that shareholders are provided with sufficient information to understand the risk/reward balance to which they are exposed by investing in the Company. The channels of engaging with shareholders include: ***Publications*** The Annual and Half-Yearly Reports are made available on the Company's website. These reports provide shareholders with a clear understanding of the Company's portfolio and financial position. In addition to the Annual and Half-Year Reports, the investor presentations made by the Investment Adviser and any prospectuses and circulars issued by the Company are also available on the Company's website. The Company provides regular updates on portfolio acquisitions, capital raises and any other relevant matter by way of market announcements. ***Annual General Meeting*** All shareholders are encouraged to attend and vote at the AGM and at any general meetings of the Company, during which the Board and the Investment Adviser are available to discuss issues affecting the Company and answer any questions. The Investment Adviser attends the AGM and provides a presentation on the Company performance and its future outlook. The Company values any feedback and questions it may receive from shareholders ahead of and during the AGM and takes action, as appropriate. ***Shareholder meetings*** The Investment Adviser, along with the Broker, regularly meets with the Company's shareholders to provide Company updates and to foster regular dialogue. Feedback from all shareholder meetings and investors' views are shared with the Board on a regular basis. During the year, the Company held a Capital Markets Day in November where the Investment Adviser and the Chair presented and the other Board members were also present on the day, engaging directly with shareholders. The event gave shareholders the opportunity to ask questions to the Board, the Investment Adviser as well as all of the operating partners from around the world that were also presenting. ***Shareholder concerns*** Shareholders wishing to communicate directly with the Board or the Investment Adviser to raise any issues or concerns, should contact the Company Secretary at the registered office address. The Chair and the other Directors are available throughout the year to meet with shareholders to understand their views on the Company's performance and governance where they wish to do so. Relations with shareholders are also considered as part of the annual Board evaluation process. ***Investor relations updates*** The Board regularly monitors the shareholder profile of the Company. With the majority of shareholders being a combination of institutional investors and private client brokers, the Board receives regular updates on investors' views and attitudes from the Company's Broker and the Investment Adviser. The results of these meetings are reported to the Board as part of the formal reporting undertaken by both the Investment Adviser and Brokers. The details of substantial shareholdings in the Company are included on page 79.

Stakeholder	Importance	How the Company engages
Investment Adviser	The Investment Adviser's performance is critical for the Company to achieve positive and consistent long-term returns in line with its investment objective.	The Board believes that maintaining a close and constructive working relationship with the Investment Adviser is crucial to promoting the long-term success of the Company in an effective and responsible way. Representatives of the Investment Adviser attend Board meetings and provide reports on the current and future activities, portfolio investments, performance, operational and administrative matters. An open discussion regarding such matters is encouraged, both at Board meetings and by way of ongoing communication between the Board and the Investment Adviser, facilitating a positive environment for constructive challenge and cooperative development of solutions. Board members are encouraged to share their knowledge and experience with the Investment Adviser and they recognise that the long-term health of the Investment Adviser is in the interests of shareholders as a whole. The Board, through the Management Engagement Committee, keeps the ongoing performance of the Investment Adviser under continual review and conducts an annual appraisal to consider its terms of engagement. Details regarding the continuing appointment of the Investment Adviser are set out on page 81.
Other key service providers	As an investment company, all services are outsourced to third party service providers. The Board is conscious that it is critical to foster good working relationships with them.	The Board believes that strong relationships with its other key service providers, namely the AIFM, the Company Secretary, the Administrator, the Depositary, the Broker and the Registrar, are important for the long-term success of the Company. The Board maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account. Through its Management Engagement Committee, the Board formally assesses their performance, fees and continuing appointment at least annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee also reviews and evaluates the control environment in place at each key service provider.
Lenders	Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	The Company does not make use of structural debt in order to achieve its yield and total return targets. To date, the portfolio has been fully equity funded allowing for efficient asset acquisition. Once assets have been acquired and are operational, the Investment Adviser, through its extensive international network of funding partners, seeks the most efficient debt funding on a non-recourse basis. Any leverage is therefore currently held at asset level only.
Society and the environment	It is of utmost importance to the Company that it positively impacts local communities through its sustainable environmental initiatives, investment in areas undergoing regeneration and local employment practices.	As an investor in sustainable energy, the Company's assets have an impact on the environment. The Company has a Sustainability Framework which is published on the Company's website and our approach to ESG is set out on pages 52 to 58. The Board seeks to understand the impact of projects on local communities in accordance with the SDG investment mandate and has appointed an additional board member with experience and understanding of the impact of projects in Brazil.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the emerging and principal risks facing the Company, together with a review of any new risks which may have arisen during the year, including those that would threaten its business model, future performance, solvency or liquidity. These risks are formalised within the Company's risk matrix, which is regularly reviewed by the Audit Committee. As part of its risk management process, the Audit Committee seeks to identify emerging risks to ensure that they are effectively managed as they develop and recorded in the risk matrix.

During the year under review, the Directors have not identified, nor been advised of, any failings or weaknesses which they have determined to be of a material nature. The principal risks and uncertainties which the Company faces are set out below. The Directors do not consider the likelihood or impact of the below risks to have changed in the year.

Information about the Company's internal control and risk management procedures are detailed in the Corporate Governance Statement on page 87. The principal financial risks and the Company's policies for managing these risks, and the policy and practice with regard to the financial instruments, are summarised in note 12 to the financial statements.

Risk	Description of risk	Risk impact	Mitigation
1. Risks relating to the Company			
Reliance on Investment Adviser	The Company relies on the Investment Adviser for the achievement of its investment objective.	The departure of some key individuals or all of Victory Hill's investment professionals could prevent the Company from achieving its investment objective. There can be no assurance that the Directors will be able to find a replacement adviser if Victory Hill resigns. If a successor cannot be found, the Company may not have the resources it considers necessary to manage the portfolio or to make investments appropriately and, as a result, there may be a material adverse effect on the performance of the Company's NAV, revenues and returns to shareholders.	The Investment Adviser consists of five managing partners supported by six investment professionals. Overall the Investment Adviser has 19 full-time staff, which include the investment, finance, legal & compliance and investor relations teams. A collegiate approach is taken to investment advisory activities with the team having a broad range of skills to support the pursuance of the Company's investment objective. The performance of the Company's Investment Adviser is closely monitored by the Board. In addition, at least once a year the Management Engagement Committee performs a formal review process to consider the ongoing performance of the Investment Adviser and makes a recommendation on the continuing appointment of the Investment Adviser to the Company. The initial term of the Investment Advisory Agreement is five years.

Risk	Description of risk	Risk impact	Mitigation
Reliance on third party service providers	The Company has no employees and the Directors have all been appointed on a non-executive basis. Therefore, the Company is reliant upon its third party service providers for the performance of certain functions.	Service provider control failures may result in operational and/or reputational problems and may have an adverse effect on the Company's NAV, revenues and returns to shareholders.	The Board oversees and keeps under review the provision of services by each of the Company's service providers on an ongoing basis. The Management Engagement Committee performs a formal review process to consider the ongoing performance of its service providers.
Currency risks	The Company will make investments which are based in countries whose local currency may not be Sterling and the Company may make and/ or receive payments that are denominated in currencies other than Sterling.	When foreign currencies are translated into Sterling there could be a material adverse effect on the Company's profitability, the NAV and the price of shares.	Investments are held for the long term. The Company intends to enter into hedging arrangements for periods of up to 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at the time of investment and is included in the Investment Adviser's assessment of minimum hurdle rate from investments.
2. Risks relating to the portfolio investment strategy			
Illiquidity of investments	The Company's investments in Sustainable Energy Infrastructure Investments are illiquid and may be difficult to realise at a particular time and/or at the prevailing valuation.	Shareholder returns could be materially negatively impacted should the Company be required to realise them in the near term (requirement for early liquidity).	The Company is expected to hold most of its investments on a long-term basis. The Investment Adviser and the Board will monitor the position on a regular basis.
3. Risks relating to investments			
Construction risks	Construction project risks associated with the risk of inaccurate assessment of a construction opportunity, delays or disruptions which are outside the Company's control, changes in market conditions, and the inability of contractors to perform their contractual commitment.	Failure to complete projects in accordance with expectations could adversely impact the Company's performance and shareholder returns.	The Investment Adviser monitors construction carefully and reports frequently to the Board and the AIFM. The Investment Adviser undertakes extensive due diligence on construction opportunities and seeks to have appropriate insurances in place to mitigate any costs relating to delays. In addition, the Investment Adviser seeks to utilise EPC contractors that can provide single point, lump sum turnkey arrangements wherever possible.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Description of risk	Risk impact	Mitigation
Due diligence	Due diligence may not identify all risks and liabilities in respect of an investment.	Failure to identify risks and liabilities may impact the profitability or valuation of the investment.	The senior management team at the Investment Adviser has extensive experience in executing strategies similar to that of the Company. Where appropriate, due diligence conducted by the Investment Adviser may be supplemented, for example, by independent legal, tax, accounting, commercial and technical advisers.
Demand, usage and throughput risks	Residual demand, usage and throughput risk can affect the performance of infrastructure investments.	The actual return to shareholders may be materially lower than the target total return.	The Investment Adviser performs extensive due diligence on the project economics vs. alternative energy options before entering into a project. Furthermore, project revenues are largely contracted for the medium to long term. The Investment Adviser constantly reviews assumptions made regarding the demand, usage and throughput vs. actual results.
Meteorology risks	Dependency on meteorology, meteorology forecasts and other feedstocks may have a negative impact on the performance of the Company's investments.	The actual return to shareholders may be materially lower than the total target return.	The Investment Adviser performs extensive due diligence on meteorology and other feedstocks before entering into a project. This includes long-term climate changes to weather patterns. The Investment Adviser regularly reviews meteorology and feedstock factors and will action any potential remedies.
Counterparty risks	Counterparties defaulting on their contractual obligations, suffering an insolvency event or causing reputational damage.	The failure by a counterparty to make contractual payments or perform other contractual obligations or the early termination of the relevant contract due to the insolvency of a counterparty may have an adverse effect on the Company's NAV, revenues, returns to shareholders and reputation.	Due diligence on counterparty risk is performed before entering into projects and counterparty risk is monitored on a regular basis.

Risk	Description of risk	Risk impact	Mitigation
Uninsured loss and damage	The risk that an investment may be destroyed or suffer material damage, and the existing insurances may not be sufficient to cover all the losses and damages.	The actual return to shareholders may be materially lower than the target total return.	An independent insurance adviser is appointed for each project to review project risks in conjunction with the Investment Adviser and to ensure that appropriate insurance arrangements are in place. Insurance requirements are reviewed on an ongoing basis.
Curtailment risks	Investments may be subject to the risk of interruption in grid connection or irregularities in overall power supply.	In such cases, affected investments may not receive any compensation or only limited compensation.	Extensive due diligence is performed on each project before investment. The Investment Adviser regularly reviews curtailment risks.
Commodity price risks	The operation and cash flows of certain investments may depend upon prevailing market prices for electricity and fuel, and particularly natural gas.	The actual return to shareholders may be materially lower than the target total return.	The Company intends to mitigate these risks by entering into (i) hedging arrangements; (ii) extendable short, medium and long-term contracts; (ii) fixed price or availability based asset-level commercial contracts.
4. Risks relating to the Company's shares			
Discount to NAV	The share price may not reflect the underlying NAV. Discount management provisions being unable to be satisfied may result in a significant share price discount to NAV.	Lack of liquidity in the Company's shares could negatively impact on shareholder returns.	The Board, Broker and Investment Adviser monitor the discount or premium to NAV at which the shares trade. If, in any rolling 3-month period, the ordinary shares have, on average, traded at a discount in excess of 5% to the Net Asset Value per ordinary share. The Company intends to use 50% of net cashflows to repurchase ordinary shares, subject always to the impact that such repurchase may have on the ability of the Company to meet its Target Total Return (which includes the target dividend) or other economic factors that the Board consider it prudent to take into account at the relevant time.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Description of risk	Risk impact	Mitigation
5. Risks relating to regulation			
Regulation	The Company is exposed to the risk that the competent authorities may pass legislation that might hinder or invalidate rights under existing contracts as well as hinder or impair the obtaining of the necessary permits or licences necessary for Sustainable Energy Infrastructure Investments in the construction phase.	The actual return to shareholders may be lower than the target total return.	The Company aims to hold a diversified portfolio of Sustainable Energy Infrastructure Investments and so it is unlikely that all assets will be impacted equally by a single change in legislation. The Investment Adviser endeavours to ensure that the vast majority of contracts are not in receipt of government subsidies, thus mitigating exposure to policy risks linked to contract pricing. There is also strong public demand for support of the renewables market to hit 'net zero' carbon emission targets. The Investment Adviser monitors the position and provides regular reports to the Board on the wider macro environment.
6. Operational risks			
Operation and management risks of the portfolio of assets	Poor management or operational performance of an asset by the Company's operating partners and selected operations and maintenance providers.	The actual return from single portfolio assets may be lower than the target total return for the asset.	Operating partners operate to an annual budget and a series of key performance indicators. The Investment Adviser monitors the performance vs. annual budget and KPIs on a monthly basis. On an annual basis the operating partners are subject to an annual performance review across operational, ESG and financial KPIs. The Investment Adviser provides quarterly reports to the Board on asset-level performance.

Risk	Description of risk	Risk impact	Mitigation
Valuation risks	Valuation of the portfolio of assets is based on financial projections and estimations of future results.	Actual results may vary significantly from the projections, which may reduce the profitability of the Company leading to reduced returns to shareholders and a fall in the Company's NAV.	The Company has adopted a valuation policy which was disclosed in the Company's prospectus. Fair value for each investment is calculated by the Investment Adviser. However, if considered necessary and appropriate, the Board may appoint an independent valuer. The Investment Adviser has significant experience in the valuation of energy assets. The Investment Adviser has an independent valuation working group to perform and challenge valuations. In addition, the Investment Adviser partnership committee reviews and challenges valuations. The Board and the AIFM review the valuations provided quarterly by the Investment Adviser. As part of the annual audit, the Company's auditor reviews the valuations.
7. Climate-related risks			
Physical risks	Longer-term changes in climate patterns, e.g., reduction or increase in wind levels, decrease solar optimal days impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	Reduction in output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation[1].	The Company is investing in a diversified portfolio of energy transition infrastructure by geography, technology and capability. These investments are targeted at the energy transition to net zero. This will provide a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium and long term. At the asset level, weather conditions are monitored and many of the renewable projects have battery storage capabilities to optimise energy input to the grid. Meteorology and feedback due diligence is undertaken before investment and reviewed regularly. All assets have crisis management and business continuity plans to respond to disruptions. The assets are also required to have continuous improvement management systems to build capability and capacity in the local teams and operations.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Description of risk	Risk impact	Mitigation
	Increased insurance premium for assets in high-risk locations.	Increased cost of doing business.	When making investments, the due diligence process accounts for climate change risk and impacts. The Investment Adviser employs an insurance specialist when making investments and seeks to have appropriate contractual indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.
Transition risks	Market shifts may dampen ability to engage investors on a broader portfolio of energy transition projects than a traditional European renewable focus including different geographies and new technologies, e.g., carbon capture and reuse.	Reduced access to capital.	The Company is expected to hold most of its investments on a long-term basis, and the Board and the Investment Adviser monitor the position on a regular basis. The senior management team at the Investment Adviser has extensive experience in executing strategies similar to that of the Company.
	Policy shift may introduce regulation around climate change, e.g., increased disclosure, taxes etc.	Increased cost of doing business. Reduced access to capital.	The Company is supportive of the policy aims of the Disclosure Regulation and will comply with and monitor changes. The Company engages with partners and stakeholders to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate-related KPIs, including energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. IFC performance standards are used to guide these interactions. The Company's investment strategy targeting the energy transition is aligned with global policy movements on climate change which would limit impact.

Risk management

The risk management framework established by the Board has been designed to identify, evaluate and mitigate the significant risks faced by the Company. A risk management framework can only provide reasonable, not absolute, assurance. The Board has contractually delegated the management of the investment portfolio, the registration services, administrative services and other services to third party service providers and reliance is therefore placed on the internal controls of those service providers. Risk assessments are performed on a regular basis and this is facilitated through the use of a detailed risk assessment programme which categorises the risks identified and the controls in place to mitigate those risks.

Risk appetite

The Board's risk appetite is aligned with the Company's investment objective and policy for which the Board has ultimate responsibility. The investment objective and the investment policy of the Company are included in the Strategic Report on pages 18 to 20. Identification and management of risks is integrated into the Investment Adviser's investment process.

Emerging risks

As part of its risk assessment, the Board, via the Audit Committee, considers the emerging risks and any such risks identified are included in the detailed risk assessment programme.

Climate risk and TCFD

Climate risk and TCFD disclosures are included on pages 59 to 67.

GOING CONCERN AND VIABILITY STATEMENT

Going concern

The Directors have reviewed the financial position of the Company and its future cash flow requirements, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company's working capital requirements.

The Directors, in their consideration of going concern, have reviewed the financial position and comprehensive future cash flow models for the Company prepared by the Company's Investment Adviser, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company's working capital requirements. Furthermore, the Directors have considered a worst case scenario in which the Company is assumed to meet all of its remaining investment commitments within the next 12 months, in addition to dividend payments and ongoing operating expenses. Even in this unlikely scenario, the Company has sufficient headroom to meet all expected cash outflows with its existing cash balances. Based on these forecasts and the assessment of principal risks described in this report, that it is appropriate to prepare the financial statements of the Company on the going concern basis.

The Directors believe that there are currently no material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of the approval of the financial statements and, therefore, has adopted the going concern basis in the preparation of the financial statements.

Viability statement

In accordance with Principle 21 of the AIC Code, the Directors have assessed the prospects of the Company over a period longer than 12 months required by the relevant "Going Concern" provisions. The Directors have considered the nature of the Company's assets and liabilities, and associated cash flows, and have determined that five years, up to 31 December 2027, is the timescale over which the performance of the Company can be forecast with a material degree of accuracy and therefore is the appropriate period over which to consider the viability.

The Investment Adviser has considered the sensitivity of the financial projections to a range of key assumptions, such as a reduction in cash flows from portfolio companies, delays in construction, cost overruns, no debt availability, and an inability for the Company to raise additional equity. The results of this stress testing showed that the Company would be able to withstand the impact of these scenarios occurring over the five-year period.

The Directors confirm they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency, liquidity, and dividend cover for a five-year period. The Directors' assessment has been made with reference to the principal risks and uncertainties and emerging risks summarised on pages 42 to 49 and how they could impact the prospects of the Company.

As an Investment Company, part of the Company's objective is to produce stable dividends while preserving the capital value of its investment portfolio. Following regular pipeline updates from the Investment Adviser, the Directors believe that the Company is well placed to manage its business risks successfully over both the short and long term period, the Directors have a reasonable expectation that the Company will be able to continue in operation and to meet its liabilities as they fall due for a period of at least five years.

Approval of the Strategic Report

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

Bernard Bulkin
Chair

27 March 2023

OUR APPROACH TO ESG

VH Global Sustainable Energy Opportunities plc, through its energy infrastructure asset investments, seeks to accelerate the energy transition to a low carbon future, aligned with the UN Sustainable Development Goals

Eleanor Fraser-Smith
Head of Sustainability
Victory Hill Capital Partners LLP

The Company's energy transition investment strategy is coupled with our local stewardship approach so that we can drive environmental impact while improving local environmental and community outcomes and maximise value. Through 2022 we have strengthened our sustainability and ESG due diligence, asset management and disclosure processes to help meet our aims.

According to the International Energy Agency (IEA), the SDGs that are directly impacted by energy are: the achievement of universal access to energy (SDG 7), the reduction of the severe health impacts of air pollution (SDG 3) and tackling climate change (SDG 13). Other SDGs are also impacted by investment in sustainable energy globally including the promotion of decent working environments and economic growth, industry, innovation, and infrastructure as well as partnerships for the goals (SDGs 8, 9 and 17).

Company investments are technology agnostic and aim to address specific energy transition challenges such as imbalances and structural gaps in OECD Accession and OECD Key Partner countries' energy markets. Investments in renewable energy generation support SDG 13 on climate action through grid decarbonisation and SDG 7 by providing affordable energy access. The strategic US terminal storage assets support SDG 3 on health and wellbeing through displacing air pollution and associated health impacts. The UK flexible power with CCR assets which are under construction will provide grid balancing services that supports renewable energy grid penetration while capturing carbon dioxide.

The Company takes a life cycle approach to managing its energy generation assets to understand environmental impact including scope 3 and embodied emissions as well as the social opportunities and impacts in the supply chain. The value chain is a strategic consideration in the US terminal storage assets as the investment facilitates the displacement of high sulfur fuel oil from the Mexican market.

The sustainability-focused investment strategy delivers positive environmental and social benefits, and through active ownership of the assets, that ensures good management practices, local environmental and social value is also created. The Company's relationship with operating partners is a central facet to delivering the energy transition investment strategy.

Through 2022 the Company continued to successfully deploy capital and manage investments in a range of sustainable energy infrastructure assets aligned with the company's investment strategy as detailed on page 18.

The sustainability impact delivered from 1 January to 31 December 2022 included:

35,117 MWh

of renewable energy generation

(equivalent to powering over 9000 average UK homes with clean energy)

14,349 tonnes

of avoided carbon emissions

(equivalent to removing from over 7,000 average UK petrol cars per year)

20,613 tonnes

of sulfur dioxide emissions displaced

The Company's sustainable investment strategy is delivered through a robust governance framework which ensures oversight and accountability, risk based social and environmental due diligence, prioritisation of material risks and opportunities, and engagement with stakeholders and operating partners to mitigate impacts and drive continuous improvement.

OUR APPROACH TO ESG CONTINUED

ESG governance

The Company governance structure and composition is described in the Corporate Governance Structure on page 84 and the Company group structure on pages 16 and 17.

The Company's independent Board has a dedicated board member with oversight responsibility for ESG and sustainability issues. The Board reviews principal risks including ESG and climate-related risks.

The Investment Adviser, Victory Hill, has been appointed by the independent Board to advise on investments and perform asset management activities. As part of that role, Victory Hill has oversight of the development and implementation of ESG policies, processes and resourcing to support the Company investment process and asset management.

Oversight is accomplished through several Investment Adviser administered committees. The Investment Committee ensures inclusion of ESG due diligence in the investment process as described on page 15. The Committee also plays an important role in overseeing stewardship activities and ensuring stewardship priorities are adhered to at an asset level.

The Risk, Operations and Compliance Committee ensures principal ESG risks, including climate related physical and transition risks, are identified and controls implemented. The ESG working group advises on ESG strategy and monitors and tracks the ESG performance of investments. The ESG working group provides input as required into other Investment Adviser committees including the Partnership Committee, Risk, Operations and Compliance Committee and Investment Committee.

The Investor Adviser's sustainability policy and investment process as described on page 15 underpin the Company's commitments to sustainable investments. The policy sets out commitments to track environmental and social performance of investments. ESG materiality, risk management and due diligence processes identify ESG issues and incorporate actions into the Company's assets and operating partners' business practices through a continuous improvement management cycle.

The Investment Adviser has appointed a dedicated head of sustainability to support the investment and asset management teams in embedding ESG policy and strategy. Every member of the investment and asset management teams is responsible for implementing the Company investment policy and the stewardship of assets during the investment evaluation, execution, and asset management phases of the investment life cycle. Team training is undertaken to ensure that team members have the appropriate knowledge to carry out their responsibilities. Diversity, equality and inclusion are also important elements of governance and resourcing of stewardship activities with the recognition that a diverse workforce brings different backgrounds and ideas and strengthens decision-making.

Adherence to the investment policy and sustainability policy, and contributions to initiatives that support sustainability are considered in individual staff members' performance assessments, which directly impact overall remuneration. Individuals' participation in professional development and training is provided and encouraged to enhance our ESG capabilities continually.

An external assurance firm is used to verify that investments are aligned with the core SDGs and the energy transition and whether the project also "does no significant harm" to the other 11 SDGs. This process includes reviewing material issues and potential supply chain risks. The external assurance firm was also tasked in 2022 to review eligibility against the EU Taxonomy of sustainable economic activities and undertake technical screening to achieve alignment.

Operating partners are required to have SPE-level ESG processes to manage and mitigate asset associated environmental and social issues. This is identified in an asset-specific sustainable action plan (SAP) which includes expectations for dedicated resourcing for ESG issues, management systems such as ISO 14001 and 4500, key performance indicator reporting and target setting. Limited assurance was obtained on core ESG data submitted by operating partners in 2022.

The Investment Adviser updated its operating policy handbook during 2022 to reflect the expanding business. ESG policies covered are shown in the table below. Operating partners are expected to have corresponding commitments.

ESG policy topics

Environmental		
Energy	Emissions	Water
Biodiversity and habitat	Waste	Natural resource use

Social		
Health & Safety	Human Rights	Responsible sourcing
Worker rights	Community relations	Diversity and inclusion

Governance			
Anti bribery & anti corruption	Whistleblowing and grievance mechanisms	Code of ethical conduct	Conflict of interest

Stakeholder engagement

The Company's investment strategy includes alignment with SDG 17 'Partnership for the Goals' recognising that the SDGs can only be met if all stakeholders work together to mobilise financial resources globally. This is the Company's approach to investment. The values of honesty and integrity, transparency and partnership are integral to stakeholder engagements.

Applying a value chain view to investment impacts on the Company's stakeholders is an important element of the Investment Adviser's ESG risk identification and management process. ESG opportunities, risks and impacts on both the company and from company activities on stakeholders are in scope.

Key performance indicators and the requisite focus on sustainable value creation are communicated to operating partners through contractual requirements and instructed in the asset agreed SAP. The SAP is based on the external SDG assessment, due diligence and materiality analysis.

Strengthening operating partners governance frameworks, implementing management systems including local stakeholder engagement, and enhancing data reporting processes were identified in the asset SAP's for 2022.

OUR APPROACH TO ESG CONTINUED

Our stakeholders

Investors

- The Company invests capital to deliver projects that facilitate the energy transition to net zero while managing ESG impacts.

Partners

- The Company collaborates closely with delivery partners and suppliers to ensure quality, reliable and sustainable assets that deliver on the energy transition to net zero.

Communities and customers

- The Company provides energy infrastructure to enable affordable energy access.
- The Company measures and manages project economic, environmental and social impact.
- The Company is committed to acting with cultural and local awareness and integrity.

Employees

- The commitment, quality and integrity of staff of the Investment Adviser drives the Company's success.
- The Investment Adviser's sustainable development culture ensures a diverse and inclusive workplace focused on health and wellbeing with continual investment in capabilities through training, learning and development.

Environment

- The Company drives responsible business practices beyond commercial objectives across geographic footprint and focused on the SDGs.
- The Company measures the carbon and environmental footprint of its investments.
- The Company seeks to make a positive contribution in operating regions.

ESG risk identification and management process

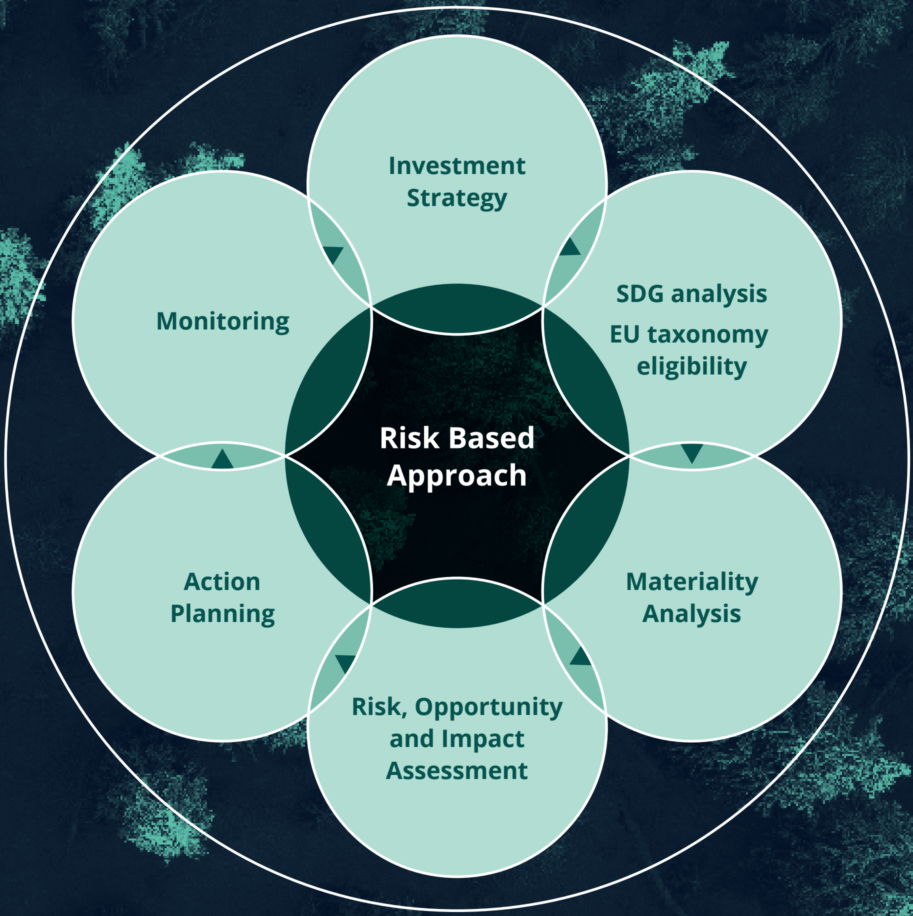
Key performance indicators are reported by the asset on a monthly basis to track progress and identify requirements for intervention.

Performance targets are set on key metrics to support this effort and drive continuous environmental and social improvement at the asset level.

Gaps in management practices and opportunities for improvement are identified. Actions to implement changes and close gaps are included in an asset specific Sustainable Action Plan (SAP).

Operating partners will be self-assessed and audited by priority to assess strength of management practices.

All investments are sustainability focused. Energy infrastructure investments must align with the SDGs and accelerate the energy transition towards a net zero carbon world and follow the four investment pathways.



Investments must pass sustainability eligibility criteria – part of project due diligence and are assessed against EU Taxonomy eligibility.

An external assurance firm assesses the investment against the SDGs and EU Taxonomy.

The International Finance Corporation performance standards, the Global ESG Benchmark for Real Assets and the Sustainability Accounting Standards Board, have identified material energy sector and infrastructure risks and impacts. The Company assesses each investment against these specific risks and impacts, as well as regional and geographic risks to identify the environmental, social and governance (ESG) issues most relevant for the investment.

Material and systemic issues are assessed to prioritize ESG risks and impacts related to:

- The sector of operation.
- The region and country of operation such as those identified by Transparency International, Freedom House, country climate pledges, Global Slavery Index and ILO Labour Rights.
- The operational proximity to local communities, indigenous peoples, cultural heritage and ecological and biodiversity habitats.
- The operational activities such as noise, light, water use, discharge and waste.
- The stakeholders interacting with the operation including employees, contractors and customers.
- The operating partner company resourcing and policies for ESG management.

The asset is risk assessed on this basis, accounting for the probability of impacts and the quality of controls that operator has in place.

OUR APPROACH TO ESG CONTINUED

Material topics

The diverse nature of the portfolio is reflected in a varied range of operational priorities. The systemic issues identified for the energy sector include energy generated, greenhouse gas emissions produced and avoided, pollutant air emissions produced and avoided, supply chain management and climate risk. See The Task Force on Climate-Related Financial Disclosures (TCFD) on page 59 for further information on climate-related risks and metrics. Topics that may be identified as material are explained in the table below.

Impact	Description of company action
Greenhouse gas emissions	The Company will report GHG emissions and avoidance and put in place reduction measures where necessary aligned with net zero goals.
Climate physical risk and vulnerability	The Company will assess asset vulnerability to climate related physical risks and implement appropriate adaptation measures.
Energy	The Company will manage and report on energy consumption and generation from non-renewable and renewable sources.
Air pollution	The Company will measure and reduce air pollution from operations where applicable.
Hazardous substances	The Company will disclose and mitigate the production or use of substances that can pose human health and environmental harm.
Water use and discharges	The Company will use water efficiently and disclose the quantity and method of withdrawal and responsible disposal.
Waste	The Company will implement a waste management hierarchy to promote reuse, recycling, and responsible disposal to minimize environmental impact.
Material sourcing and efficiency	The Company will account for the environmental and social impacts of the products and materials procured and their efficiency in use with the aim of limiting impacts in the value chain.
End of life management	The Company will take a life cycle approach to management and consider the disposal and recyclability of equipment and plant at the end of life.
Biodiversity and habitat	The Company will take a do no significant harm approach to biodiversity and habitat and manage any impacts to ecologically rich areas from operations.
Health and safety	The Company will manage hazards and risks to those that interact with the assets through operational health and safety policies, management plans, training, and reporting processes.
Employment	The Company will engage employees through policies and benefits to support retention, and provide jobs and build capacity locally.
Inclusion and diversity	The Company will put in place policies and plans to promote diversity of boards and employees, equal opportunity and anti- discrimination, and reporting progress.
Forced or compulsory labour	The Company will implement processes to prevent, identify and manage modern slavery risks to operations and value chains.
Community development	The Company will take an active role in the local communities to mitigate any negative impacts and leave a positive legacy.
ESG oversight and resourcing	The Company will appropriately resource to manage ESG related issues with effective reporting to the Board.
Cybersecurity and data protection	The Company will protect information technology from unauthorized use or attacks, and protect customer privacy and their data from misuse and theft.
Whistle-blower protection	The Company will implement procedures to enable stakeholders to raise issues such as unethical and dangerous practices, and to protect those who do raise these issues.

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Company is not required to disclose under TCFD however it is the Company's intention to include in its annual financial report climate-related disclosures in accordance with the ethos of the TCFD recommendations and it is committed to strengthening disclosures over time. As 2022 is the baseline year for operational data, climate-related targets will be based on this performance and will be published through the Net Zero Asset Managers Initiative (NZAMI). The Company is also developing its scenario capabilities and aims to provide quantitative analysis in the future.

Governance pillar

An orderly energy transition towards climate change goals is the key opportunity for the Company. The Company's strategy is to target direct investments in energy infrastructure assets that support the SDGs, specifically those that address themes that include climate change, energy access, energy efficiency and market liberalisation. Climate change issues are therefore intrinsically considered by both the Board and the Investment Adviser.

The **GSEO Board** has oversight of the business model and strategy. It meets at least four times a year and is responsible for the ongoing process of identifying, carrying out a robust assessment of, and managing and mitigating the principal risks faced by the company.	The Board's **Audit Committee**, which is comprised of four independent Directors, meet at least twice a year and has responsibility for reviewing the Company's risk management systems. The Committee reviews and updates the Company's **risk register** which includes **climate-related issues.**
	Louise Kingham CBE, is the Board member with responsibility for ESG and sustainability matters for the Company.
	The Board has oversight of the Investment Adviser and the AIFM.
The Investment Adviser (together with the AIFM) has responsibility for implementing the Company's investment strategy, managing the Company investments and reporting to the Board. There are three relevant subcommittees at the Investment Adviser level which address climate-related issues.	The **Risk, Operations and Compliance Committee** ensures risks are identified and control measures are put in place to mitigate the risk
	The **ESG working group** gives recommendations on ESG integration into the investment strategy and asset management throughout an asset's life. This includes appropriate ESG target setting, monitoring and reporting.
	The **Investment Adviser and AIFM investment committees** evaluate investment opportunities aligned with the SDGs with the purpose of accelerating the energy transition towards a net zero carbon world. An external assurance consultant is used to advise on this project selection following a robust due diligence process.
The Investment Adviser works closely with **operating partners** through regular meetings and monthly reports covering climate-related issues.	Operational **carbon footprints** are calculated including life cycle analysis of energy generation projects to understand their contribution to the Company net zero target.
	Actions are put in place to reduce operation emissions and other environmental impacts, including understanding supply chain and value chain impacts. Operating partners confirm their compliance with relevant policies.
	For construction assets, operating partners are required to ensure **ESG management practices** are aligned with the Investment Adviser's sustainable development culture.

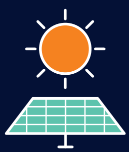
FINANCE STABILITY BOARD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Strategy pillar

The Company's investment policy is to deploy the Company's funds into a diversified portfolio of global sustainable energy infrastructure assets that support the attainment and pursuit of the SDGs where energy and energy infrastructure investments are either a direct contributor to the acceleration of the energy transition towards a net zero carbon world or can be categorised into one or more of the four "Investment Pathways" that constitute its investment themes. These Investment Pathways are:

Pathway I – Addressing climate change

The objective is to reduce the impact of greenhouse gases (GHGs) through investing in renewable energy technologies and fuel sources. As such, the Company will invest a large portion of its deployable capital into renewable energy infrastructure assets involved in power generation, energy storage, and alternative fuel sources.



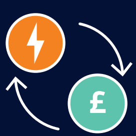
Pathway II – Energy access

Energy is vital for our quality of life but globally there is not universal access. According to the UN, 800 million people are without electricity or power, and 2.6bn people have no access to clean fuels for cooking. Growth in access to energy, which also adheres to other SDGs such as Climate Change, is a key challenge for governments, investors and businesses alike. There is an acknowledgement that a level of pragmatism is required in meeting SDG policies. Traditional non-renewable energy sources are likely to continue playing a role in the energy mix of world economies. Investment in distributed technologies that generate electricity at or near where it is used such as solar panels or combined heat and power with carbon capture technology will enable this access.

Pathway III – Energy efficiency

Energy efficiency reduces GHGs and reduces demand for energy imports into domestic markets, thereby lowering the cost of energy to households, businesses and the economy overall. Energy efficiency may also be achieved at the grid and national levels through investment in some of the following areas, which the Company may consider as part of its investment focus:

1. Power interconnectors
2. Grid resilience and frequency response
3. Investment in ageing grid systems which were developed as one-way transmission systems.



Pathway IV – Market liberalisation

SDG 7, speaks of ensuring universal access to affordable, reliable and modern energy supply. The liberalisation of energy markets is the first stage in the development and modernisation process of an energy market.

The Company's investments inherently improve environmental performance; for example, in Brazil, investment in a portfolio of solar PV assets will accelerate the growth of a sustainable energy system by improving and securing localised access to clean energy and helping to lower Brazilian energy prices. The UK flexible power with CCR assets will use a less pollutive fuel in natural gas, as well as reduce emissions through efficient carbon capture and reuse technologies. The Company's energy infrastructure assets are long term in nature.

The Company has aligned its time horizons with the NZAMI which supports the goal of net zero GHG emission by 2050 where:

- Long term time horizon 2050 (25-30 years)
- Mid term time horizon 2030 (10–15 years)
- Short term time horizon 2025 (3-5 years).

Risk management

The Company's principal risk management process, as well as the risk and opportunity-based approach to ESG management described on page 56, is how the relevant climate risks and opportunities are identified. These risks are outlined in the table below. This is considered within the selection and screening of energy infrastructure investments. The risk management process considers type of infrastructure and geographic risks. Local partners are engaged to assess environmental management practices and processes, and to broaden understanding of stakeholder perspectives.

In 2022 the Investment Adviser contracted an expert third party sustainability consultant to conduct physical climate risk and vulnerability assessments (CRVA) for each of the Company's investments.

The CRVA was conducted in accordance with the criteria of the EU Commission Delegated Regulation (EU) 2021/2139 which form the Technical Screening Criteria of the EU Taxonomy. Specifically, to accord with the requirements of Appendix A of the above regulation, the Generic Criteria for Do No Significant Harm to Climate Change Adaptation.

The CRVA was carried out using climate projections across different Representative Concentrations Pathways used by the Intergovernmental Panel on Climate Change (IPCC) fifth assessment report (AR5).

Climate modelling of regional impacts on the locations where each of the Company's assets are situated was used. The impacts of these changes were interpreted in order to understand the physical hazards the assets might experience over their lifetime. The sustainable energy infrastructure investments considered under the CRVA have expected lifespans greater than 10 years.

Vulnerability of the assets to projected climate-related hazards was considered based on asset design standards, site locations and risk to climate-related impacts as well as historic climate-related issues which may have been experienced in the region. The Company also considers the type of asset and whether it will be impacted by changes in weather (e.g., wind and solar power), supply chain disruption (e.g., energy supply), and market demands.

Adaptation solutions were identified based on the outputs of the CRVA. These adaptations show how the resilience of the asset is improved to withstand such vulnerabilities. The most common hazards identified was the potential for wildfire or flood. All assets have appropriate drainage designed and in some cases enhanced to move excess water away from sites. All sites also have appropriate firefighting equipment installed.

There is uncertainty in terms of how climate change will impact individual operations as well as the impact of global efforts to achieve an orderly energy transition. Initially the company has taken a qualitative approach to identifying climate-related physical and transition risks and opportunities. As the Company matures, it aims to develop understanding of the potential financial impacts under different transition scenarios from these physical and transition risks on global assets. Generally the Company's financial materiality threshold for climate-related risks and opportunities is 3% NAV after considering risk mitigation. However, the unpredictability of climate-related weather events means that the Company takes a more cautious approach to asset management and insurance to mitigate this in the longer term.

For transition risks, the Company's investment process selects projects that align to the energy transition to net zero. Various parameters are considered including policy and regulatory changes and stringency, technology and energy mix, energy demand and capacity changes and associated costs or profits to the business.

Investments are considered under several scenarios relevant to the Company's diverse energy infrastructure investments including:

- IEA World Energy Model Net Zero Energy 2050
- IEA World Energy Model Stated Policies Scenario
- UNPRI Inevitable Policy Response
- Network for Greening the Financial System (NGFS) climate scenarios
- IPCC Shared Socioeconomic Pathways (SSP) 1, 2 and 5
- IPCC Representative Concentration Pathways (RCP)

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Risk	Potential impact	Mitigation
Physical risks		
Longer term changes in climate patterns, e.g., reduction or increase in wind levels, drought, decrease in solar optimal days impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	Reduction in output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation.	The Company invests in a portfolio of energy transition infrastructure assets, diversified by geography, technology and capability. These investments are targeted at the energy transition to net zero. This will provide a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium- and long-term. At the asset level weather conditions are monitored and many of the renewable projects have battery storage capabilities to optimise energy input to the grid. Meteorology and feedback due diligence is undertaken before investment and reviewed regularly. All assets have crisis management and business continuity plans to respond to disruptions. The assets are required to have continuous improvement management systems to build capability and capacity in the local teams and operations.
Increased insurance premium for assets in high-risk locations.	Increased cost of doing business.	When making investments the due diligence process accounts for climate change risk and impacts. The Investment Adviser employs an insurance specialist when making investments and seeks to have appropriate contractual warranties, indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.
Transition risks		
Market shifts may dampen ability to engage investors on a broader portfolio of energy transition projects than a traditional European renewable focus including different geographies and new technologies e.g., carbon capture and reuse.	Reduction in the availability of capital to invest in energy transition projects.	There is strong public demand for support of the renewable energy market towards net zero carbon emission targets. The Company is expected to hold most of its investments on a long-term basis and the Board and the Investment Adviser monitor the position on a regular basis. The senior management team of the Investment Adviser has extensive experience in executing strategies similar to that of the Company.

Risk	Potential impact	Mitigation
Policy shift may introduce regulation around climate change e.g., increased disclosure, taxes etc.	Increased cost of doing business. Reduction in the availability of capital to invest in energy transition projects.	The Company is supportive of the policy aims of disclosure regulation and will comply with it and monitor changes. The Company, via the Investment Adviser, engages with partners and stakeholders to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate-related KPIs including energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. The Company investment strategy targeting the energy transition is aligned with global policy movements on climate change which would limit impact.
Transition opportunities		
Decarbonisation policy and market shifts will drive new renewable energy, new fuels and energy storage opportunities. This is aligned with the Company's strategy to invest in energy transition infrastructure. Increased need for global energy access from a mix of sources as developing countries expand grid access to populations.	Increased availability and deal origination as well as capital directed towards energy transition opportunities in support of the Company's investment strategy.	A pipeline of investments is constantly being identified and refreshed, with the Investment Adviser regularly reporting to the Board on this pipeline.
Increased investment in energy efficiency grid infrastructure leading to increase in opportunities for investment.	Reinforcement of intangible benefits such as reputation, brand and goodwill, together with employee, partner and stakeholder engagement.	The Investment Adviser uses the extensive experience of its senior management team in executing strategies similar to that of the Company to raise funds and successfully invest.
Market liberalisation in developed and developing economies is creating opportunity for market share in renewable and alternative energy opportunities in new geographies.	Access to new markets leading to an enhanced competitive position and improved resource efficiency reducing operating costs.	The Investment Adviser has engaged globally with various companies and investors to support expansion of the Company and sustainable energy infrastructure investments.
Decentralisation of energy generation creating new opportunities for investment in renewable and other sustainable energy infrastructure.	Enhanced competitive position reflecting shifting preferences and increased revenues through new solutions, access to new markets, diversification, resilience planning, relationships.	A pipeline of investments is constantly being identified, with the Investment Adviser regularly reporting to the Board on this pipeline.

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

The risks and opportunities to a project's underlying strategy have been considered qualitatively under different physical and transition climate scenarios as described on page 61. This was considered over a longer-term time horizon of 25-30 years to understand the resilience of the Company's position. The table below shows the assessed risk to investment opportunities by asset class in different energy transition scenarios described above and the physical climate risk under different RCPs. This assumes no adaptation measures. The CRVA identified good mitigation measures for assets so under business-as-usual scenarios the assets have appropriate adaptation in place for worst case physical climate risks.

Climate Risk
Low = 1, Medium = 2, High = 3

Scenario	Asset class	Physical risk (RCP)	Transition risk (IEA)
Paris ambitious 1.5 degrees	Solar PV	1	1
	Hydro	1	1
	Terminal Storage	1	2
	Flexible power with CCR	1	2
Disorderly/inevitable policy response below 2 degrees	Solar PV	2	1
	Hydro	2	1
	Terminal Storage	2	2
	Flexible power with CCR	2	2
Business as usual/current policies	Solar PV	3	1
	Hydro	3	1
	Terminal Storage	3	1
	Flexible power + CCR	3	1

The analysis of the Company's business strategy under different scenarios took into consideration the current geographic locations of assets and critical Tier 1 supply chain companies such as solar panel manufacturers. The Company's business strategy supports a transition scenario.

The financial impact and resilience of the Company's investment strategy to different climate scenarios is inherent in the Investment Adviser's financial modelling processes. It is the Company's objective to accelerate an orderly transition via its investments. It is also expected that the investments would be resilient in case of a failure to achieve the energy transition. The Investment Adviser's financial and valuation models include the impact of different variables such as energy demand and future mix, key commodity prices, and demographic shifts such as population growth. The models are also geographically tailored, as the national mandated targets for renewable and other energy source penetration in the energy mix, as well as carbon reduction policies of the investment country and region are critical in understanding investment impact and suitability.

Metrics and targets

The Company's goal is to enable the transition to net zero through its strategic focus on sustainable energy assets that align with the SDGs. The Company aims to meet the Paris Agreement target and achieve net zero carbon emissions in its portfolio by 2050.

The Company reports on energy generation, consumption and associated carbon emissions. In 2022 the Investment Adviser became signatory to the NZAMI and commissioned an external adviser to develop a road map towards a 2050 net zero goal with a target for the Company portfolio. The carbon intensity of the Company's portfolio is low. The Company predicts the majority of emissions that will require reduction by 2050 will be Scope 3. The Company will publish its net zero 2050 target and associated road map for operational assets in 2023 which we will be updated based on 2022 baseline emissions.

The Company takes a life cycle approach to understand carbon impact and footprint of each of the renewable power generation investments and the future carbon capture project. The Company conducted a life cycle assessment (LCA) of embodied emissions of the energy generation assets in the portfolio. This data was first published in the 2021 annual report. This analysis was updated with the acquisition of the Mascarenhas Brazilian hydro facility at the end of 2022 and is included in the table below. This analysis was completed by a third party sustainability expert with the methodology described below.

The data was calculated on a 25-year life cycle and includes import and export data that is indicative of full life emissions avoided. The LCA process for each asset was completed using actual and predicted asset data as far as possible supported with data derived from the EcoInvent 3.8 database. This approach enabled the embodied CO_2e emissions within each asset to be calculated. These include emissions associated with raw material extraction, manufacture, transport, construction, operations and decommissioning and recycling. The objective was to understand the true avoided emissions for each asset and account for emissions associated with the development of each asset.

The avoided emissions calculations take in to account local factors such as carbon intensity of the energy type being replaced at a local level and local irradiance levels. The expected decarbonisation of traditional baseload energy supply aligned with country commitments towards net zero by 2050 was also factored in. The calculations therefore accounted for expected decarbonisation trajectory of grid supplied energy and the CO_2e avoided figures at all phases of the asset life cycle for each country in which assets are located. However, a declining grid carbon intensity has not been carried through for Brazil as the grid has established low carbon intensity and Brazil is not considered aligned to net zero by 2050. The Brazilian calculations therefore do not account for the type and carbon intensity of electricity generation being displaced by the solar PV assets, nor the benefits of distributed power generation. A reduction in electricity losses along transmission and distribution lines means the remote solar PV assets in Brazil will provide a more efficient and cleaner source of energy locally, supporting future growth and energy access. The Company is tracking progress on carbon emission payback as calculated in the LCA. Considering the estimated and actual energy generation and associated avoided emission calculations the 'payback' period for the Australian solar PV with battery storage assets has reduced to 4.2 years. The Brazilian hydro facility was commissioned in 1974 and has a short 'payback' period for its embodied emissions which means the facility is providing zero emission electricity into the grid.

Energy generation assets carbon life cycle analysis

	Units	UK	Australia	Brazil (solar)	Brazil (hydro)	Portfolio
Embodied emissions	Kg CO_2e	1,321,045	79,655,870	114,276,353	175,381,510	370,634,778
Operational emissions	Kg CO_2e	93,210,017	1,133,373	12,867,804	1,865,990	109,077,184
Total life cycle emissions	**Kg CO_2e**	**94,531,062**	**80,789,243**	**127,144,157**	**177,247,500**	**479,711,962**
Emissions avoided	Kg CO_2e	246,557,717	321,997,694	197,048,974	9,157,834,560	9,923,438,946
Net emissions avoided over lifetime	**Kg CO_2e**	**152,026,655**	**241,208,451**	**69,904,817**	**8,982,453,050**	**9,443,726,984**
Average savings per annum	Kg CO_2e	9,862,309	12,879,908	7,881,959	91,578,346	122,202,521
CO_2 Payback	Year	9.6	6.4	16.1	1.9	4

2022 emissions data

The Company strategy is focused on supporting climate action by accelerating the energy transition through its investments in climate resilient energy infrastructure. The management of investment impacts including measuring an asset's carbon footprint and taking action to decarbonise is an important element in the company's climate action approach.

As the first full year for the Company's operational assets, 2022 is the baseline year for data collection. This data will inform specific actions to meet net zero targets. The table below covers the Company's scope 1, scope 2 and scope 3 emissions from the operational assets including the Australian solar PV assets, Brazilian solar PV assets which commissioned in 2022 and USA terminal storage assets.

Data collection and calculations were completed in line with the Company's basis of ESG reporting document which is informed by the GHG protocol and Global Reporting Initiative guidance. Assets under construction or were acquired with fewer than 6 months data were not included in the reporting scope for assurance.

All sites provide operational data however gaps remain in calculating scope 3 emissions due to difficulties sourcing data from the asset value chain, for example destinations of freight for the US terminal storage assets. For the solar PV assets the scope 3 emissions from transmission and distribution (T&D) are accounted for.

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

The FY22 social metrics and scope 1, 2 and 3 emissions within this report annotated with a ± symbol have been independently assured through a limited assurance engagement conducted in accordance with the International Standard on Assurance 3000 (ISAE 3000) and International Standard on Assurance 3410 "Assurance engagements on greenhouse gas statements" (ISAE 3410).

Portfolio energy use and GHG emissions for 2022

Scope	Energy use (KWh)	GHG emissions (tonnes CO_2e)
Scope 1	21,729,405	3,950±
Scope 2	2,492,317	909±
Total Operational (scope 1&2)	**24,221,722**	**4859±**
Scope 3		7,103±
Avoided emissions		14,349±

GHG emissions scope definitions and methodology

The Company collects GHG emission data monthly from its wholly owned operational subsidiaries and reports totals annually. The Company is strengthening its reporting process to include construction assets in future reports. Figures reported currently only include operational assets where indicated.

The Company uses the following standards to report its GHG emissions: the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) GHG Protocol as of 31 December 2014, the GHG Protocol Scope 2 Guidance, and the Carbon Disclosure Standards Board. The Company defines its emissions boundary as those under majority ownership (+50%). The Company assets are wholly owned by the company and therefore 100% of emissions reported are under the Company's financial control.

The operational carbon footprint of assets is calculated from absolute energy consumption reported by the assets.

Scope 1 comprises direct emissions from Company owned and controlled plant and equipment, including natural gas, propane, diesel and automotive fuel.

Scope 2 comprises indirect emissions from purchased renewable and non-renewable electricity using location based calculation method.

Scope 3 comprises indirect emissions from non-Company owned and controlled plant and equipment, including rail and truck fuel freight inbound to the storage terminal, waste, water use and fuel and energy related activities not included in scope 1 and 2.

Regional and country specific emission factors are used to calculate GHG emissions provided through the data collection software Diligent (previously Accuvio). These factors can be accessed on the Diligent ESG reporting system and included IEA, UK BEIS, US EPA and Australian National Greenhouse Accounting factors.

Avoided emissions from renewable energy generated by solar PV assets are calculated using WRI/WBCSD guidelines for quantifying GHG reductions from grid-connected electricity projects accounting for T&D losses.

Under the TCFD asset managers are required to provide the weighted average carbon intensity for the investment strategy. This metric with other carbon footprinting metrics using formula provided by the TCFD are included in the table below.

The source of operational emissions includes imported electricity from the grid, fuel used in asset owned vehicles and natural gas for heating and operations.

TCFD carbon footprinting and exposure metrics

Portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/$M revenue	68 tCO_2e/$M
The absolute greenhouse gas emissions associated with a portfolio, expressed in tonnes CO_2e	1,710 tCO_2e
Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tonnes CO_2e/$M invested	3 tCO_2e/$M

Carbon footprinting and exposure metrics for the portfolio operating assets were calculated using formula recommended by the TCFD for asset owners and asset managers published in 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures', June 2017, section D supplemental guidance for the financial sector.

OPERATIONAL ESG PROGRESS

Environmental

Through asset ownership and active engagement with operating partners the Company is committed to minimising the environmental footprint of its assets by reducing resource consumption. 2022 is the baseline year for data collection and targets will be set and reported on in 2023.

The table below provides absolute figures of the material environmental metrics. Water is used in some operational processes, however no assets in 2022 were located in regions of water stress. Waste was produced due to construction activities predominantly. Minimal waste is produced during normal operations. A recycling company is used to remove waste from the US terminal storage assets.

Renewable energy generated from the solar PV assets is a key impact metric for the Company strategy. Over 35,000 megawatt hours were produced in 2022 the equivalent to powering over 9000 average sized UK homes. This data is collected at the site level and assurance provided at the portfolio level.

Metric	Unit	Australia	Brazil	USA	Portfolio
Water used	megalitres	n/a	n/a	45	45
Waste produced	tonnes	n/a	n/a	31	31
Renewable energy	MWh	22,853	12,265	n/a	35,118$^{\pm}$
GHG emissions avoided	tonnes CO_2e	13,204	1,145	n/a	14,349$^{\pm}$
Nitrous Oxides (NOx) avoided	tonnes	n/a	n/a	2,048	2,048$^{\pm}$
Sulfur Oxides (SOx) avoided	tonnes	n/a	n/a	20,613	20,613$^{\pm}$
Particulate Matter (PM) 10 avoided	tonnes	n/a	n/a	1,049	1,049$^{\pm}$
Particulate Matter (PM) 2.5 avoided	tonnes	n/a	n/a	770	770$^{\pm}$

Pollutant emissions factors published by 'European Monitoring and Evaluation Programme / European Environment Agency Air Pollutant Emission Inventory Guidebook 2019' for both HSFO and ULSD are used to calculate avoided NOx, SOx and PM emissions, using 'Heavy Fuel Oil' as the base fuel for HSFO and emissions through 'Diesel Large SUV Euro 6' as the base fuel for ULSD.

There were no chemical spills, wildlife fatalities, habitat loss or environmental fines or findings of noncompliance at Company assets in 2022. For greenhouse gas emissions calculations and carbon intensity metrics see the TCFD section on page 59.

The avoided emissions calculated and reported from displacing the HSFO from the Mexican market, the strategic aim of the US terminal storage assets, focus on beneficial air emissions reductions including SOx, NOx and PM. This is calculated by comparing the emissions from combusting HSFO compared to those from ULSD combustion where there is a reduction. The quantity of PM removed was the equivalent of removing over 6 million average cars from the Mexican roads.

The Company reports on these pollutants because of the benefits to human health and the environment from their removal. This includes a reduction in acid rain and associated respiratory diseases and ill health.

Social

The assets do not employ site workers, however the operating partner does. The social data reported and assured below includes operating partner contracted workers who interact with site operations and work directly on site. This is reported as full time equivalent (FTE) for the financial year 2022. This excludes temporary workers and managerial employees working elsewhere on several assets.

The Brazilian solar PV assets were excluded from the social metric limited assurance as no employees were employed by the operating partner of the assets during financial year 2022. The Brazilian sites were under construction in 2022 with workers employed by the engineering, procurement and construction (EPC) company. These EPC number have been reported for information but have not fallen within the scope of limited assurance.

One worker on the Australian solar PV with battery storage assets was employed on site during 2022 half the year for the EPC and half for the operating partner and is reflected in the data. Figures have been reported at asset and portfolio level.

Employee metrics for 2022

Metric	Unit	Total portfolio	Brazil	Australia	USA	Australia
		EPC & operating partner	EPC contractors		Operating partner workers±	
Gender Diversity						
Male	% (Average number FTE for FY2022)	89	88	100	93±	100±
Female		11	12	0	7±	0±
Other		0	0	0	0±	0±
Employee turnover	%	3	0	0	29±	0±
Total number of employees	FTE	209	185	1	22	1

± Social data under limited assurance.

Health and safety metrics for 2022

Metric	Unit	Portfolio	Brazil	Australia	USA
		EPC & operating partner	EPC	Operating partner	Operating partner
Health and Safety					
Total number of incidents[1]	Number of incidents	2	1	1±	0±
Total Case injury rate (TCIR)[2]	Total number of recordable injuries x 200,000/ annual hours worked	1	1	0±	0±

[1] Incidents are all operational incidents including near misses, accidents and injuries.
[2] TCIR is a work related illness or injury as defined by the RIDDOR – Reporting of Injuries, Disease and Dangerous Occurrences Regulations.

Health and safety

Health and safety of asset workers is a priority for the Company. The Company expects all sites to have policies and management systems in place to drive continuous improvement in health, safety and environmental management. In 2022, 100% of assets had health and safety policies in place.

Due to the diverse businesses and technologies in the Company, material health and safety hazards and actions will vary. The total case injury rate (TCIR) for the operational assets was zero for 2022. Including the unassured construction sites, the TCIR was 1.

Health and safety data is reported monthly, and incidents reported within 24 hours of the event. The terminal storage asset which has the highest number of workers on site recorded no accidents for the second year. There were two health and safety incidents reported in the portfolio during 2022. There was a near miss event with a small operational fire at one of the Australian solar PV with battery storage assets in January. This did not result in injury so is not included in the TCIR calculation. A root cause investigation was carried out to discover the fault and as a result all connectors on site were replaced as a precautionary measure. The incident tested the incident response capabilities of the operating partner and installed protection and control functionality of the site. The incident resulted in immaterial downtime for the plant.

A minor injury occurred in June at one of the Brazilian solar PV assets when a construction worker injured himself having misused some equipment resulting in 3 missed work days. The developer partner carried out a root cause investigation and ensured appropriate training and personal protective equipment was available on site.

The Company aims for zero incidents and is working with all operators to ensure asset appropriate health and safety management systems are in place, for example the US terminal storage assets are working towards ISO 45001 certification.

OPERATIONAL ESG PROGRESS CONTINUED

Diversity

SDG 5 on gender equality recognises the importance of equal female participation in decision making to achieve the SDGs. The Company recognises the benefits of a diverse workforce to drive creativity, innovation and for cultural sensitivity across a global portfolio. The Company, through its investments, is committed to providing equal opportunities for all employees irrespective of race, colour, religion or belief, ethnic or national origins, gender, age, family status, sexual orientation, disability, or political opinion.

The Investment Adviser has an equality and diversity and inclusion policy which applies to all aspects of employment, including recruitment and selection, appraisal, training and promotion, pay and conditions and to any dealings with customers and clients. Selection for employment, promotion, training or any other benefit will be based on aptitude and ability. All operating partners are required to have a comparable policy that addresses equal opportunities and anti-discrimination. This was self assessed in 2022. The Company recognises that gender diversity is low within its operating-partners – this is due to the energy industry traditionally being male dominated but also low employment requirements in the solar industry. A solar PV asset typically has one caretaker that undertakes regular maintenance on site. Employee turnover was high for the US terminal storage asset and attributed to natural attrition due to the change in management when the asset was bought. This will continue to be monitored.

The Company board had a 50% gender split in 2022.

Supply chain

Risks in the supply chain are mitigated by selecting reputable suppliers and using appropriate contract language in service and supplier contracts. For potentially high-risk suppliers, for example, PV panel manufacturers operating in China, the Investment Adviser has engaged with operators and suppliers to understand any exposure to human rights issues such as child labour. The Investment Adviser engaged operating partners through 2022 to support roll out of a supplier code of conduct that addresses ESG expectations where one does not currently exist.

Governance

There were no grievances or whistleblowing reports in 2022. All operating partners continued to implement anti-bribery and corruption and whistleblowing policies and processes in 2022.

Brazil hydro facility ESG case study:

Developing a sustainability action plan

The Company strategy post-investment looks beyond the asset's core energy transition activity to take account of how the asset is operated. Managing practices should ensure that the asset contributes to a sustainable future by being inclusive, efficient and clean. The purpose of an asset Sustainability Action Plan (SAP or plan) is to articulate mutually agreed actions to achieve sustainable management practices. A plan for Mascarenhas, the Brazilian hydro facility, was developed with Paraty Energia the operating partner.

Mascarenhas is a 198MW run of river Hydro Electric Plants (HPP) on the Doce River in Espirito Santo, in the Southeast region of Brazil. The acquisition's energy transition and sustainability aims are to maintain and develop the project's renewable energy generation of the asset. The facility activity results in GHG emission reductions by avoiding the dispatch of energy produced by fossil-fuelled thermal plants to the grid and supporting new renewable generation by providing baseload power. The facility also helps avoid energy import from other states into the project state improving energy efficiency of local electricity provision.

The facility promotes environmental sustainability by reducing local air pollution that may otherwise be emitted and contributes to sustainable development by hiring local labour, paying municipal taxes and environmental and stakeholder engagement through programmes.

The hydro facility became operational in 1974 and so the aim of the SAP is to create improvement on the existing social and environmental baseline. Potential environmental and social issues identified during a materiality analysis comprised sedimentation management, watershed management such as afforestation, community development and livelihood opportunities, water quality and pollution management including cumulative impacts of other activities upstream.

The operating partner agreed to an action plan which commits the asset to obtaining certification against the International Hydropower Association (IHA) sustainability standard within 3 years. This includes completing an environmental and social baseline study in the first year to identify opportunities for adding value.

The aim is to preserve the facility's existing environmental and social value while creating additional value through active ownership and stewardship of the investment.

OPERATIONAL ESG PROGRESS CONTINUED

Membership and signatories

The Investment Adviser was accepted as a signatory to the UK stewardship code in 2022 reflecting its commitment to active ownership and ensuring assets are managed responsibly aligned with the SDGs. The Investment Adviser was also accepted as a member of the Global Impact Investing Network (GIIN) and the Net Zero Asset Managers Initiative (NZAMI).

THE EU SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR) 2019/2088

SFDR was introduced by the European Commission as part of a package of legislative measures arising from the European Commission's action plan on sustainable finance. The Company has sustainable investment as its objective as described on page 4. Article 9 funds under SFDR are products that have a sustainable investment objective.

SFDR imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants with Article 9 funds. The aim is to standardise disclosures on how ESG factors are integrated into investment decision processes and how risks and impacts of those investments are managed in the European Union.

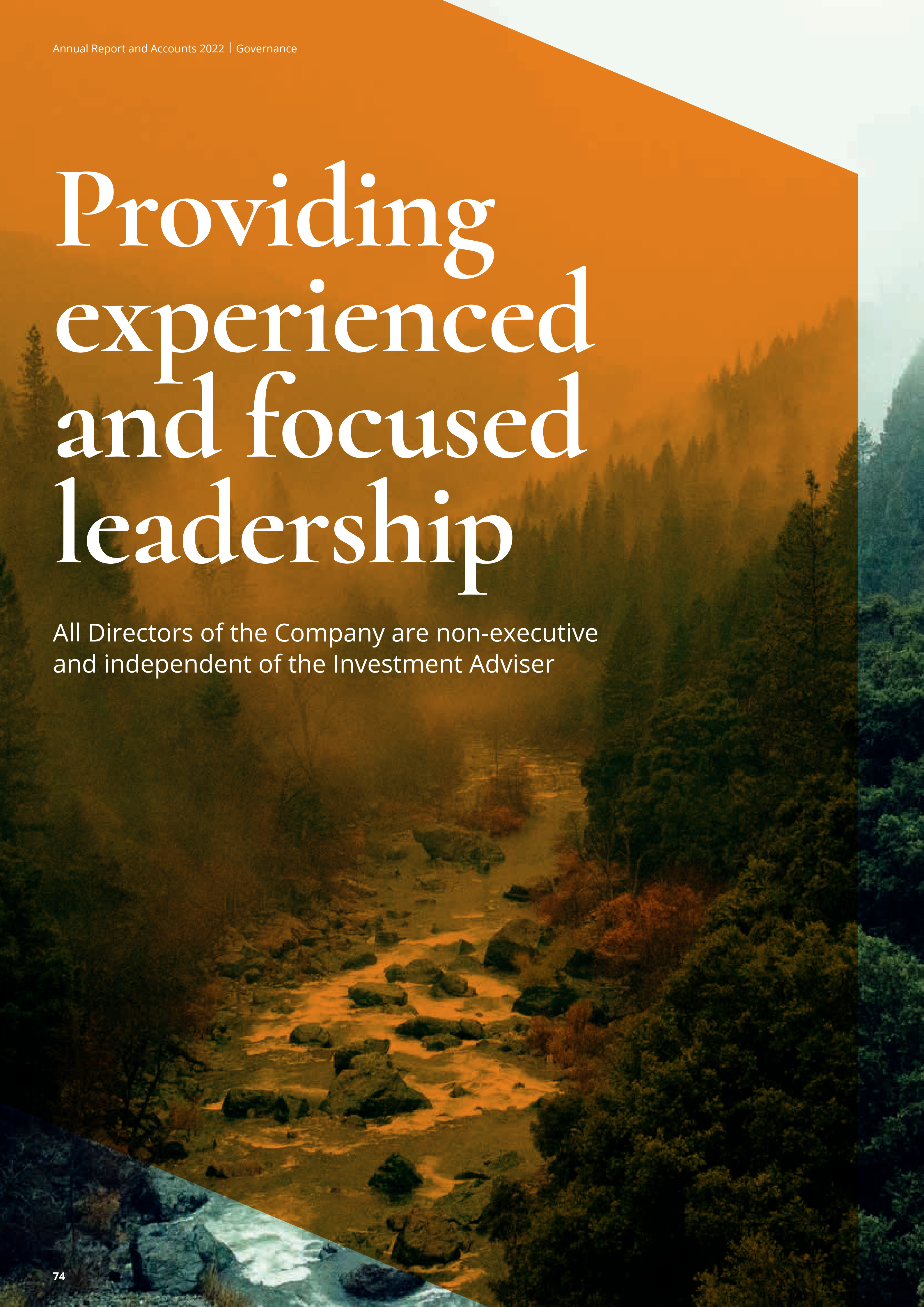
SFDR requires disclosure of information on its website, in the pre-contractual information and in the periodic information provided to investors. In anticipation of these requirements the Investment Adviser published a Principal Adverse Sustainability Impact Statement (PAIS) on the company website covering preliminary information from 2021. This document can be found on the Investment Adviser's website www.victory-hill.com. The disclosure will be updated this year to reflect 2022 data as described in this report.

The Investment Adviser considers principal adverse impacts of its investment advice on investment decisions and asset management. The material issues that may impact infrastructure investments and conversely the impacts they may have on stakeholders and the environment will vary depending on asset characteristics and geographic location. The material principal adverse impacts and associated indicators measured may be specific to individual assets and may vary across the Portfolio. The Company considers the systemic ESG risks associated with infrastructure projects as described on page 56.

The company's SFDR Annex V disclosure can be found on page 141.

Providing experienced and focused leadership

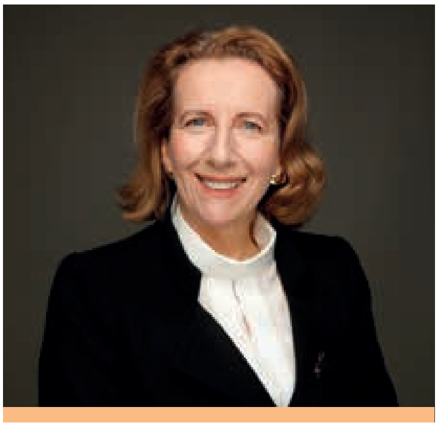
All Directors of the Company are non-executive and independent of the Investment Adviser



MEET THE BOARD

Bernard Bulkin, PHD, OBE
Chair of the Board and Chair of the Nomination Committee

Over 35 years in the energy industry. Experienced Board Member and Chairman. Currently a director of ATN International Inc, a NASDAQ-listed company. Business and commercial roles including chief scientist of BP, former member of the UK Sustainable Development Commission and Chair of The Office of Renewable Energy of UK Government.



Margaret Stephens
Chair of the Audit Committee

Qualified Chartered Accountant and a 28-year career with KPMG. 16 years as a partner focused on global infrastructure and international M&A. Currently, Trustee Director and Chair of Audit of the Nuclear Liabilities Fund, Non-Executive Director and Chair of the Remuneration Committee of AVI Japan Opportunity Trust plc. Formerly, a non-executive Board Member and Chair of the Audit and Risk Committee at the Department for Exiting the European Union.

Louise Kingham, CBE
Non-executive Director

30 years' experience in the energy sector. Currently BP's UK Head of Country and Senior Vice President for Europe. Prior to this, Louise was CEO of the Energy Institute. She was previously a non-executive board member of the Energy Saving Trust and Chair of its charitable Foundation. She is also an Ambassador for the POWERful Women and 25x25 gender diversity initiatives and chair of Business in the Community's Climate Action leadership team.

Richard Horlick
Chair of the Management Engagement Committee

Over 40 years' experience in the investment management industry. Currently the Chair of CCLA Investment Management, Chair of BH Macro Ltd and Chair of Riverstone Energy Limited. Former roles at Newton Investment Management, Fidelity International, including CEO of Fidelity Management Trust Company and main board member, Global Head of Investments at Schroders plc.

Daniella Carneiro[1]
Chair of the Remuneration Committee

Over 30 years of global experience in project development, governance, strategy, tax and M&A with major companies including KPMG and Shell. A non-executive director and Chair of the Energy & Decarbonisation Committee of the Brazilian Chamber of Commerce in Great Britain. She is also Chair of the UK Trade Wing of the global gender equality network G100 and a specialist advisor at the Department for Business and Trade.

[1] appointed on 18 January 2023

MEET THE VICTORY HILL INVESTMENT TEAM

Richard Lum
Co-Chief Investment Officer

28 years in natural resource structured finance and banking. Worked at Mizuho Financial Group, Standard Chartered Bank, West LB Markets and Bayern LB.

Eduardo Monteiro
Co-Chief Investment Officer

22 years in M&A and corporate finance advisory. Worked for Mizuho Financial Group, Société Générale, ABN Amro Bank and JP Morgan.

Gregory Scopelitis, CFA
Principal - Portfolio Management

16 years experience in structured and corporate finance in global energy and infrastructure. Worked at International Finance Corporation (IFC), Mizuho Financial Group, World Bank in Washington DC, the European Investment Bank (EIB) in Luxembourg, Proparco the principal investment arm of the Agence Francaise du Development (AFD) based in Bangkok, the European Bank for Reconstruction and Development (EBRD) and Société Générale.

Eleanor Fraser-Smith
Vice President - Head Of Sustainability

17 years experience in sustainability and ESG focussing on strategy development and implementation for energy and engineering companies. Worked as Corporate Responsibility and Sustainability Lead at Cobham Plc, risk management advisor in the Corporate Social Responsibility Organization of Marathon Oil, and project manager for IPIECA, the energy industry association.

Norman Huber
Vice President – Portfolio Management

11 years experience in developing, structuring and financing renewable energy, social and environmental infrastructure projects across multiple technologies and jurisdictions. Worked at Blackstone's fully-owned energy and infrastructure platform, North American Development Bank (NADB) and Nacional Financiera.

DIRECTORS' REPORT

The Directors are pleased to present their report for the year ended 31 December 2022. In accordance with the Companies Act 2006 (as amended) (the "Act"), the Listing Rules and the Disclosure Guidance and Transparency Rules, the Corporate Governance Statement, Directors' Remuneration Report, Reports from the Audit Committee and Management Engagement Committee, and the Statement of Directors' Responsibilities should be read in conjunction with one another, and the Strategic Report. As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report, as the Board considers them to be of strategic importance.

Directors

The Directors in office at the date of this report are as shown on page 75. Details of the Directors' terms of appointment can be found in the Corporate Governance Statement and the Directors' Remuneration Report.

Corporate governance

The Corporate Governance Statement on pages 84 to 87 forms part of this Directors' report.

Dividends

On 5 May 2022, the Company declared an interim dividend of 1.25p per ordinary share in respect of the period from 1 January 2022 to 31 March 2022, which was paid on 10 June 2022 to shareholders on the register as at 13 May 2022.

On 5 August 2022, the Company declared an interim dividend of 1.25p per ordinary share in respect of the period from 1 April 2022 to 30 June 2022, which was paid on 16 September 2022 to shareholders on the register as at 19 August 2022.

On 4 November 2022, the Company declared an interim dividend of 1.25p per ordinary share in respect of the period from 1 July 2022 to 30 September 2022, which was paid on 16 December 2022 to shareholders on the register as at 18 November 2022.

Post year end, on 22 February 2023, the Company declared an interim dividend of 1.38p per ordinary share in respect of the period from 1 October 2022 to 31 December 2022, which will be paid on 31 March 2023 to shareholders on the register as at 3 March 2023. Of this amount, 0.24p per share was designated as an interest distribution.

Therefore, the total dividends paid by the Company in respect of the year ended 31 December 2022 were 5.13p per ordinary share, exceeding the dividend target of 5p per share.

Dividend policy

The Board expects that dividends will constitute the principal element of the return to the holders of ordinary shares. The Company is targeting quarterly dividend payments of at least 1.38p or 5.52p[1] in total per ordinary share for the financial year ending 31 December 2023, in line with its progressive dividend policy.

Subject to market conditions and the level of the Company's net income, it is intended that dividends on the shares will be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). Subject to satisfying the requirements for investment trust status, the Board reserves the right to retain within a revenue reserve a proportion of the Company's net income in any financial year, such reserve then being available at the Board's absolute discretion for subsequent distribution to shareholders, subject to the requirements of the IT Regulations. The dividend policy is subject to an annual vote at each AGM. The Company may, at the discretion of the Board, and to the extent possible, pay all or part of any future dividend out of capital reserves.

The Company may offer with the prior authority of shareholders and subject to such terms and conditions as the Board may determine, shareholders (excluding any holder of treasury shares) the opportunity to elect to receive ordinary shares, credited as fully paid, instead of the whole, or some part, of any dividend. The ability to issue ordinary shares in lieu of cash would provide the Company with the flexibility to retain cash where to do so would benefit the Company.

The Board may designate part of each dividend paid by the Company insofar as it represents "qualifying interest income" received by the Company as interest distributions for UK tax purposes. It is expected that a variable proportion of the Company's distributions will take the form of interest distributions. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a shareholder depending upon the classification of such distributions. Prospective investors who are unsure about the tax treatment that will apply in respect of any distributions made by the Company should consult their own tax advisers.

[1] This is a target and is based on current market conditions as at the date of this document only and is not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to, the Company's net income and the Company's ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Company.

Share capital structure

Issue of shares

A Prospectus was issued by the Company on 9 June 2022 in respect of an Initial Placing, Initial Open Offer, Initial Offer for Subscription and Initial Intermediaries Offer of new ordinary shares in the capital of the Company, together with the implementation of a 12-month Share Issuance Programme. Pursuant to the Circular published by the Company on 9 June 2022, at the General Meeting held on 28 June 2022, the shareholders approved the resolutions in respect of the Share Issuance Programme and the dis-application of pre-emption rights when allotting those shares.

Pursuant to the authorities granted under the Share Issuance Programme, the Company issued 110,909,091 ordinary shares at an issue price of 110 pence per share on 29 June 2022, with an aggregate nominal value of £1,109,090.91, raising gross proceeds of £122 million. This comprised 70,388,725 ordinary shares pursuant to the Open Offer, 2,307,719 ordinary shares pursuant to the Excess Application Facility, 10,865,507 ordinary shares pursuant to the Offer for Subscription, 1,867,895 ordinary shares pursuant to the Intermediaries Offer and 25,479,245 Shares under the Placing. The shares were issued to institutional investors and professionally advised private investors and admitted to trading on the Premium Segment of the London Stock Exchange's Main Market on 1 July 2022. This share issuance was made at a price of not less than the net asset value per share at the time of issue plus an amount to cover the cost. The authorities granted under the Share Issuance Programme will expire on 8 June 2023.

Purchase of shares

At the AGM held on 27 April 2022, the Company was granted authority to purchase up to 14.99% of its ordinary share capital in issue, amounting to 46,707,310 ordinary shares. This authority will expire at the conclusion of, and renewal will be sought at, the next AGM of the Company. Shares bought back by the Company may be held in treasury, from where they could be reissued at or above the prevailing net asset value quickly and cost effectively, or cancelled, at the discretion of the Board. This provides the Company with additional flexibility in the management of its capital base. The Company did not purchase any of its ordinary shares during the year, nor did any nominee or third-party with the Company's assistance acquire any shares on behalf of the Company. No shares were held in treasury during the year or at the year end.

Current share capital

As at 31 December 2022, and at the date of this report, the Company's issued share capital comprised 422,498,890 ordinary shares, each of £0.01 nominal value. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held. At 31 December 2022, and at the date of this report, the total voting rights in the Company were 422,498,890.

Significant shareholders

As at 31 December 2022, the Company had been notified of the following disclosable interests in the share capital of the Company:

Shareholder	Number of shares	% of total voting rights
Quilter Plc	48,198,710	11.41
Sarasin & Partners LLP	38,076,617	9.01
Witan Investment Trust plc	25,350,000	6.00
Newton Investment Management Limited	24,262,428	5.74
Courtiers Asset Management Limited	20,045,000	4.74

Since 31 December 2022, the Company has been notified that Stichting Juridisch Eigendom Privium Sustainable Impact Fund holds 3.04% of the Company's shares.

The Company has not been informed of any other changes to the notifiable interests between 31 December 2022 and 27 March 2023, being the last practicable date prior to the publication of this report.

Shareholder rights

The following information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules:

- the Company's capital structure and voting rights and details of the substantial shareholders in the Company are set out on this page above;
- an amendment to the Company's articles of association and the giving of powers to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals to grant powers to the Board to issue and buy back shares are set out in the Notice of AGM; and
- there are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights; no special rights with regard to control attached

DIRECTORS' REPORT CONTINUED

to securities; no agreements between holders of securities that may restrict their transfer or voting rights, as known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Requirements of the listing rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The information required under Listing Rule 9.8.4(7) in relation to allotments of shares is set out on page 79. The Directors confirm that no additional disclosures are required in relation to Listing Rule 9.8.4.

Independent professional advice, insurance and indemnity

Details regarding independent professional advice, insurance and indemnity are set out in the Corporate Governance Statement on page 86.

Energy and carbon reporting, including greenhouse gas emissions

The Company's environmental statements are set out on pages 52 to 72.

Management arrangements

Alternative investment fund manager (AIFM)

G10 Capital Limited is the Company's AIFM. It is regulated in the conduct of investment business by the FCA. The AIFM is, for the purposes of the Alternative Investment Fund Manager Directive (AIFMD) and the rules of the FCA, a 'full scope' UK alternative investment fund manager with a Part 4A permission for managing AIFs, such as the Company.

The Company and the AIFM have entered into an agreement (the "AIFM Agreement") under which the AIFM has agreed to provide the Company with portfolio management and risk management services. Under the AIFM Agreement, the AIFM receives a fee of £5,000 per month, payable monthly in advance, and £1,000 in respect of any investment committee meeting the AIFM was required to attend in excess of five investment committee meetings during a year. No performance fee is payable to the AIFM.

The AIFM Agreement may be terminated on four months' written notice, or such shorter period of written notice as the other party may accept.

Investment Adviser

The Company and the AIFM have appointed Victory Hill Capital Partners LLP as the Investment Adviser to the Company to provide certain services in relation to the Company and its portfolio. Under the terms of the Investment Advisory Agreement, the Investment Adviser, inter alia, is responsible for sourcing investment opportunities in line with the Company's investment policy and the monitoring and asset management of the Company's portfolio. Details of the Investment Adviser's activity and the Company's performance in the period under review have been included in the Strategic Report.

Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to a fee payable monthly in arrears calculated as below.

The investment advisory fees shall be an amount calculated at the rate of:

a) 1% on the first £250 million of net asset value;

b) 0.9% on net asset value in excess of £250 million and up to and including £500 million; and

c) 0.8% on net asset value in excess of £500 million.

Furthermore, if in any fee period, the annual fee paid to the Investment Adviser exceeds:

a) £3.5 million, the Investment Adviser shall apply 8% of the annual fee, subject to a maximum amount of £400,000, to subscribe for or acquire ordinary shares of £0.01 each in the capital of the Company.

b) £2.5 million, the Investment Adviser shall apply 2% of the annual fee to be paid as a charitable donation aimed at promoting sustainable energy, as selected by the Investment Adviser, provided that if, following the Investment Adviser's reasonable endeavours, a suitable charity cannot be found, this 2% portion of the annual fee (net of any applicable taxes) will be applied to the subscription for or acquisition of ordinary shares.

No performance fee is payable to the Investment Adviser.

The Investment Advisory Agreement may be terminated on 12 months' written notice, provided that such notice may not be served before 2 February 2025. The Investment Advisory Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

Other service providers

Details of the terms of engagement between the Company and its other key service providers are set out in the Prospectus issued by the Company on 9 June 2022.

Continuing appointment of the Investment Adviser

The Board keeps the performance of the Investment Adviser under continual review. The Management Engagement Committee conducts an annual review of the Investment Adviser's performance and makes a recommendation to the Board about its continuing appointment. It is considered that the Investment Adviser has executed the Company's investment strategy according to the Board's expectations. Accordingly, the Directors believe that the continuing appointment of Victory Hill Capital Partners LLP as the Investment Adviser of the Company, on the terms agreed, is in the best interests of the Company and its shareholders as a whole. Further details are set out in the Report from the Management Engagement Committee on page 98.

Financial risk management

Information about the Company's financial risk management objectives and policies is set out in note 12 to the financial statements.

Going concern

The going concern statement can be found on page 50.

Auditor

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

BDO LLP has expressed its willingness to continue in office as the Auditor and resolutions for its re-appointment and to authorise the Audit Committee to determine its remuneration will be put to shareholders at the forthcoming Annual General Meeting.

Post balance sheet events

The post balance sheet events can be found in note 20 to the financial statements.

Annual General Meeting

The Notice of the AGM to be held on 25 April 2023 (the "Notice") is set out on pages 155 to 160. Shareholders are being asked to vote on the following matters:

- the receipt and adoption of the Strategic Report, Directors' Report, Auditor's Report and the audited Financial Statements for the year ended 31 December 2022;
- the approval of the Directors' Remuneration Report;
- the approval of the Company's dividend policy and authorisation of the Directors to declare and pay all dividends of the Company as interim dividends;
- the election/ re-election of Directors;
- the re-appointment of BDO LLP as Auditor and authorisation of the Audit Committee to determine the remuneration of the Auditor;
- the granting of authorities in relation to the allotment of shares;
- the dis-application of pre-emption rights for certain issues of shares;
- the purchase by the Company of its own shares; and
- holding of general meetings on 14 clear days' notice.

Resolutions 1 to 12 will be proposed as Ordinary resolutions and Resolutions 13 to 16 will be proposed as Special resolutions.

Authority to issue shares

Resolutions 11 and 12, ordinary resolutions as set out in the Notice, if passed, will renew the Directors' authority to allot shares in accordance with statutory pre-emption rights. These resolutions will authorise the Board to allot:

- ordinary shares generally and unconditionally in accordance with section 551 of the Act up to an aggregate nominal value of £422,498.89, representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed (Resolution 11); and
- further ordinary shares generally and unconditionally in accordance with section 551 of the Act up to an additional aggregate nominal value of £422,498.89, representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, the number representing 10% of the issued share capital

DIRECTORS' REPORT CONTINUED

of the Company at the date at which this resolution is passed (Resolution 12).

If both these resolutions are passed, shareholders will be granting the Directors authority to allot up to 20% of the Company's issued share capital. The Board believes that passing of Resolutions 11 and 12 is in the shareholders' interests as the authority is intended to be used for funding investment opportunities sourced by the Investment Adviser, thereby mitigating any potential dilution of investment returns for existing shareholders, and the Directors will only issue new ordinary shares at a price above the prevailing NAV per ordinary share. If only Resolution 11 is passed and Resolution 12 is not passed, Directors will only be granted authority to allot up to 10% of the existing issued ordinary share capital of the Company. These authorities, if given, will lapse at the conclusion of the 2024 AGM of the Company.

The Directors do not currently intend to allot shares other than to take advantage of opportunities in the market as they arise and only if they believe it would be advantageous to the Company's shareholders to do so.

Authority to dis-apply pre-emption rights

Resolution 13, a special resolution, is being proposed to authorise the Directors to disapply the statutory pre-emption rights of existing shareholders in relation to the issue of shares under Resolution 11, for cash or the sale of shares out of treasury up to an aggregate nominal amount of £422,498.89, being approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, 10% of the issued share capital immediately upon the passing of this resolution.

Resolution 14, a special resolution, is being proposed to authorise the Directors to disapply the statutory pre-emption rights of existing shareholders in relation to the further issue of shares under Resolution 12, for cash or the sale of shares out of treasury up to an aggregate nominal amount of £422,498.89, being approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, 10% of the issued share capital immediately upon the passing of this resolution.

In respect of any authority granted under Resolutions 13 and 14, shares would only be issued at a price above the prevailing NAV per share, intended to at least cover the costs and expenses of the relevant issuance of shares. The Directors will only issue shares on a non-pre-emptive basis if they believe it would be in the best interests of the Company's shareholders. If both these resolutions are passed, shareholders will be granting the Directors authority to allot up to 20% of the Company's issued share capital on a non-pre-emptive basis. The Board believes that in order to have the maximum flexibility to raise finance to enable the Company to take advantage of suitable opportunities, the passing of Resolutions 13 and 14 is in the shareholders' interests. These authorities, if given, will lapse at the 2024 AGM of the Company. No shares were held in treasury during the year or as at the date of the Notice.

Authority to purchase the Company's own shares

The Act allows companies to hold shares acquired by way of market purchases as treasury shares, rather than having to cancel them. This gives the Company the ability to re-sell shares quickly and effectively thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

At the Annual General Meeting held on 27 April 2022, the Company was granted authority to purchase up to 14.99% of the Company's shares in issue amounting to 46,707,310 shares. No shares were bought back by the Company during the year pursuant to this authority.

Resolution 15, a special resolution, as set out in the Notice, if passed, will renew the Directors' authority to purchase up to 63,332,583 shares (being 14.99% of the issued share capital as at 27 March 2023), or if less, 14.99% of the issued share capital immediately following the passing of the resolution. In accordance with the Listing Rules of the FCA, the price paid for shares will be not less than £0.01 per share, and not more than the higher of: (i) 105% of the average of the mid-market quotations of the shares for the five business days before the shares are purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid for the shares on the trading venue where the purchase is carried out.

The Company may use this authority to address any significant imbalance between the supply and demand for the Company's shares and to manage the discount at which the ordinary shares trade, and where the Directors consider it to be in the best interests of shareholders and the Company. Shares will be repurchased only at prices below the prevailing NAV per ordinary share and will be cancelled or placed into treasury at the determination of the Directors. The authority, if given, will lapse at the conclusion of the Company's next AGM after the passing of this resolution (which must be held no later than 30 June 2024).

Shareholders should note that the purchase of ordinary shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of uncommitted cash resources available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. However, the Directors believe that the flexibility for the Company to be able to make such purchases may be beneficial to shareholders in certain circumstances and, accordingly, is seeking authority for the Company to make market purchases of its own shares.

Notice period for general meetings

Under the Act, the notice period of general meetings (other than an AGM) is 21 clear days' notice unless the Company: (i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and (ii) offers the facility for all shareholders to vote by electronic means. The Company would like to preserve its ability to call general meetings (other than an AGM) on less than 21 clear days' notice.

The shorter notice period proposed by Resolution 16, a special resolution, would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The approval will be effective until the date of the AGM to be held in 2024.

Board recommendation

The Directors consider each resolution being proposed at the AGM to be in the best interests of the Company and shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do in respect of their own shareholdings (which represent approximately 0.09% of the Company's issued ordinary shares as at 27 March 2023).

By order of the Board

Apex Fund and Corporate Services (UK) Limited
Company Secretary

27 March 2023

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement forms part of the Directors' Report.

Introduction

In this Corporate Governance Statement, the Company reports on its compliance with the AIC Code of Corporate Governance (the "AIC Code"), sets out how the Board and its Committees have operated during the past year and describes how the Board exercises effective stewardship over the Company's activities in the interests of shareholders. The Board is accountable to shareholders for the governance of the Company's affairs and is committed to maintaining the highest standard of corporate governance for the long-term success of the Company.

The Company reviews its standards of governance against the principles and recommendations of the AIC Code, as published in 2019. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders as it addresses all the principles set out in the UK Code of Corporate Governance (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies, and is endorsed by the FRC. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code fully meet their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules of the FCA. A copy of the AIC Code can be found at www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

Statement of compliance

Pursuant to the Listing Rules of the FCA, the Company is required to provide shareholders with a statement on how the main and supporting principles set out in the AIC Code have been applied and whether the Company has complied with the provisions of the AIC Code. The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company as an investment trust.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

The Company is an externally managed investment company, with all its day-to-day management and administrative functions outsourced to third parties. The Board considers that the above provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board has reviewed the principles and recommendations of the AIC Code and considers that it has complied throughout the year, except that the Chair of the Board was also the Chair of the Remuneration Committee during the year. Following the year end, Daniella Carneiro was appointed to the Board as a non-executive Director. She took on the role of the Chair of the Remuneration Committee with effect from 21 February 2023. Therefore, the Company is now also compliant with this provision of the AIC Code.

As the Board consists of only non-executive Directors who work collaboratively in their decision-making process, it does not consider it necessary to appoint a senior independent director.

Leadership

The Board of Directors

Under the leadership of the Chair, the Board is collectively responsible for the effective stewardship of the Company's affairs and the long-term success of the Company, generating value for shareholders and contributing to the wider society. It establishes the purpose, values and strategic aims of the Company and satisfies itself that these and its culture are aligned. The Board ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are required to act with integrity, lead by example and promote this culture within the Company.

At the date of this report, the Board consisted of five non-executive Directors. The Board believes that its composition is appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Adviser and the AIFM, and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors possess a wide range of business and financial expertise relevant to the direction of the Company and consider that they commit sufficient time to the affairs of the Company. All Directors act in a non-executive capacity. Brief biographical details of the Directors, including details of their significant commitments, can be found on page 75.

The Directors have appointment letters which do not provide for any specific term. Other than their letters of appointment as Directors, none of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year.

The Board has agreed a procedure for the induction and training of new Board appointees and training requirements are dealt with as required.

Information regarding the annual evaluation of the Board, its Committees, the individual Directors and the Chair; diversity policy; composition of the Board; tenure of the Directors; and the Directors' election/re-election is set out in the Report from the Nomination Committee on pages 95 to 97.

The Chair

The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. He demonstrates objective judgement, promotes a culture of openness and debate, and facilitates effective contributions by all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information.

The Chair was independent of the Investment Adviser at the time of his appointment and is deemed by his fellow Board members to continue to be independent in character and judgement and to have no conflicting relationships. He considers himself to have sufficient time to commit to the Company's affairs. The role and responsibilities of the Chair of the Board are clearly defined and set out in writing, a copy of which is available on the Company's website.

Matters reserved for the Board

The Company's investment policy and strategy are determined by the Board. The Board is responsible for investment decisions, other than to the extent delegated to the AIFM and/or the Investment Adviser, and the appointment, supervision and monitoring of the Company's service providers, including amongst others, the AIFM and the Investment Adviser. The Board establishes the Company's borrowing policy, dividend policy, approves public documents such as the annual and interim reports and financial statements, and corporate governance matters. A formal schedule of matters reserved for decision by the Board has been adopted. This is available on the Company's website.

Board committees

During the year, the Company had four Committees in operation, namely, the Audit Committee, the Management Engagement Committee, the Nomination Committee and the Remuneration Committee. The terms of reference of the Committees are available on the Company's website. Daniella Carneiro was appointed to all the Board committees with effect from 21 February 2023.

Audit Committee

The Company has established an Audit Committee which is chaired by Margaret Stephens and consists of Richard Horlick, Louise Kingham and Daniella Carneiro. The Board considers that the members of the Audit Committee have the recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Audit Committee includes individuals with substantial experience of the financial matters of listed companies and the energy infrastructure sector. This blend of skills and experience enables the Committee to fulfil its responsibilities effectively.

The report of the Audit Committee is set out on page 88 to 90.

Management Engagement Committee

The Company has established a Management Engagement Committee which is chaired by Richard Horlick and consists of Bernard Bulkin, Louise Kingham and Daniella Carneiro. With effect from 14 March 2023, Margaret Stephens was appointed as a member of the Committee and, as a result, the Management Engagement Committee now comprises all Directors. The Committee meets at least once a year to review the performance of the AIFM and the Investment Adviser under the AIFM Agreement and the Investment Advisory Agreement, respectively. In addition, the Management Engagement Committee reviews the performance, terms of appointment and fees payable to the other key service providers of the Company, and makes recommendations to the Board regarding the continuing appointment of the Investment Adviser, the AIFM and the other service providers.

The report of the Management Engagement Committee is set out on page 98.

Nomination Committee

The Company has established a Nomination Committee which is chaired by Bernard Bulkin and comprises all Directors. The Committee reviews the Company's succession plan, and identifies and nominates candidates for the office of director of the Company. It also reviews the results of the annual evaluation process of the Board, its Committees, the Directors and the Chair, and makes recommendations to the Board in respect of the election/re-election of the Directors.

The report of the Nomination Committee is included on pages 95 to 97.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Remuneration Committee

The Company has established a Remuneration Committee which consists of all of Directors. During the year under review, the Remuneration Committee was chaired by Bernard Bulkin. With effect from 21 February 2023, the Committee is chaired by Daniella Carneiro.The Remuneration Committee's principal duties are to consider the levels of Directors' fees and to make recommendations in respect of the Directors' remuneration policy and implementation thereof.

The Directors' Remuneration Report is included on pages 91 to 94.

Meetings held during the year

The Company has six scheduled Board meetings a year, with additional meetings arranged as necessary.

At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Company Secretary. The Investment Adviser, the Administrator and the Company Secretary regularly provide the Board with financial information, including an annual expenses budget, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

The number of scheduled Board and Committee meetings held during the year ended 31 December 2022 and the attendance of the individual Directors is shown below:

	Board		Audit Committee		Management Engagement Committee		Nomination Committee		Remuneration Committee	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Bernard Bulkin[1]	9	9	–	–	1	1	2	2	1	1
Richard Horlick	9	9	3	3	1	1	2	2	1	1
Louise Kingham	9	9	3	3	1	1	2	2	1	1
Margaret Stephens[2]	9	8	3	3	–	–	2	2	1	1

In addition to the above, four ad hoc meetings of the Board or its committees were held to deal with approval of documentation and administrative matters in respect of the quarterly interim dividends, annual and interim reports.

[1] not a member of the Audit Committee

[2] not a member of the Management Engagement Committee as at 31 December 2022

Independent professional advice, insurance and indemnity

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the expense of the Company. The Company also maintains directors' and officers' liability insurance, which includes cover of defence expenses. The Company's Articles of Association provide the Directors of the Company, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Apart from this, there are no qualifying third party indemnity provisions in force.

Conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict arising. Directors must request authorisation from the Board as soon as they become aware of the possibility of an interest that conflicts, or might possibly conflict, with the interests of the Company (a "situational conflict"). The Company's Articles of Association authorise the Board to approve such situations, where deemed appropriate.

The Board is responsible for considering Directors' requests for authorisation of conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include: whether the situational conflict could prevent the Director from properly performing their duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a situational conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Board are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances. The Directors must also comply with the statutory rules requiring the Directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed at each Board meeting, to ensure that authorised conflicts remain appropriate. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

Risk management and internal control review

Overview

The Directors acknowledge that they have overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness.

An ongoing process, in accordance with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, has been implemented for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process has been in place throughout the year ended 31 December 2022 and up to the date the financial statements were approved and is regularly reviewed by the Board, through the Audit Committee. Key procedures established with a view to providing effective financial control have also been in place for the year under review and up to the date the financial statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's investment objective. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Financial and other aspects of internal control

The Company has contractually delegated the management of the investment portfolio, the registration services, administration services and other services to third party service providers and reliance is therefore placed on the internal controls of those service providers. The internal financial control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are taken, reports are published and the assets of the Company are safeguarded. The key procedures include review of management accounts, monitoring of performance at quarterly Board meetings, segregation of the administrative function from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures. The internal controls at the service providers are reviewed by the Audit Committee.

The Board has undertaken a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the year and up to the date of the approval of the Annual Report. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

Internal control assessment process

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective. The Board, through the Audit Committee, has categorised risk management controls under the following key headings: risks relating to the Company (including reliance on third party service providers); portfolio investment strategy; risks relating to making investments; risks relating to the Company's shares; risks relating to regulation; accounting, operational and financial reporting; governance; and climate-related risks. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the review of risk and associated controls of the Company.

A risk matrix is in place against which the risks identified and the controls to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed at least every six months by the Audit Committee and at other times as necessary.

The majority of the day-to-day management functions of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third party suppliers regarding the internal systems and controls operating in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, where available, which is reviewed by the Audit Committee.

Relations with shareholders

Details regarding the Company's engagement with its shareholders are set out within the Strategic Report on page 40.

REPORT OF THE AUDIT COMMITTEE

I am pleased to present the report of the Audit Committee (the "Committee") for the year ended 31 December 2022.

Composition

The composition of the Committee is set out on page 85 in the Corporate Governance Statement and details of how its performance evaluation has been conducted are included on page 96.

Meetings

The Committee met three times during the year under review. The Directors' attendance is set out on page 86 in the Corporate Governance Statement.

Role of the Audit Committee

The primary responsibilities of the Committee are:

- monitoring the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained therein;
- advising the Board on whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- reviewing the Company's internal financial controls and internal control and risk management systems, and monitoring their ongoing effectiveness;
- considering reports from any independent valuer appointed by the Company to value its investments;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- conducting the tender process and making recommendations to the Board about the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; and
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required.

Activities of the Audit Committee

During the year under review, the Audit Committee:

- conducted a review of the internal controls and risk management systems of the Company and its third party service providers;
- conducted regular reviews of the Company's risk register;
- reviewed the interim and annual valuation reports of the Company's portfolio prepared by the Investment Adviser. In doing so, the Audit Committee monitored the effectiveness of the Company's valuation policies and methods;
- reviewed the disclosures made in the annual and interim reports in relation to internal controls and risk management, viability, going concern and related parties;
- reviewed the Company's annual and interim financial statements and recommended these to the Board. In particular, the Committee advised the Board that taken as a whole, the Annual Report is fair and balanced and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- agreed the plan with the Auditor in respect of the review of the Interim Report for the period ended 30 June 2022 and the statutory audit of the Annual Report for the year ended 31 December 2022, including the principal areas of focus;
- reviewed and agreed the audit fees for the statutory audit of the Company and for the interim review for 2022;
- received and discussed with the Auditor its report on the results of the review of the interim financial statements and the year-end audit;
- discussed and considered the Auditor's performance, objectivity and independence and the effectiveness of the external audit; and
- reviewed whether an internal audit function would be of value and concluded that this would provide minimal added comfort at considerable extra cost to the Company. The existing system of monitoring and reporting by third-party service providers remains appropriate. The Committee keeps the need for an internal audit function under periodic review.

Financial statements and significant accounting matters

The Audit Committee has taken into account the most significant risks and issues, both operational and financial, which are likely to impact the Company's financial statements. It considered the following key issues in relation to the Company's financial statements during the year and post year end:

Valuation of investments

The Audit Committee monitored the integrity of the financial information published in the Interim and Annual Reports and considered whether suitable and appropriate estimates had been made in respect of areas which could have a material impact on the financial statements. It actively engaged with the Investment Adviser and the Administrator to assess these significant estimates and the systems and processes in place to form these estimates. The Committee considered the valuation of investments to be a risk which could materially impact the financial statements for the year ended 31 December 2022.

Assumptions applied to derive the valuation of investments are selected and recommended by the Investment Adviser. These include discounts rates, power prices, energy yield, inflation rates, asset life, operating expenses, taxation rates and capital expenditure. Valuation methodology and assumptions are discussed in detail within note 7 to the financial statements. The Committee considered the subjectivity and appropriateness of the assumptions used to determine the valuation of investments, held through VH GSEO UK Holdings Limited, which could affect the NAV of the Company. These were discussed with the Investment Adviser and the Auditor. The Committee reviewed the valuation reports from the Investment Adviser, including the underlying assumptions, and concluded that the valuation of the Company's portfolio at the year end was appropriate.

Going concern and viability statement

The Committee considered the Company's financial requirements for the next 12 months and concluded that it had sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report, covering a five-year period, and the underlying factors and assumptions which contributed to the Committee deciding that five years was an appropriate length of time to consider the Company's long-term viability. The Company's Going Concern and Viability Statements can be found on page 50.

Internal controls

The Audit Committee carefully considered the internal control systems by monitoring the services and controls of its third party service providers. It reviewed and, where appropriate, updated the risk matrix in respect of the significant risks facing the Company and the controls in place to mitigate those risks. The Company receives reports on internal controls from key service providers during the year, where available, and no significant matters of concern have been identified.

ESG Assurance Review

In respect of the Annual report and financial statements for the year ended 31 December 2022, the Audit Committee received the ESG assurance report from BDO LLP, as a form of non-audit services, which is elaborated below.

Audit fees and non-audit services

The Audit Committee reviewed the audit plan and fees presented by the Auditor and considered its report on the financial statements. Total audit fees for the Company in respect of the year under review amounted to £170,000 (period ended 31 December 2021: £110,000).

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the Auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if approved by the Audit Committee, the provision of such services is at a reasonable and competitive cost, and does not constitute a conflict of interest or potential conflict of interest which would prevent the Auditor from remaining objective and independent. BDO LLP was paid fees in respect of the following non-audit services in the year:

Non-audit service provided	Year ended 31 December 2022	Period ended 31 December 2021
Audit of Initial Accounts	N/A	£60,000
Review of Interim Report	£50,000	£5,000
ESG Assurance Review	£47,500	N/A

Where non-audit services are provided by the Auditor, full consideration of the financial and other implications on the independence of the Auditor arising from any such engagement are considered before proceeding. During the year, the Committee approved the provision of ESG Assurance Review services to be provided by BDO LLP. While this is a non-audit service, the Audit Committee considered that given BDO LLP's comprehensive knowledge about the Company being its statutory Auditor, they were best placed to provide this assurance to the Company in respect of its reporting on ESG matters.

REPORT OF THE AUDIT COMMITTEE CONTINUED

The Audit Committee has considered the non-audit work of the Auditor during the period and does not consider that this compromises its independence. The Committee periodically monitors the ratio of non-audit to audit services to ensure that any fees for permissible non-audit services do not exceed 70% of the average audit fees paid in the last three years. Details of the Auditor's remuneration are set out in note 5 to the financial statements.

Effectiveness of external audit

The Audit Committee reviews the effectiveness of the external audit process on an annual basis. During the year, the Committee met key members of the senior audit team at BDO LLP as part of the annual reporting process. It received a presentation of the audit plan from the Auditor in respect of the year under review and a presentation of the results of the audit following completion of the main audit testing.

The Chair of the Committee liaises with the lead audit partner, to discuss any issues arising from the audit as well as its cost effectiveness. The Committee also met with the lead audit partner and the key individuals of the senior audit team prior to the finalisation of the audit of the Annual Report and financial statements for the year ended 31 December 2022, without the Investment Adviser being present, to discuss how the external audit was carried out, the findings from such audit and whether any issues had arisen from the Auditor's interaction with the Company's various service providers.

Following its review, the Audit Committee concluded that the Auditor has demonstrated a good understanding of the structure and operations of the Company and had identified and focused on the areas of significant financial reporting risk. The external audit process was considered to have been effective.

Independence and objectivity of the Auditor

BDO LLP was selected as the Company's external independent Auditor at the time of the Company's launch in 2021 following a formal tender process and review of the Auditor's credentials. The continuing appointment of the Auditor is reviewed annually by the Audit Committee, which gives consideration to the Auditor's fees and independence, along with the matters raised during each audit.

The Audit Committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit services which the Auditor has provided during the year under review. The Committee receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit services.

The Committee is satisfied that the Auditor's objectivity and independence is not impaired by the performance of these non-audit services and that the Auditor has fulfilled its obligations to the Company and its shareholders.

In accordance with the statutory requirements relating to the appointment of auditors, the audit will be put out to tender within 10 years of the initial appointment of BDO LLP.

Re-appointment of the Auditor

Following consideration of the performance of the Auditor, the services provided during the year and a review of its independence and objectivity, the Committee has recommended to the Board the re-appointment of BDO LLP as Auditor to the Company. The Auditor has indicated their willingness to continue in office. Accordingly, resolutions to re-appoint BDO LLP as Auditor to the Company and authorising the Audit Committee to determine their remuneration will be proposed at the Annual General Meeting.

Fair, balanced and understandable

The Audit Committee has concluded that the Annual Report for the year ended 31 December 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. It reached this conclusion through a process of review of the Annual Report and enquiries to the various parties involved in the production of the Annual Report. The Audit Committee reported its conclusions to the Board.

Margaret Stephens
Chair of the Audit Committee

27 March 2023

DIRECTORS' REMUNERATION REPORT

ANNUAL REPORT ON DIRECTORS' REMUNERATION

The law requires the Company's Auditor to audit certain disclosures provided in the Annual Report on Directors' remuneration. Where disclosures are audited, they are indicated as such. The Auditor's opinion is given in their report on pages 103 to 110.

Statement from the Chair of the Remuneration Committee

I am pleased to present the Directors' remuneration report for the year ended 31 December 2022.

The Remuneration Committee (the "Committee") assists the Board in developing a fair and transparent framework for setting the levels of Directors' remuneration while having regard to the Company's financial position and performance, remuneration in other companies of comparable scale and complexity and market statistics generally. It also reviews the ongoing appropriateness and relevance of the Directors' remuneration policy. No Director is involved in determining their own remuneration. The Committee met once during the year. As noted in the Corporate Governance Statement, the Remuneration Committee was chaired by Bernard Bulkin during the year under review. I took over as the Chair of the Committee with effect from 21 February 2023. Further details of the composition of the Committee are set out on page 86.

For the year ended 31 December 2022, the annual fees were set at the rate of £70,000 for the Chair of the Board and £50,000 for the other Directors. The Directors' fees are fixed with no variable element.

The Remuneration Committee reviews Directors' fees on an annual basis. While no remuneration consultant was appointed by the Company during the year under review, the Committee met to review Directors' remuneration levels in the context of the scale of the Company's operations, the level of involvement and time commitment required of the Directors and the wider investment trust sector, and to make recommendations to the Board.

In line with the disclosures made in the 2021 Annual Report of the Company, it was agreed that, with effect from 1 January 2023, the Directors' annual fees be adjusted by UK RPI from 1 January 2021 to 31 December 2022, rounded to the nearest £500. Accordingly, the annual fees for the year ending 31 December 2023 are as follows: £81,500 for the Chair of the Board and £58,500 for the other Directors. The Board believes that this updated fee structure appropriately reflects the increase in the size of the Company during the year, the enhanced workload of the Directors and the additional time commitment required from them, particularly in view of the ever-evolving regulatory and corporate governance landscape.

The fees payable to the Directors will be reviewed annually, as detailed in the Directors' Remuneration Policy on page 93.

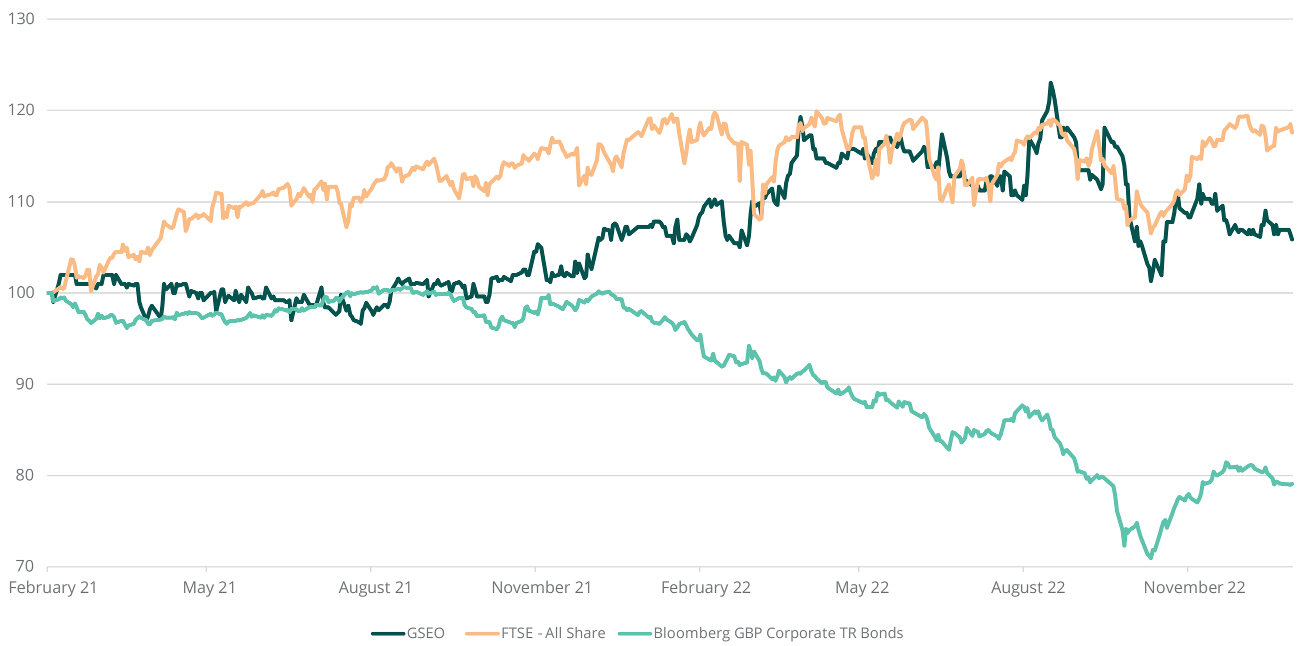
The Company is required to obtain formal approval from shareholders of the Directors' Remuneration Policy once every three years and in any year if there are any changes proposed to the policy. Shareholders are requested to approve the Directors' Remuneration Report on an annual basis. The Directors' Remuneration Policy is subject to a binding vote, while the vote on the Directors' Remuneration Report is an advisory vote.

The Directors' Remuneration Policy was approved by shareholders at the AGM held on 27 April 2022. No significant changes are proposed to the way in which this current, approved Directors' Remuneration Policy will be implemented during the course of the next financial year. An ordinary resolution will be put to shareholders at the forthcoming AGM of the Company to be held on 25 April 2023 to receive and approve the Directors' Remuneration Report.

Performance of the Company

Due to the positioning of the Company in the market as a listed investment trust that invests in sustainable energy infrastructure to produce stable and inflating dividends for investors while aiming to preserve capital value, the Directors consider that the Company has characteristics of both an equity index and a bond index. The graph below compares the total shareholder return of the Company relative to a return on a hypothetical holding over the same period in the FTSE All-Share Index and the Bloomberg Barclays Sterling Corporate Bond Index, starting from the IPO on 2 February 2021 to 31 December 2022. Total shareholder return is the measure of returns provided by a company to shareholders reflecting share price movements and assuming reinvestment of dividends.

DIRECTORS' REMUNERATION REPORT CONTINUED



Directors' remuneration (audited)

Directors	Fees: For the year ended 31 December 2022 £	Fees: For the period ended 31 December 2021[1] £	Expenses: For the year ended 31 December 2022 £	Expenses: For the period ended 31 December 2021 £	Total: For the year ended 31 December 2022 £	Total: For the period ended 31 December 2021[1] £	Percentage change in fees[2] %
Bernard Bulkin	70,000	64,000	–	–	70,000	64,000	9.38
Richard Horlick	50,000	46,000	518	–	50,518	46,000	8.70
Louise Kingham	50,000	46,000	–	–	50,000	46,000	8.70
Margaret Stephens	50,000	46,000	–	–	50,000	46,000	8.70
	220,000	202,000	518	–	220,518	202,000	8.91

[1] Fees accrued with effect from the Company's IPO on 2 February 2021.

[2] As the prior period fees accrued with effect from the Company's IPO on 2 February 2021, on a year-on-year basis, there has been no change to the Directors' fees levels.

There are no other taxable benefits payable by the Company other than certain expenses which may be deemed to be taxable. None of the above fees was paid to third parties.

Expenses are reimbursements for costs incurred which are not taxable.

Relative importance of spend on pay

The following table sets out:

- the remuneration paid to the Directors;
- the distributions to shareholders by way of dividends; and
- the investment advisory fees and other expenses incurred by the Company.

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000	Change %
Directors' fees	220	202	8.91
Investment Adviser's fee	3,810	2,218	71.78
Other expenses	647	1,136	(43.05)
Dividends paid and proposed	14,457	3,033	376.66

Directors' shareholdings (audited)

There is no requirement under the Company's Articles of Association, or the terms of their appointment, for Directors to hold shares in the Company. The Directors had the following shareholdings in the Company as at 31 December all of which are beneficially owned.

Directors	31 December 2022	31 December 2021
Bernard Bulkin	38,181	20,000
Richard Horlick	300,000	200,000
Louise Kingham	20,000	10,000
Margaret Stephens	28,181	10,000

There have been no changes to these interests between 31 December 2022 and the date of this report. None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Voting at AGM

The Directors' Remuneration Report for the period ended 31 December 2021 and the Directors' Remuneration Policy were approved by shareholders at the AGM held on 27 April 2022. The votes cast by proxy were as follows:

	Directors' Remuneration Report		Directors' Remuneration Policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	185,096,834	99.97	185,096,834	99.97
Against	55,022	0.03	55,022	0.03
Total votes cast	185,151,856	100.0	185,151,856	100.0
Number of votes withheld	14,277		14,277	

DIRECTORS' REMUNERATION POLICY

Introduction

The Directors' Remuneration Policy is put to a shareholders' vote every three years and in any year if there is to be a change in the policy. A resolution to approve this Remuneration Policy was proposed at the Company's AGM held on 27 April 2022. The resolution was passed, and the Remuneration Policy provisions set out below will apply until they are next put to shareholders for renewal of that approval.

DIRECTORS' REMUNERATION REPORT CONTINUED

Policy

Fees

The Directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits.

The Directors' fees are paid at annual rates and do not have any variable or performance-related elements. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

The Directors shall be entitled to fees at such rates as determined by the Board subject to the maximum aggregate fee limit of £500,000 set out in the Company's Articles of Association.

The Directors shall also be entitled to be reimbursed for all expenses incurred in performance of their duties. These expenses are unlikely to be of a significant amount. Fees are payable from the date of appointment as a Director of the Company and cease on date of termination of appointment.

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors.

Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee	Chairman of Board	Fees for services as chairman of a plc	Determined by the Board
Annual fee	Other Directors	Fees for services as non-executive directors of a plc	Determined by the Board
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

Statement of consideration of conditions elsewhere in the Company

The Company has no employees. Therefore, the process of consulting with employees on the setting of the remuneration policy is not applicable.

Review

The Directors' remuneration will be reviewed on an annual basis by the Board and any changes are subject to approval by the Board.

The remuneration payable to the Directors will take into account a number of factors, *inter alia*, the experience of the Directors, the complexity of the Company and prevailing market rates.

Directors' service contracts

The Directors do not have service contracts with the Company. The Directors are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term. However, in accordance with the AIC Code, they are subject to annual re-election.

Statement of consideration of shareholders' views

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. If there are substantial votes against resolutions in relation to Directors' remuneration, the Company will seek the reasons for any such vote and will detail any resulting actions in the next Directors' remuneration report.

Approval

The Directors' Remuneration Report was approved by the Remuneration Committee and signed on its behalf by:

Daniella Carneiro
Chair of the Remuneration Committee

27 March 2023

REPORT OF THE NOMINATION COMMITTEE

I am pleased to present the report of the Nomination Committee (the "Committee") for the year ended 31 December 2022.

Composition

The composition of the Committee is set out in the Corporate Governance Statement on page 85. Details of how its performance evaluation has been conducted are included on page 96.

Meetings

There have been two meetings of the Committee during the year. The Directors' attendance at these meetings is included in the Corporate Governance Statement on page 86.

Role of the Nomination Committee

The main responsibilities of the Committee include:

- reviewing the structure, size and composition of the Board and its Committees;
- ensuring plans are in place for orderly succession to the Board and ensuring that such plans promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- leading the process for appointments to the Board and considering the use of open advertising and/or an external search consultancy for each appointment;
- considering job specifications and whether the candidates have the necessary skills and time available to devote to the Company;
- arranging for any new Directors to be provided with training and induction;
- making recommendations to the Board regarding the Company's policy on the tenure of the Chair of the Company;
- reviewing the length of service of each Director and assessing if this impacts their independence;
- making recommendations to the Board regarding the Company's policy on diversity and inclusion; and
- performing a formal and rigorous evaluation of the Board, its committees, the Chair of the Board and the individual Directors on at least an annual basis, including, if appropriate, considering engagement of an external evaluator to facilitate the evaluation.

Activities

During the year, the Nomination Committee:

- reviewed its terms of reference and considered whether these remained appropriate;
- considered the results of the evaluation of the Board, its Committees, the individual Directors and the Chair;
- as part of the evaluation process, considered the Board's composition with reference to the mix of skills, diversity, knowledge and experience, and how these aligned with the Company's strategic objectives and the opportunities and challenges faced by it;
- agreed the policy regarding the tenure of the Chair and the other Board members;
- reviewed the significant commitments of the Directors and the time dedicated by them to the affairs of the Company;
- made recommendations to the Board regarding the Directors' annual re-election by shareholders at the AGM; and
- discussed the succession plans for the Board to ensure its progressive refreshing, which led to the appointment of Ms Carneiro as a Director following the year end.

Appointment of new Director

The Nomination Committee regularly reviews the composition and effectiveness of the Board and its Committees with the objective of ensuring that these have the appropriate balance of skills and experience required to meet the current and future opportunities and challenges facing the Company.

When considering the appointment of new Directors, the Committee actively considers a range of factors including the expertise and experience required in a prospective candidate and the diversity, including gender and ethnicity diversity, of the Board and is mindful of the recommendations of the Hampton Alexander Review and the Parker Review in this regard. These factors were taken into consideration by the Committee as part of the appointment process undertaken during the year which culminated in the appointment of Ms Carneiro as a Director of the Company on 18 January 2023.

In order to conduct a formal, rigorous and transparent search process, the Company engaged Trust Associates, an independent search consultancy with no connection to the Company or its Directors, to assist with this appointment.

REPORT OF THE NOMINATION COMMITTEE CONTINUED

The Directors considered the desired background and expertise of the new Director in order to complement the skills already on the Board and a shortlist of diverse candidates was then provided by Trust Associates. The Directors met with a number of these candidates, following which Ms Carneiro was appointed to the Board.

Induction of new Directors

The Company has an established process in place for the induction of new Directors. An induction pack is provided to new Directors by the Company Secretary, containing relevant information about the Company, its constitutional documents and its processes and procedures. New appointees meet with relevant persons at the Investment Adviser and the Company's Broker. Directors' training is also provided to each new Director by the Company's legal adviser. Following the year end, this induction process was implemented in respect of the appointment of Ms Carneiro as a Director of the Company.

Performance evaluation

A formal performance evaluation process is undertaken annually for the Board, its Committees, the individual Directors and the Chair. The Directors are aware that they continually need to monitor and improve Board performance and recognise that this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

The Directors have undertaken an internal performance evaluation by way of completing written questionnaires, led by the Chair, specifically designed to assess the strengths and independence of the Board and the performance of its Committees, the Chair and the individual Directors. The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. Any training needs identified as part of the evaluation process are also considered by the Board. The evaluation of the Chair was carried out by the other Directors of the Company, led by Mr Horlick. The results of the Board evaluation process were reviewed and discussed by the Nomination Committee. The recommendations made as part of the evaluation process were discussed by the Directors to ensure that all points were addressed appropriately and to enable continuous improvement of the Board.

The Committee's deliberations concluded that:

- as a whole, the Board functions effectively and the current Committee structure remains appropriate;
- the Chair leads the Board effectively and promotes a culture of openness and debate, and facilitates constructive Board relations and effective contribution of all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information;
- each Director provides constructive challenge, strategic guidance, offers specialist advice and holds third party service providers to account;
- all Directors are considered to be independent of the Investment Adviser in both character and judgement. None of the Directors sit on the boards of any other companies managed by the Investment Adviser; and
- all of the current Directors make an effective contribution to the Company's operations which is important to its long-term sustainable success. They have the requisite skills and experience to continue to provide able leadership and direction for the Company.

Election and re-election of Directors

In accordance with the AIC Code, the Committee annually considers the re-election of the Directors with reference to their performance over the course of the financial year and ability to commit adequate amount of time to the Company's affairs. Directors are subject to election by shareholders at the first annual general meeting after their appointment and to annual re-election at the Company's annual general meetings thereafter.

Following formal performance evaluation as detailed above, the Board strongly recommends the election of Ms Carneiro and the re-election of all the other Directors on the basis of their knowledge and understanding of the Company's business model, their experience and expertise in investment matters, their independence and continuing effectiveness and commitment to the Company. The Directors' biographical details are set out on page 75.

Diversity and inclusion

The Board's diversity policy is based on its belief that the Board should have a diverse range of experience, skills and backgrounds. When making recommendations for new appointments to the Board and planning for Board succession, the Nomination Committee will take into consideration the recommendations of the AIC Code and other guidance on boardroom diversity and inclusion.

The Board welcomes the recommendations from the FTSE Women Leader Review on gender diversity and the Parker review about ethnic representation on company boards. Whilst the Board does not consider it appropriate to use specific diversity targets given its small size, it acknowledges that diversity is important to ensure that the Company can draw on a broad range of perspectives, skills, experience, knowledge and backgrounds to effectively lead the Company.

The FCA's Listing Rules now require companies to report on whether they have met the following targets on board diversity:

- at least 40% of the individuals on the Board are women; and
- at least one of the senior positions on the Board is held by a woman.

As at 31 December 2022, the Company had met these targets. Two out of four Directors (50%) were women and one of them had a senior position, being the Audit Committee Chair.

The following tables set out the gender and ethnic diversity of the Board as at 31 December 2022:

Gender diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]
Men	2	50	1
Women	2	50	1

Ethnic diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]
White British or other White (including minority-white groups)	4[2]	100[2]	2

1 Senior positions include Chair of the Board and Chair of the Audit Committee. As explained in the Corporate Governance Statement, the Company does not have a Senior Independent Director.

2 Since 31 December 2022, the Company has appointed Ms Carneiro as a Director on 18 January 2023. Her appointment has enhanced the gender diversity on the Board to 60% and, being a Latin American, the ethnic diversity to 20%. Being a dual Brazilian-British national, she strengthens another aspect of diversity on the Board.

As an externally managed investment company with solely independent, non-executive Directors, the Company does not have a Chief Executive or a Chief Financial Officer and has no employees. Accordingly, there are no disclosures about executive management positions to be provided. The role of the Audit Committee Chair is considered to be a senior position and has been included in the above tables. The information in the above tables was provided by individual Directors in response to a request from the Company.

Tenure and succession planning

The Company has no employees, and the Investment Adviser is external to the Company, therefore the Board's oversight of succession planning is restricted to the Board level. The Board will, from time to time and where appropriate, discuss the succession plans of the Investment Adviser through its Management Engagement Committee.

The Board's succession plan is guided by its policy on tenure. The Board has agreed on a limit of nine years on the tenure of the Directors, in line with the recommendations of the AIC Code. It believes that the tenure should balance the need to provide and maintain continuity, knowledge, experience and independence, against the need to periodically refresh the Board composition, in order to maintain an appropriate mix of the required skills, experience, knowledge and length of service.

As the Company was launched in 2021, the Nomination Committee considers that it will be appropriate to initiate formal succession planning in the Company's third year of existence. At that time, the Committee will ensure that the succession plan is based on merit and objective criteria and promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, whilst taking into account the challenges and opportunities facing the Company and the Board and the balance of skills and expertise that are required in the future.

Bernard Bulkin
Chair of the Nomination Committee

27 March 2023

REPORT OF THE MANAGEMENT ENGAGEMENT COMMITTEE

I am pleased to present the report of the Management Engagement Committee (the "Committee") for the year ended 31 December 2022.

Composition

The composition of the Committee is set out in the Corporate Governance Statement on page 85. Details of how its performance evaluation has been conducted are included on page 96.

Meetings

The Committee met once during the year under review and once post year end. The Directors' attendance at the Committee meeting held during the year is set out in the Corporate Governance Statement on page 86.

Role of the Management Engagement Committee

The key responsibilities of the Committee are:

- monitoring and evaluating the AIFM and the Investment Adviser's investment performance and, if necessary, providing appropriate guidance;
- reviewing, at least annually, the performance of the AIFM and the Investment Adviser and considering their continued appointment on the terms set out in their respective agreements with the Company;
- reviewing the level and method of remuneration, the basis of performance fees (if any) and the notice period of the AIFM and the Investment Adviser to ensure that these remain in the best interests of the shareholders;
- ensuring that processes have been put in place to review the Company's risk management and internal control systems designed to safeguard shareholders' investment and the Company's assets; and
- monitoring and evaluating the performance of the other key service providers of the Company to ensure their continued competitiveness and effectiveness.

Activities during the year

The Committee has conducted a comprehensive review of the performance of the AIFM, the Investment Adviser and the Company's other key service providers. This included an assessment of the services provided as well as the fees paid for the provision of such services.

Following its review, the Committee is satisfied that the Investment Adviser and the AIFM have the suitable skills and experience to manage the Company's investments. It concluded that the Investment Adviser had diligently invested the available funds during the year, in line with the investment policy, which should provide stable returns to the Company's shareholders. The Directors are satisfied that the collective skillset of the Investment Adviser's team contains all the necessary skills and experience to best serve the interests of GSEO shareholders in performing its delegated responsibilities. Details of the Investment Adviser's activities during the year and the Company's overall performance are included in the Strategic Report. The key elements of the investment advisory fees are set out on page 80.

As a whole, the Committee is satisfied that the Investment Adviser and the AIFM have the suitable skills and experience to advise upon and manage, respectively, the Company's investments, and believes that their continuing appointment is in the best interests of shareholders.

The performance of the Company's other service providers is also closely monitored by the Board, through the Committee. The Committee's review of the key service providers comprised open and closed-ended questions and included a review of the quality of their services and fees to ensure they remained effective and competitive. This process also included reviewing each service provider's policies and procedures to ensure that they had adequate controls and procedures in place.

Following a comprehensive review, the Committee concluded that the performance of all the Company's key service providers had been satisfactory and recommended their continuing appointment on the current terms.

Richard Horlick
Chair of the Management Engagement Committee

27 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they are required to prepare the Company financial statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors and has been delegated to the Investment Adviser. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors, to the best of their knowledge, confirm that:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approval

This Directors' responsibilities statement was approved by the Board of Directors and signed on its behalf by:

Bernard Bulkin
Chair

27 March 2023

5
Financial statements

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of VH Global Sustainable Energy Opportunities plc (the "Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board on 4 November 2021 to audit the financial statements for the period ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the period ended 31 December 2021 and year ended 31 December 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing and challenging the inputs in the cashflow forecast prepared by the Directors against existing contractual commitments, including performing stress testing considering downside scenarios and assessing the impact on the Company's liquidity position;
- Assessing assumptions used within the valuation models to supporting documentation per the Key audit matter noted below and considering how these impact on the ability of the portfolio companies to make distributions to the Company and therefore on the Company's ability to meet its commitments as they fall due;
- Reviewing the future commitments of the Company and checking they have been appropriately incorporated into the forecast; and
- Reviewing the amount of headroom in the forecasts of both the base case and downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC CONTINUED

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2022	2021
Key audit matters	Valuation of investments	Yes	Yes
Materiality	Company financial statements as a whole £6.860m (2021:£4.858m) based on 1.5% (2021: 1.5%) of Net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of investments See note 7 and accounting policy on page 115.	100% of the underlying investment portfolio is represented by unquoted equity and loan investments. The valuation of investments is calculated using discounted dividend models. This is a highly subjective accounting estimate where there is an inherent risk of bias arising from the investment valuations being prepared by the Investment Adviser (with the assistance of externally appointed experts), who is remunerated based on the net asset value of the company. These estimates include judgements including discount rates, useful economic lives of assets, tax and inflation. Assets in construction were valued using the cost approach. Investments at fair value through profit or loss is the most significant balance in the financial statements and is the key driver of performance therefore we determined this to be a key audit matter.	In respect of the investments valued using discounted dividend models, we performed the following specific procedures: • Utilised spreadsheet analysis tools to assess the integrity of the model. • Assessed the reasonableness of forecasted cashflows against supporting documentation such as revenue contracts. • Challenged the appropriateness of the key assumptions including discount factors, inflation and asset life applied by benchmarking to available industry data and with the assistance of our valuations experts where appropriate, considering each assumption within a reasonable range. • Reviewed the corporation tax workings within the valuation model and considered whether these had been modelled accurately in the context of current corporation tax legislation and rates. • Vouched cash to bank statements and other net assets to investment entity management accounts. • Considered the accuracy of forecasting by comparing forecasts to actual results. • Vouched loans to loan agreements, verified the terms of the loans and recalculated interest income and compared to that recorded. For each of the key assumptions in the valuation models, we considered the appropriateness of the assumption and whether alternative reasonable assumptions could have been applied. We considered each assumption in isolation as well as in conjunction with other assumptions and the valuation as a whole, in order to derive a reasonable range of valuations and assess whether the company's valuation was within that range. For those investments held at cost, we agreed the cost of the investments to supporting documentation and obtained progress reports from the developers in order to assess whether the investments were demonstrating indicators of impairment. Key observations Based on our procedures performed we found the valuation of the investment portfolio and judgements applied therein to be acceptable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC CONTINUED

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2022	2021
Materiality	£6.860m	£4.858m
Basis for determining materiality	1.5% of Net assets	
Rationale for the benchmark applied	Net Asset Value is a key indicator of performance and as such the most relevant benchmark on which to base materiality for the users of the financial statements.	
Performance materiality	£4.802m	£3.400m
Basis for determining performance materiality	70% of Materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including our assessment of the Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the year.	

Specific materiality

We also determined that for those items impacting realised return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users as it is a measure of the Company's performance. As a result, we determined materiality for these items to be £1.206k (2021: a lower testing threshold of £335k was applied), based on 5% of revenue return before tax (2021: 10% of gross expenditure). We further applied a performance materiality level of 70% (2021:70%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

We used a specific materiality in the current year rather than a lower testing threshold given the presence of a dividend target and therefore an enhanced incentive to overstate revenue returns.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £137k (2021:£95k) and for those items impacting realised return £24k (2021: n/a). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the Audit Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC CONTINUED

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, requirements of s.1158 of the Corporation Tax Act, and applicable accounting standards.

Our procedures in response to the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management, the board and relevant Service Organisations regarding known or suspected instances of non-compliance with laws and regulation and fraud. We corroborated our enquiries through our review of board meeting minutes for the year and other evidence gathered during the course of the audit; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be the valuation of investments, revenue recognition and management override of controls.

Our procedures in response to the above included:

- The procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of investments;
- Recalculating the investment management fees in total;
- Recalculating interest income in total and agreeing receipts to bank;
- Agreeing all dividend receipts to bank and to board resolutions of underlying companies; and
- Testing a risk based sample of journal entries to supporting documentation and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC CONTINUED

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

27 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

		For the year ended 31 December 2022			For the period from incorporation on 30 October 2020 to 31 December 2021		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income							
Gains on investments	7	–	4,131	4,131	–	22,046	22,046
Investment income	4	28,823	–	28,823	1,674	–	1,674
Total income and gains		28,823	4,131	32,954	1,674	22,046	23,720
Investment advisory fees	16	(3,810)	–	(3,810)	(2,218)	–	(2,218)
Other expenses	5	(940)	–	(940)	(1,136)	–	(1,136)
Profit/(loss) for the year/ period before taxation		24,073	4,131	28,204	(1,680)	22,046	20,366
Taxation	6	–	–	–	–	–	–
Profit/(loss) for the year/ period after taxation		24,073	4,131	28,204	(1,680)	22,046	20,366
Profit and total comprehensive income attributable to:							
Equity holders of the Company		24,073	4,131	28,204	(1,680)	22,046	20,366
Earnings/(loss) per share – basic and diluted (pence)	18	6.55	1.12	7.67	(0.87)	11.39	10.52

The total column of the Statement of Comprehensive Income is the profit and loss account of the Company. The supplementary revenue return and capital columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP).

All revenue and capital items in the above statement derive from continuing operations.

The above Statement of Comprehensive Income includes all recognised gains and losses.

The notes on pages 115 to 137 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Non-current assets			
Investments at fair value through profit or loss	7	**315,133**	159,618
Total non-current assets		**315,133**	159,618
Current assets			
Cash and cash equivalents	10	**141,791**	163,810
Other receivables	9	**740**	811
Total current assets		**142,531**	164,621
Total assets		**457,664**	324,239
Current liabilities			
Accounts payable and accrued expenses	11	**(491)**	(341)
Total current liabilities		**(491)**	(341)
Total liabilities		**(491)**	(341)
Net assets	19	**457,173**	323,898
Capital and reserves			
Share capital	13	**4,225**	3,116
Share premium	13	**186,368**	67,949
Special distributable reserve	14,15	**232,467**	232,467
Capital reserve		**26,177**	22,046
Revenue reserve		**7,936**	(1,680)
Total capital and reserves attributable to equity holders of the Company		**457,173**	323,898
Net asset value per ordinary share	19	**108.21**	103.95

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bernard Bulkin
Chair

Company Registration Number 12986255

The notes on pages 115 to 137 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2022

For the year ended 31 December 2022	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance		3,116	67,949	232,467	22,046	(1,680)	323,898
Issue of share capital	13,14	1,109	120,891	–	–	–	122,000
Cost of issue of shares	14	–	(2,472)	–	–	–	(2,472)
Transfer to special distributable reserve		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	4,131	24,073	28,204
Interim dividends paid during the year		–	–	–	–	(14,457)	(14,457)
Balance at 31 December 2022		4,225	186,368	232,467	26,177	7,936	457,173

From the period from incorporation on 30 October 2020 to 31 December 2021	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance							
Issue of share capital	13,14	3,116	309,508	–	–	–	312,624
Cost of issue of shares	14	–	(6,059)	–	–	–	(6,059)
Transfer to special distributable reserve		–	(235,500)	235,500	–	–	–
Total comprehensive income/(loss) for the period		–	–	–	22,046	(1,680)	20,366
Interim dividends paid during the period		–	–	(3,033)	–	–	(3,033)
Balance at 31 December 2021		3,116	67,949	232,467	22,046	(1,680)	323,898

A total of 422,498,890 ordinary shares were issued since its incorporation to 31 December 2022.

The capital reserve represents the unrealised gains or losses on the revaluation of investments. The unrealised element of the capital reserve is not distributable. The special distributable reserve was created on court cancellation of the share premium account. Distributable reserves comprise, revenue, special distributable and capital reserves, which are distributable by way of dividend.The total distributable reserves as at 31 December 2022 was £240,402,990 (31 December 2021: £230,787,289).

The notes on pages 115 to 137 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	For the year ended 31 December 2022 £'000	For the period from incorporation on 30 October 2020 to 31 December 2021 £'000
Cash flows from operating activities			
Profit before tax		28,204	20,366
Adjustments for:			
Movement in fair value of investments	7	(4,148)	(23,595)
Interest on cash deposits	4	(2,310)	–
Operating result before working capital changes		21,746	(3,229)
Decrease/(increase) in other receivables	9	71	(811)
Increase in accounts payable and accrued expenses	11	151	341
Net cash flow generated by/(used in) operating activities		21,968	(3,699)
Cash flows from investing activities			
Purchase of investments	7	(151,367)	(136,023)
Interest on cash deposits	4	2,310	–
Net cash used in investing activities		(149,057)	(136,023)
Cash flows from financing activities			
Proceeds from issue of shares		122,000	312,624
Payment of share issue costs		(2,472)	(6,059)
Dividends paid in the year	15	(14,457)	(3,033)
Net cash generated from financing activities		105,071	303,532
Net (decrease)/increase in cash and cash equivalents		(22,019)	163,810
Cash and cash equivalents at beginning of the year/period		163,810	–
Cash and cash equivalents at end of the year/period	10	141,791	163,810

The notes on pages 115 to 137 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

VH Global Sustainable Energy Opportunities plc (the "Company") is a closed-ended investment company, incorporated in England and Wales on 30 October 2020 as a public limited company under the Companies Act 2006 with registered number 12986255. The Company commenced operations on 2 February 2021 when its shares commenced trading on the London Stock Exchange.

The Company and the AIFM have appointed Victory Hill Capital Partners LLP as the Investment Adviser pursuant to the Investment Advisory Agreement dated 5 January 2021.

The Company has registered, and intends to carry on business, as an investment trust with an investment objective to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner and OECD Accession Countries.

The financial statements comprise only the results of the Company, as its investment in VH GSEO UK Holdings Limited ("GSEO Holdings") is measured at fair value through profit or loss in line with IFRS 10 as explained in note 2.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

On 31 December 2020, IFRS as adopted by the European Union as adopted at that date was brought into UK law and became UK-adopted International Accounting Standards. The Company transitioned to UK adopted international accounting standards in its financial statements on 1 January 2021. There was no impact or changes on recognition, measurement or disclosure in the period reported resulting from the transition.

The financial statements are prepared on the historical cost basis, except for revaluation of certain financial investments at fair value through profit or loss. The principal accounting policies adopted are set out below and consistently applied, subject to changes in accordance with any amendments in IFRS.

The financial statements have also been prepared, as far as is consistent with adopted IFRS and relevant and applicable to the Company in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP) issued in April 2021 by the Association of Investment Companies (AIC).

The financial statements incorporate the financial statements of the Company only. The primary objective of the Company is to generate returns in Sterling. The Company's performance is measured in Sterling terms and its ordinary shares are issued in Sterling. Therefore, the Company has adopted Sterling as the presentation and functional currency for its financial statements. These financial statements are presented in pounds sterling and are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates it also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.2 Investment entity and basis of non-consolidation of subsidiaries

The sole objective of the Company, through its subsidiary GSEO Holdings, is to make investments, via individual corporate entities. The Company typically will subscribe for equity in or issue loans to GSEO Holdings in order for it to finance its investments.

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 "Consolidated Financial Statements" in relation to all its subsidiaries and that the Company satisfies the three essential criteria to be regarded as an investment entity as defined in IFRS 10.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

There are three key conditions to be met by the Company for it to meet the definition of an investment entity. The three essential criteria are that the entity must:

1. Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
2. Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. Measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second criteria, the notion of an investment time frame is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation.

In this regard, GSEO Holdings is itself an investment entity. Consequently, the Company need not have an exit strategy for its investment in GSEO Holdings.

As for investments in subsidiaries, the Company intends to hold each investment until the end of its life, at which point the assets are expected to have no residual value. The Directors consider that this demonstrates a clear exit strategy from these investments. The Company may choose to sell its interest in an investment before the end of its project life if an attractive offer is received from a potential purchaser and the Directors consider that this demonstrates a clear exit strategy from these investments.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value Measurement", IFRS 10 "Consolidated Financial Statements" and IFRS 9 "Financial Instruments".

Further detail on the significant judgements in the basis of non-consolidation of the subsidiaries of the Company is disclosed in note 3.

2.3 Going concern

The Directors have reviewed the financial position of the Company and its future cash flow requirements, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company's working capital requirements.

The Company faces a number of risks and uncertainties, as set out in the Strategic Report on pages 42 to 49. The financial risk management objectives and policies of the Company, including exposure to price risk, interest rate risk, credit risk and liquidity risk are discussed in note 12 to the financial statements.

The Company continues to meet day-to-day liquidity needs through its cash resources. As at 31 December 2022, the Company had net current assets of £142m (2021: £164.3m) and cash balances of £141.8m (2021: £163.8m), which are sufficient to meet current obligations as they fall due. There is no external debt at the Company as at year end.

The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary, the Company's ongoing operating costs and the fulfillment of remaining commitments made as laid out in note 17.

The Directors have reviewed Company forecasts and pipeline projections which cover a period of at least 12 months from the date of approval of this report, considering foreseeable changes in investment and the wider pipeline, which show that the Company has sufficient financial resources to continue in operation for at least the next 12 months from the date of approval of this report. Furthermore, the Directors have considered a worst case scenario in which the Company is assumed to meet all of its remaining investment commitments within the next 12 months, in addition to dividend payments and ongoing operating expenses. Even in this unlikely scenario, the Company has sufficient headroom to meet all expected cash outflows with its existing cash balances.

The Directors have considered factors relating to the wider global macroeconomic environment in 2022, in particular changes in inflation and interest rates. As the Company's income is primarily inflation-linked, a rise in inflation would have a positive impact on cashflows from operating assets and an uplift in valuation of the investment portfolio. An increase in interest rates may result in an increase in risk-free rates, therefore negatively impacting valuation of investments. Furthermore, the Company has no physical assets in Ukraine, Russia or Eastern Europe and therefore, regional geopolitical factors have an immaterial impact on the Company.

Based on its assessment above, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for at least 12 months from the date of the approval of these financial statements. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

All financial assets are initially recognised at fair value plus transaction cost except for those designated as fair value through profit or loss, which are recognised at fair value only. All purchases of financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset.

The Company's financial assets principally comprise of investments held at fair value through profit or loss and at amortised cost.

Investments held at fair value through profit or loss

The Company accounts for its investment in its wholly owned direct subsidiary GSEO Holdings at fair value through profit and loss in accordance with IFRS 9. At initial recognition, investments in sustainable energy infrastructure projects in GSEO Holdings are measured at fair value through profit or loss. Subsequently, gains or losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income at each valuation point. As both the Company and GSEO Holdings are investment entities under IFRS, the Company includes its investment in GSEO Holdings at fair value through profit or loss.

As shareholder loan investments form part of a managed portfolio of assets whose performance is evaluated on a fair value basis, loan investments are designated at fair value in line with equity investments. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement.

Gains or losses resulting from the movement in fair value are recognised in the statement of comprehensive income at each valuation point and are allocated to the capital column of the statement of comprehensive income.

Refer to note 7 for details regarding the valuation methodology of investments.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given.

Transaction costs are recognised as incurred and allocated to the capital column of the statement of comprehensive income.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Board will consider any observable market transactions and will measure fair value using assumptions that market participants would use when pricing the asset, including any assumptions regarding risk surrounding the transaction.

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cashflow has expired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Financial assets at amortised cost

Loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. Financial assets are measured at amortised cost using the effective interest rate method, less any impairment. Impairment provisions for loans and receivables are recognised based on a forward-looking expected credit loss model. All financial assets assessed under this model are immaterial to the financial statements.

The Company's financial assets held at amortised cost comprise of cash and cash equivalents and other receivables in the Statement of Financial Position.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into and are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability.

The Company's other financial liabilities measured at amortised cost include accounts payable and accrued expenses which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of 3 months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.6 Foreign currencies

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur.

Foreign currency monetary assets and liabilities are translated to the functional currency at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation to the functional currency are recognised in the Statement of Comprehensive Income, within other expenses or other income. Foreign exchange differences relating to investments held at fair value through profit or loss are shown within the line Gains/(losses) on investments.

2.7 Dividends

Dividends payable to the Company's shareholders are recognised as distributions in the financial statements when the Company's obligation to make payment has been established.

2.8 Income recognition

Investment income comprises interest income on shareholder loan investments and dividend income from GSEO Holdings, which are recognised when the Company's entitlement to receive payment is established. Interest income from cash deposits is recognised in the statement of comprehensive income using the effective interest method. Investment income and interest income are allocated to the revenue column of the Company's statement of comprehensive income unless such income is of a capital nature.

Gains and losses on fair value of investments in the income statement represent gains or losses that arise from the movement in the fair value of the Company's investment in GSEO Holdings. Movements in relation to the fair value of investments are allocated to the capital column of the Company's statement of comprehensive income at each valuation point.

2.9 Expenses

Expenses are accounted for on an accruals basis. These include AIFM, investment advisory fees and other expenses are allocated to the revenue column of the Statement of Comprehensive Income. 100% of the investment advisory fees are charged as an expense item within the Statement of Comprehensive Income. Fees relating to the AIFM and Investment Adviser are detailed in note 16.

Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

2.10 Share capital and share premium

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments.

Costs associated or directly attributable to the issue of new equity shares are recognised as a deduction in equity and are charged from the share premium account. Incremental costs include those incurred in connection with the placing and admission which include fees payable under a placing agreement, legal costs, and any other applicable expenses.

The costs incurred in relation to the Company's IPO and for the additional raise in July 2022 were charged to the share premium account.

2.11 Taxation

Under the current system of taxation in the UK, the Company is liable to taxation on its operations in the UK.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Company is able to control the timing of the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

2.12 Segmental reporting

The Board of Directors, being the Chief Operating Decision Maker (the "CODM"), is of the opinion that the Company is engaged in a single segment of business, being investment in Global Sustainable Energy Opportunities.

The Company has no single major customer. The internal financial information to be used by the CODM on a quarterly basis to allocate resources, assess performance and manage the Company will present the business as a single segment comprising the portfolio of investments in energy efficiency assets.

The financial information used by the Board to manage the Company presents the business as a single segment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.13 Changes to accounting standards and interpretations

At the date of authorisation of the financial statements, the following amendments had become newly effective for accounting periods beginning on or after 1 January 2022:

- A number of narrow-scope amendments to IFRS 3 "Business Combinations", IAS 16 "Property, plant and equipment", IAS 37 "Provisions, contingent liabilities and contingent assets" and annual improvements on IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and illustrative examples accompanying IFRS 16 "Leases".

The Company has reviewed and concluded that these amendments do not have an impact on the year-end financial statements of the Company.

The table below shows a number of standards and interpretations which had been published but not yet effective.

Description	Effective Date
IFRS 17 Insurance Contracts	Periods beginning on or after 1 January 2023
Amendments to the following standards: • IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Disclosure of Accounting Policies) • IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates) • IAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	Periods beginning on or after 1 January 2023
Amendments to the following standards: • IFRS 16 Leases (Liability in a Sale and Leaseback) • IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current) • IAS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants)	Periods beginning on or after 1 January 2024

Similarly, the Company has assessed the impact of the future amendments and has determined that the application of these amendments and interpretations in current and future periods will not have a significant impact on its financial statements.

3. Critical accounting estimates, judgements, and assumptions

The preparation of financial statements requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

The estimates and underlying assumptions underpinning our investments are reviewed on an ongoing basis by both the Directors and the Investment Adviser. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant estimates, judgements and assumptions for the year are set out as follows:

Key judgement: Investment entity and basis of non-consolidation

As detailed in note 2.2, the Directors have concluded that the Company and its wholly owned direct subsidiary, GSEO Holdings, meet the definition of an investment entity by satisfying the three key conditions as set out in IFRS 10. This assessment involves an element of judgement as to whether the company continues to meet the criteria outlined in the accounting standards.

Being investment entities, the Company and GSEO Holdings are measured at fair value as opposed to being consolidated on a line-by-line basis, meaning their balance sheet is included in the fair value of investments rather than in the Company's balance sheet.

The Directors believe the treatment outlined above provides the most relevant information to investors.

Key estimation and uncertainty: Fair value estimation for investments at fair value

Fair value for each investment held through GSEO Holdings is calculated by the Investment Adviser as investments are not traded in active markets. Fair value for operational sustainable energy infrastructure investments will typically be derived from a discounted cash flow (DCF) methodology and the results will be benchmarked against appropriate multiples and key performance indicators, where available for the relevant sector/industry. For sustainable energy infrastructure investments that are not yet operational at the time of valuation, the price of recent investment may be used as an appropriate estimate of fair value initially, but it is likely that a DCF will provide a better estimate of fair value as the asset moves closer to operation.

In a DCF analysis the fair value is derived from the present value of the investment's expected future cash flows to the Company's intermediate holdings i.e. GSEO Holdings, from investments in both equity (dividends) and shareholder loans (interest and repayments). The DCF models use observable data, to the extent practicable, and apply reasonable assumptions and forecasts for revenues, operating costs, macro-level factors, project specific factors and an appropriate discount rate. Changes in assumptions about these factors could affect the reported fair value of investments, which is detailed in note 7, considering the sensitivity of key modelling assumptions on the Company's net asset value.

The AIFM and the Investment Adviser exercise their judgement in assessing the discount rate for each investment. This is based on knowledge of the market, taking into account market intelligence gained from publicly available information, bidding activities, discussions with financial advisers, consultants, accountants and lawyers. The discount rates are reviewed quarterly and updated, where appropriate, to reflect changes in the market and in the project risk characteristics.

The risk of climate change has been considered in the valuation of investments, where applicable. Future power prices are estimated using forecast data from third-party specialist consultancy reports, which reflect various factors including gas prices, carbon prices and renewables deployment.

Short to medium term inflation assumptions used in the valuations are based on third party forecasts. In the longer term, an assumption is made that inflation will increase at a long-term rate.

The estimates and assumptions that are used in the calculation of the fair value of investments is disclosed in note 7.

Key judgement: Equity and debt investment in GSEO Holdings

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of investments is managed, and performance is evaluated on a fair value basis.

The contractual cash flows of the Company's shareholder loans (debt investments) are solely principal and interest, however, these are not held for the purpose of collecting contractual cash flows. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective.

Consequently, in applying their judgement, the Directors have satisfied themselves that the equity and debt investments into its direct wholly owned subsidiary, GSEO Holdings, share the same investment characteristics and, as such, constitute a single asset class for IFRS 7 disclosure purposes.

4. Investment income

	For the year ended 31 December 2022			For the period from incorporation on 30 October 2020 to 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on cash deposits	2,310	–	2,310	132	–	132
Interest income from investments	4,906	–	4,906	1,542	–	1,542
Dividend income	21,607	–	21,607	–	–	–
Investment income	**28,823**	**–**	**28,823**	**1,674**	**–**	**1,674**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. Operating expenses

	For the year ended 31 December 2022 £'000	For the period from incorporation on 30 October 2020 to 31 December 2021 £'000
Fees to the Company's Auditor		
Statutory audit of the year-end financial statements	170	110
Assurance related services for the year/period ended	50	60
Other non-audit services	48	5
Tax Advisory fees	10	84
AIFM fees	74	66
Directors' fee	220	202
Other expenses	368	609
Total other expenses	**940**	1,136

Fees with respect to the Investment Adviser and the AIFM are set out in note 16.

The Company had no employees during the period. Full detail on Directors' fees is provided in the Directors' Remuneration Report. There were no other emoluments during the year.

6. Taxation

a. Analysis of charge in the year/period

	For the year ended 31 December 2022			For the period from incorporation on 30 October 2020 to 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	–	–	–	–	–	–

b. Factors affecting total tax charge for the year/period

The effective UK corporation tax rate applicable to the Company for the period is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

	For the year ended 31 December 2022			For the period from incorporation on 30 October 2020 to 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) for the year/period before taxation	24,073	4,131	28,204	(1,680)	22,046	20,366
Corporation tax at 19%	4,574	785	5,359	(319)	4,189	3,870
Effect of:						
Capital (gains) / losses not taxable	–	(785)	(785)	–	(4,189)	(4,189)
Expenditure not deductible	(96)	–	(96)	13	–	13
Non-taxable UK dividends	(4,105)	–	(4,105)	–	–	–
Management expenses not utilised/ recognised	(180)	–	(180)	306	–	306
Interest distributions	(193)	–	(193)	–	–	–
Total tax charge for the year/period	–	–	–	–	–	–

Investment companies which have been approved by HM Revenue & Customs under section 1158 of the Corporation Tax Act 2010 are exempt from tax on capital gains. The Directors are of the opinion that the Company has complied with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010.

Additionally, the Company may utilise the interest streaming election which allows the Company to designate dividends wholly or partly as interest distributions for UK tax purposes. Interest distributions are treated as tax deductions against taxable income of the Company so that investors do not suffer double taxation on their returns.

The financial statements do not directly include the tax charges for the Company's intermediate holding company, as GSEO Holdings is held at fair value. GSEO Holdings is subject to taxation in the United Kingdom.

c. Deferred taxation

The Company has no unutilised excess management expenses therefore no deferred tax asset has been recognised.

The Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Investments at fair value through profit or loss

As set out in note 2.2, the Company designates its interest in its wholly owned direct subsidiary GSEO Holdings as an investment at fair value through profit or loss at each balance sheet date in accordance with IFRS 13, which recognises a variety of fair value inputs depending upon the nature of the investment. Specifically:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

The Company classifies all assets measured at fair value as below:

Fair value hierarchy

As at 31 December 2022	Total £'000	Quoted prices in active markets (level 1) £'000	Significant Observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
Assets measured at fair value:				
Non-current assets				
Investments held at fair value through profit or loss	315,133	–	–	315,133

As at 31 December 2021	Total £'000	Quoted prices in active markets (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
Assets measured at fair value:				
Non-current assets				
Investments held at fair value through profit or loss	159,618	–	–	159,618

All of the Company's investments have been classified as Level 3 and there have been no transfers between levels during the year ended 31 December 2022.

The movement on the level 3 unquoted investment during the year is shown below:

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Opening balance at beginning of the year/period	159,618	–
Additions during the period at cost	151,367	136,023
	310,985	136,023
Fair value movement on investments:		
Change in fair value of equity investments[1]	4,144	22,046
Interest on loan investments[2]	4	1,549
Total fair value movement on investments	4,148	23,595
Closing balance	**315,133**	**159,618**

1 The £4,131k in the Statement of Comprehensive Income within other expenses/income and Statement of Changes in Equity is made up of unrealised gains of £4,144k per this note and a realised foreign exchange loss of £13k during the year.

2 This is the amount related to the unpaid shareholder loan interest income as at the year/period end.

Further information on the basis of valuation is detailed in note 3 to the financial statements.

Valuation methodology

As set out in note 2.2, the Company meets the definition of an investment entity as described by IFRS 10, as such the Company's investment in the GSEO Holdings is valued at fair value.

The Company acquired underlying investments in special purpose entities (SPEs) through its equity and debt investment in GSEO Holdings, as detailed in note 8. The Investment Adviser has carried out fair market valuations of the SPE investments, where applicable, as at 31 December 2022, reviewed by the AIFM.

In line with IFRS 13, level of fair value hierarchy within the financial assets or financial liabilities ranges from level 1 to level 3 and is determined on the basis of the lowest level input that is significant to the fair value measurement.

The Company records the net asset value of GSEO Holdings by calculating and aggregating the fair value of each of the individual investments in which the Company holds an indirect investment. Due to their nature, such investments are expected to be classified as level 3 as they are not traded and contain unobservable inputs. The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation.

The fair value of investments that are operational as at year end are measured at fair value through profit or loss using the DCF methodology in line with the IFRS 13 framework for fair value measurement. As at 31 December 2022, the US terminal storage assets, one of the five Australian solar PV with battery storage assets and nine of the eighteen Brazilian solar PV assets are being measured at fair value, using DCF valuation. Separately, investment in the Brazilian hydro facility uses its acquisition price, adjusted for distributions and cash generated by the asset post acquisition, as the most appropriate measurement of its fair value at year end, due to the recency of the acquisition on 7 December 2022, and that the asset has not materially changed since acquisition.

Fair value of investments that are in construction as at year end is measured on a cost basis, as the most appropriate proxy of their fair value. At year end, the remaining Australian solar PV with battery storage assets, remaining Brazilian solar PV assets, and the UK flexible power with CCR assets are in construction. Therefore, until commencement of operations, the cost basis is considered to be the most appropriate measure of valuation. There are no indications at 31 December 2022 that the cost basis should be impaired.

In line with IFRS 13, the fair value of one of the five solar PV assets in Australia is calculated as the acquisition price of the asset and the cash flows associated with the installation and operation of the BESS. This is the best estimate of valuation as the highest and best use of the asset would be when the BESS has been fully integrated with the solar plants.

The total movement in the value of the investments in GSEO Holdings is recorded through profit and loss in the Statement of Comprehensive Income Statement of the Company.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Valuation assumptions

The following economic assumptions were used in the valuation of operating assets.

Discount rates	The discount rate used in the valuations is derived according to internationally recognised methods.
	Typical components of the discount rate are risk free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as construction.
Power price	Power prices are based on power price forecasts from leading market consultants adjusted for expected deployment of energy transition assets.
Energy yield	Estimated based on energy yield assessments from leading technical consultants as well as operational performance data (where applicable).
Inflation rates	Long-term inflation is based on International Monetary Fund (IMF) forecasts for the respective jurisdiction.
Asset life	Refer to the table below for details. In individual cases a longer operating life may be assumed where the contractual set-up supports such assumption.
Operating expenses	The operating expenses are primarily based on the respective contracts and budgets.
Taxation rates	The underlying country-specific tax rates are derived from leading tax consulting firms.
Capital expenditure	Based on the contractual arrangements (e.g. EPC agreement), where applicable.

Key assumptions

			31 December 2022
Discount rate	Weighted Average	US terminal storage assets	8.43%
	Weighted Average	Australian solar PV with battery storage assets	8.55%
	Weighted Average	Brazilian solar PV assets	13.09%
	Weighted Average	Brazilian hydro facility	10.48%
Long-term inflation[1]	United States	US terminal storage assets	2.0%
	Australia	Australian solar PV with battery storage assets	2.5%
	Brazil	Brazilian solar PV assets & Brazilian hydro facility	3.0%
Remaining asset life	Years	US terminal storage assets	30 years
	Years	Australian solar PV with battery storage assets	25 years
	Years	Brazilian solar PV assets	25 years
	Years	Brazilian hydro facility	25 years
Exchange rates	GBP:USD	US terminal storage assets	1:1.210
	GBP:BRL	Brazilian solar PV assets & Brazilian hydro facility	1:6.386
	GBP:AUD	Australian solar PV with battery storage assets	1:1.775

[1]*Source: IMF. Inflation rates have been taken from IMF published on 14 Oct 2022 (data is published biannually), which provides yearly forecasted inflation up to 2027. Long-term inflation rate refers to the 2027 projected rate. Short-term inflation volatility of up to 2027 has been accounted for in the valuation of operating assets.*

Valuation sensitivity

The key sensitivities in the DCF valuation are considered to be the discount rate used in the DCF valuation and long-term assumptions in relation to inflation, operating expenses and asset life.

The discount rate applied in the valuation of the operating assets are as per the table above, which is considered to be an appropriate base case for sensitivity analysis. A variance of +/-1% is considered to be a reasonable range of alternative assumptions for discount rate.

The base case long term inflation rate assumption depends on the geographical location for assets in operation. These are disclosed in the table above. A variance of +/-1% is considered to be a reasonable range of alternative assumptions for inflation.

For assets in construction, the Company has only sensitised the impact of foreign exchange fluctuations. A variance of +/-10% is considered to be a reasonable range of alternative assumptions for foreign exchange.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The analysis below shows the sensitivity of the investments value (and impact on NAV) to changes in key assumptions. All sensitivity calculations have been performed on the basis that each of the other assumptions remains constant and unchanged.

	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (pence)
Discount Rate – US terminal storage assets	-1.00%	11,669	2.76
	1.00%	(9,995)	(2.37)
Discount Rate – Australian solar PV with battery storage assets	-1.00%	365	0.09
	1.00%	(325)	(0.08)
Discount Rate – Brazilian solar PV assets	-1.00%	1,332	0.32
	1.00%	(1,183)	(0.28)
Discount Rate – Brazilian hydro facility	-1.00%	9,300	2.20
	1.00%	(8,088)	(1.91)
Discount Rate – All	-1.00%	22,665	5.36
	1.00%	(19,591)	(4.64)

	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (pence)
Inflation – US terminal storage assets	-1.00%	(9,666)	(2.29)
	1.00%	11,188	2.65
Inflation – Australian solar PV with battery storage assets	-1.00%	(442)	(0.10)
	1.00%	63	0.01
Inflation – Brazilian solar PV assets	-1.00%	(1,071)	(0.25)
	1.00%	1,098	0.26
Inflation – Brazilian hydro facility	-1.00%	(7,447)	(1.76)
	1.00%	5,891	1.39
Long–term Inflation – All (see table below)	-1.00%	(18,627)	(4.41)
	1.00%	18,241	4.32

	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (pence)
Asset life – US terminal storage assets	-1 year	(1,504)	(0.36)
	+1 year	1,358	0.32
Asset life – Australian solar PV with battery storage assets	-1 year	(76)	(0.02)
	+1 year	310	0.07
Asset life – Brazilian solar PV assets	-1 year	(137)	(0.03)
	+1 year	137	0.03
Asset life – Brazilian hydro facility	-1 year	(1,512)	(0.36)
	+1 year	1,440	0.34
Asset life – All	-1 year	(3,230)	(0.76)
	+1 year	3,245	0.77

	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (pence)
Operating expenses – US terminal storage assets	-5.00%	3,555	0.84
	5.00%	(3,555)	(0.84)
Operating expenses – Australian solar PV with battery storage assets	-5.00%	15	0.00
	5.00%	(15)	(0.00)
Operating expenses – Brazilian solar PV assets	-5.00%	429	0.10
	5.00%	(428)	(0.10)
Operating expenses – Brazilian hydro facility	-5.00%	2,565	0.61
	5.00%	(2,743)	(0.65)
Operating expenses – All	-5.00%	6,565	1.55
	5.00%	(6,742)	(1.60)

	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (pence)
FX (GBP:USD)	-10.00%	11,790	2.79
	10.00%	(9,646)	(2.28)
FX (GBP:BRL)	-10.00%	15,905	3.76
	10.00%	(13,014)	(3.08)
FX (GBP:AUD)	-10.00%	3,585	0.85
	10.00%	(2,933)	(0.69)
FX – All	-10.00%	31,280	7.40
	10.00%	(25,593)	(6.06)

The sensitivities above are assumed to be independent of each other. Combined sensitivities are not presented.

8. Unconsolidated subsidiaries

The following table shows subsidiaries of the Company. As the Company is regarded as an investment entity, these subsidiaries have not been consolidated in the preparation of the financial statements.

Investments	Place of Business	Ownership interests as at 31 December 2022
VH GSEO UK Holdings Limited	United Kingdom	100%
Victory Hill Distributed Energy Investments Limited	United Kingdom	100%
Victory Hill Flexible Power Limited	United Kingdom	100%
Rhodesia Power Limited	United Kingdom	100%
Victory Hill USA Holdings LLC	United States	100%
Victory Hill Midstream Investments LLC	United States	100%
Victory Hill Midstream Energy LLC	United States	100%
Motus T1 LLC	United States	100%
Motus T2 LLC	United States	100%
Victory Hill Australia Investments Pty Ltd	Australia	100%
Victory Hill Distributed Power Pty Ltd	Australia	100%
Mobilong Solar Farm Pty Ltd	Australia	100%
Dunblane Solar Pty Ltd	Australia	100%
Dubbo Solar Project Pty Ltd	Australia	100%
Narrandera Solar Project Pty Ltd	Australia	100%
Coleambally East Solar Farm Pty Ltd	Australia	100%
Greentech Solar Project No 1 Unit Trust	Australia	100%
Dubbo Solar Project Unit Trust	Australia	100%
Narrandera Solar Project Unit Trust	Australia	100%
VH Participacoes Hidreletricas do Brasil LTDA	Brazil	98.25%
VH Hydro Brasil Holding S.A.	Brazil	100%
Energest S.A.	Brazil	100%
Victory Hill Holdings Brasil S.A.	Brazil	99.99%
Energea Itaguai I Aluguel De Equipamentos E Manutencao LTDA*	Brazil	100%
Energea Itaguai II Aluguel De Equipamentos E Manutencao LTDA*	Brazil	100%
Energea Itaguai III Aluguel De Equipamentos E Manutencao LTDA*	Brazil	100%
Energea Nova Friburgo LTDA*	Brazil	100%
Gera Solar SE LTDA*	Brazil	100%
Gera Solar RN LTDA*	Brazil	100%
Gera Solar RN LTDA*	Brazil	100%
Gera Solar PB Energia LTDA*	Brazil	100%
Gera Solar MS LTDA*	Brazil	100%
Energea Palmas Geracao S.A*	Brazil	100%
Energea Geracao de Projetos Minas Gerais LTDA*	Brazil	100%
Energea Geracao de Projetos RJ LTDA*	Brazil	100%
Energea Geracao de Projetos RJ II LTDA*	Brazil	100%
Energea Vassouras VH Geracao LTDA*	Brazil	100%
CGS Sao Paulo Locacoes LTDA*	Brazil	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

At 31 December 2022, the Company has one direct subsidiary and owns 100% of GSEO Holdings. The Company owns investments in the other entities per the table above through its ownership of GSEO Holdings. GSEO Holdings owns 100% of Victory Hill USA Holdings LLC, Victory Hill Australia Investments Pty Ltd, Victory Hill Distributed Energy Investments Limited and Victory Hill Flexible Power Limited and 98.25% of VH Participacoes Hidreletricas do Brasil Ltda.

The Company's investments in Victory Hill Midstream Investments LLC, Victory Hill Midstream Energy LLC, Motus T1 LLC and Motus T2 LLC are held through Victory Hill USA Holdings LLC. These relate to the US terminal storage assets.

The Company's investments in Brazilian solar PV assets are held through Victory Hill Distributed Energy Investments Limited, which holds 99.99% of Victory Hill Holdings Brasil S.A. The holdings of Victory Hill Holdings Brasil S.A. are indicated by an asterisk in the list of unconsolidated subsidiaries above.

The Company's investments in VH Hydro Brasil Holding S.A. and Energest S.A. are held through VH Participacoes Hidreletricas do Brasil LTDA. These relate to the Brazilian hydro facility.

The Company's investments in Victory Hill Distributed Power Pty Ltd, Mobilong Solar Farm Pty Ltd, Dubbo Solar Project Pty Ltd, Narrandera Solar Project Pty Ltd, Coleambally East Solar Farm Pty Ltd, Dunblane Solar Pty Ltd, Greentech Solar Project No 1 Unit Trust, Dubbo Solar Project Unit Trust and Narrandera Solar Project Unit Trust are held through Victory Hill Australia Investments Pty Ltd. These relate to the Australian solar PV with battery storage assets.

The Company's investments in Rhodesia Power Limited is held through Victory Hill Flexible Power Limited. These relate to the UK flexible power with CCR assets.

9. Other receivables

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Other receivables	96	65
Interest receivable on cash and cash equivalents	270	9
Receivable from affiliates	355	737
Prepayments	19	–
Total other receivables	**740**	811

The Directors have analysed the expected credit loss in respect of receivables and concluded there was no material exposure for the year/period ended 31 December 2022 and 31 December 2021.

10. Cash and cash equivalents

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Cash at bank	48,075	92,094
Cash on deposit	93,716	71,716
Total cash at bank	**141,791**	163,810

Cash on deposit consists of funds held in a 32 day notice deposit account with Barclays Bank plc.

11. Accounts payable and accrued expenses

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Accrued expenses	491	197
Accounts payable	–	144
Accounts payable and accrued expenses	491	341

The Directors consider that the carrying amount of other payables and accrued expenses matches their fair value.

12. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The AIFM and the Investment Adviser have risk management procedures and processes in place which enable them to monitor the risks of the Company. The objective in managing risk is the creation and protection of shareholder income and value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, impact assessment, and monitoring and subject to risk limits and other controls.

The principal financial risks facing the Company in the management of its portfolio are as follows:

Currency risk

The Company make investments which are based in countries whose local currency may not be Sterling and the Company and its investments may make and/or receive payments that are denominated in currencies other than Sterling. Therefore, when foreign currencies are translated into Sterling there could be a material adverse effect on the Company's profitability and its net asset value.

The Company's investments are held for the long-term and the Company may enter into hedging arrangements for periods less than 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at time of investment and included in the Investment Adviser's assessment of minimum hurdle rate from investments. Hedging policies of the Company will be reviewed on a regular basis to ensure that the risks associated with the Company's investments are being appropriately managed.

The Company invests in a portfolio of assets through GSEO Holdings, which pays dividends in sterling to the Company. Shareholder loan investments and interest are held and paid in local currencies at the Company, including US$63,665,000 and A$35,400,000, representing a total of 15.9% of the Company's NAV at year end.

Note 7 details sensitivity analysis on the impact of changes to the inputs on the fair value of the Company's investments.

Interest rate risk

The Company's interest rate risk on its financial assets is limited to interest earned on cash or cash equivalents and any shareholder loan investments, which yield interest at fixed rates. The Board considers that, shareholder loan investments bear interest at a fixed rate, they do not carry any interest rate risk.

The Company may use borrowings for multiple purposes, including for investment purposes. At the year end the Company held no borrowings. Interest rate risk will be taken into consideration when taking out any such borrowings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2022 and 31 December 2021 are summarised as below:

	For the year ended 31 December 2022			For the period ended 31 December 2021		
	Interest bearing £'000	Non-interest bearing £'000	Total £'000	Interest bearing £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	141,791	–	141,791	163,810	–	163,810
Prepayments and other receivables	–	470	470	–	802	802
Interest receivable	270	–	270	9	–	9
Investments at fair value through profit or loss	89,047	226,086	315,133	56,717	102,901	159,618
Total assets	231,108	226,556	457,664	220,536	103,703	324,239
Liabilities						
Accounts payable and accrued expenses	–	(491)	(491)	–	(341)	(341)
Total liabilities	–	(491)	(491)	–	(341)	(341)

Price risk

The operation and cash flows of certain investments will depend, in substantial part, upon prevailing market prices for electricity and fuel, and particularly natural gas. The Company intends to mitigate these risks by entering into (i) hedging arrangements; (ii) extendable short, medium and long-term contracts; and (iii) fixed price or availability based asset-level commercial contracts, and ensuring that market risk is combined with non-market risk exposures.

Price risk is limited to the fair value of investments. Note 7 details sensitivity analysis on the impact of changes to the inputs on the fair value of the Company's investments and profits.

Credit risk

Credit risk is the risk that a counterparty will cause financial loss to the Company by failing to meet a commitment it has entered into with the Company. The Company's credit risk exposure is minimised with its policy to enter into banking arrangements with reputable financial institutions with a credit rating of at least 'A/Positive' from Standard and Poor's and making loan investments which are equity in nature. The Investment Adviser monitors the credit ratings of banks used by the Company on a regular basis.

The table below shows the Company's maximum exposure to credit risk:

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Cash and cash equivalents	141,791	163,840
Investments at fair value through profit or loss	89,047	56,717
Other receivables (note 9)	740	811
	231,578	221,368

The Company had no derivatives during the period.

Liquidity risk

The Company manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Company to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of counterparties to settle obligations. The Company ensures, through forecasting of capital requirements, that adequate cash is available.

The following table details the Company's liquidity analysis in respect of its financial liabilities on contractual undiscounted payments:

As at 31 December 2022	<3 Months £'000	3-12 Months £'000	1-5 Years £'000	>5 Years £'000	**Total £'000**
Accounts payable and accrued expenses	491	–	–	–	**491**
	491	**–**	**–**	**–**	**491**

As at 31 December 2021	<3 Months £'000	3-12 Months £'000	1-5 Years £'000	>5 Years £'000	**Total £'000**
Accounts payable and accrued expenses	311	30	–	–	**341**
	311	**30**	**–**	**–**	**341**

The Board of Directors monitors key risks faced by the Company and has agreed policies for managing the above risks with the AIFM and/or the Investment Adviser.

Capital management

The Company considers its capital to comprise ordinary share capital, distributable reserves and retained earnings.

The Company's primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations and allow for growth opportunities. Generally, acquisitions are anticipated to be funded with a combination of cash, debt and equity.

13. Share capital

Date	Issued and fully paid	Number of shares	Share Capital (A) £'000	Share premium (B) £'000	Special Distributable Reserve (C) £'000	**Total (A+B+C) £'000**
30 October 2020	Ordinary shares	1	–	–	–	**–**
2 February 2021	Ordinary shares	242,624,280	2,426	240,198	–	**242,624**
2 February 2021	Share issue costs	–	–	(4,698)	–	**(4,698)**
13 April 2021	Transfer to special distributable reserve	–	–	(235,500)	235,500	**–**
11 November 2021	Dividends paid	–	–	–	(3,033)	**(3,033)**
3 December 2021	Ordinary shares	68,965,518	690	69,310	–	**70,000**
3 December 2021	Share issue costs	–	–	(1,361)	–	**(1,361)**
At 31 December 2021		311,589,799	3,116	67,949	232,467	**303,532**
1 July 2022	Ordinary shares	110,909,091	1,109	120,891	–	**122,000**
1 July 2022	Share issue costs	–	–	(2,472)	–	**(2,472)**
At 31 December 2022		**422,498,890**	**4,225**	**186,368**	**232,467**	**423,060**

The Company was incorporated on 30 October 2020 when the issued share capital of the Company was £0.01 represented by one ordinary share and £50,000 represented by 50,000 management shares of nominal value of £1.00 each, which were subscribed for by Victory Hill Capital Partners LLP. On 2 February 2021, the Company issued a further 242,624,280 ordinary shares and on that date 242,624,281 ordinary shares were admitted to trading on the London Stock exchange. The management shares were redeemed at par on 2 February 2021.

On 1 December 2021, the Company raised additional gross proceeds of £70 million through the issue of 68,965,518 ordinary shares at an issue price of 101.5 pence per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

On 1 July 2022, the Company raised additional gross proceeds of £122 million through the issue of 110,909,091 ordinary shares at an issue price of 110 pence per ordinary share.

Shareholders are entitled to all dividends paid by the Company and on a winding up, provided that the Company has satisfied all its liabilities, the shareholders are entitled to all of the residual assets of the Company.

14. Special distributable reserve

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Balance at beginning of year/period	232,467	–
Transfer from share premium account	–	235,500
Dividends paid in the year/period	–	(3,033)
Balance at end of year/period	232,467	232,467

In order to increase distributable reserves available for the payment of future dividends, the Company resolved on 5 January 2021 that, the amount standing to the credit of the share premium account of the Company immediately following completion of the issue be cancelled and transferred to a special distributable reserve.

As stated by the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Chartered Accountants in Scotland (ICAS) in the technical release TECH 02/17BL, The Companies (Reduction of Share Capital) Order 2008 SI 2008/1915 ("the Order") specifies the cases in which a reserve arising from a reduction in a company's capital (i.e., share capital, share premium account, capital redemption reserve or redenomination reserve) is to be treated as a realised profit as a matter of law.

The Order also applies the general prohibition in section 654 on the distribution of a reserve arising from a reduction of capital. The Order provides that if a limited company having a share capital reduces its capital and the reduction is confirmed by order of court, the reserve arising from the reduction is treated as a realised profit unless the court orders otherwise.

15. Dividends

The Board of Directors of the Company announced an interim dividend of 1.25p per ordinary share of £3.9m with respect to the period 1 January 2022 to 31 March 2022, which was paid on 10 June 2022.

On 4 August 2022, the Board of Directors announced an interim dividend of £5.3 million equivalent to 1.25 pence per share with respect to the period 1 April 2022 to 30 June 2022 which was paid on 16 September 2022.

On 4 November 2022, the Board of Directors announced an interim dividend of £5.3 million equivalent to 1.25 pence per share with respect to the period 1 July 2022 to 30 September 2022 which was paid on 16 December 2022.

Total dividend paid in the year was £14.5 million.

On 22 February 2023, the Board of Directors announced an interim dividend of £5.8 million equivalent to 1.38 pence per ordinary share with respect to the period 1 October 2022 to 31 December 2022, which will be paid on 31 March 2023.

16. Transactions with AIFM, Investment Adviser and related parties

AIFM

The Company has entered into the AIFM Agreement with G10 Capital Limited (the 'AIFM') under which the AIFM has been appointed to act as the Company's alternative investment fund manager with overall responsibility for the risk management and portfolio management of the Company, providing alternative investment fund manager services and ensuring compliance with the requirements of the AIFM Rules, subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time and the investment restrictions referred to in the AIFM Agreement.

The AIFM Agreement provides that the Company will pay to the AIFM a fixed monthly fee of £5,000, exclusive of VAT. The Company will also reimburse the AIFM for reasonable expenses properly incurred by the AIFM in the performance of its obligations under the AIFM Agreement.

The AIFM Agreement may be terminated by the Company or the AIFM giving not less than four months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The AIFM fees for the year ended 31 December 2022 amounted to £74,400 (2021: £66,000) (including VAT) and no amount was outstanding at the year end.

Investment Adviser

The Company and the AIFM have entered into an Investment Advisory Agreement with Victory Hill Capital Partners LLP. Under the Investment Advisory Agreement, the AIFM and the Company have appointed Victory Hill as the Investment Adviser to the Company and the AIFM.

Under the terms of the Investment Advisory Agreement, the Investment Adviser will (i) seek out and evaluate investment opportunities: (ii) recommend the manner in which investments should be made, retained and realised; (iii) advise the Company and the AIFM in relation to acquisitions and disposals of assets; (iv) provide asset valuations to assist the Administrator in the calculation of; the quarterly Net Asset Value; and (v) provide operational, monitoring and asset management services.

The Investment Adviser is entitled to receive from the Company an annual fee to be calculated as percentages of the Company's net assets, 1% on the first £250m of NAV, 0.9% on NAV in excess of £250m and up to and including £500m and 0.8% on NAV in excess of £500m exclusive of VAT.

Furthermore, if in any fee period, the annual fee paid to the Investment Adviser exceeds:

a) £3.5 million, the Investment Adviser shall apply 8% of the annual fee, subject to a maximum amount of £400,000, to subscribe for or acquire ordinary shares of £0.01 each in the capital of the Company.

b) £2.5 million, the Investment Adviser shall apply 2% of the annual fee to be paid as a charitable donation to O&C Limited, or other suitable registered charity aimed at promoting sustainable energy, as selected by the Investment Adviser, provided that if, following the Investment Adviser's reasonable endeavours, a suitable charity cannot be found, this 2% portion of the annual fee (net of any applicable taxes) will be applied to the subscription for or acquisition of ordinary shares.

No performance fee is payable to the Investment Adviser.

The Investment Advisory Agreement may be terminated on 12 months' written notice, provided that such notice may not be served before 2 February 2025. The Investment Advisory Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The investment advisory fees for the year ended 31 December 2022 amounted to £3,809,615 (2021: £2,217,992) (including VAT) of which £167,623 was outstanding and included in accounts payable and accrued expenses at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Directors

The Directors have been entitled to aggregate annual remuneration (excluding expenses) payable and benefits in kind granted as follows:

	For the year ended 31 December 2022 £'000
Bernard Bulkin OBE	70
Margaret Stephens	50
Richard Horlick	50
Louise Kingham CBE	50
	220

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There is no amount set aside or accrued by the Company in respect of contingent or deferred compensation payments or any benefits in kind payable to the Directors. During the year ended 31 December 2022, Directors fees of £220,000 were paid of which none was payable at the year end.

The Directors held the following beneficial interests in the ordinary shares of the Company as at 31 December 2022.

	As at 31 December 2022	
	Number of ordinary shares held	% of ordinary shares in issue
Bernard Bulkin OBE	38,181	0.009
Margaret Stephens	28,181	0.007
Richard Horlick	300,000	0.071
Louise Kingham CBE	20,000	0.005

Other balances with related parties

The Company entered into intercompany loan agreements with GSEO Holdings, which entered into further intercompany loan agreements with the following subsidiary companies these balances form part of the investments balance in the Statement of Financial position.

- Victory Hill USA Holdings LLC (US$63,665,000)
- Victory Hill Australia Investments Pty Ltd (A$35,400,000)
- Victory Hill Flexible Power Ltd (£14,924,400)

Note that £4,000 of accrued interest accumulated during the year.

During the year ended 31 December 2022, the Company entered into intercompany loan agreements with Victory Hill USA Holdings LLC of US$2,100,000, Victory Hill Australia Investments Pty Ltd of A$17,400,000 and Victory Hill Flexible Power Ltd of £14,924,400. Dividends of £21,607,272 were paid to the Company during the year ended 31 December 2022.

As at the year-end, the Company held receivables from affiliates of £355,000. This comprises of £346,000 from VH GSEO UK Holdings Limited, £2,000 from VH Hydro Brasil Holdings S.A., £2,000 from Victory Hill Flexible Power Limited and £5,000 from Victory Hill Distributed Power Pty Ltd.

17. Contingent liabilities and commitments

At 31 December 2022 the Company had no contingent liabilities.

In Brazil, the Company has a remaining commitment of £14m (31 December 2021: £10m) in the construction of remote distributed solar generation projects across Brazil.

In Australia, the Company has a remaining commitment of £17m (31 December 2021: £34m) to acquire a portfolio of distributed solar generation assets with plans to build battery storage capacity in Australia in two tranches.

In the UK the Company has a remaining commitment £80m (31 December 2021: £72m) to fund two Flexible Power plants which bring together high efficiency gas-fired turbine technology with carbon capture systems to provide a clean and flexible electricity solution for the United Kingdom, with a combined capacity of 45MW.

There are no remaining commitments to fulfill as at year end relating to the US storage assets and the Brazilian hydro facility.

18. Earnings per share

Earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue on 1 January 2021 to 31 December 2022. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current year/period.

	For the year ended 31 December 2022			For the period from incorporation on 30 October 2020 to 31 December 2021		
	Revenue	Capital	Total	Revenue	Capital	Total
Earnings (£'000)	24,073	4,131	28,204	(1,680)	22,046	20,366
Weighted average number of ordinary shares	367,500,135	367,500,135	367,500,135	193,505,110	193,505,110	193,505,110
EPS (p)	6.55	1.12	7.67	(0.87)	11.39	10.52

19. Net asset value per share

Net asset value per share is calculated by dividing the net assets attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the reporting date. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current year/period.

	Year ended 31 December 2022	Period ended 31 December 2021
NAV (£'000)	457,173	323,898
Number of ordinary shares	422,498,890	311,589,799
NAV per share (p)	108.21	103.95

20. Post balance sheet events

On 22 February 2023, the Board of Directors announced an interim dividend of £5.8 million equivalent to 1.38 pence per ordinary with respect to the period 1 October 2022 to 31 December 2022 which will be paid on 31 March 2023.

21. Controlling parties

There is no ultimate controlling party of the Company.

ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures (APMs) are often used to describe the performance of investment companies although they are not specifically defined under IFRS. Calculations for APMs used by the Company are shown below.

In reporting financial information, the Company presents alternative performance measures, "APMs", which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company.

The APMs presented in this report are shown below:

NAV per share

NAV per share is calculated by dividing the Company's NAV by the total number of outstanding shares at year end.

	Page	
NAV as at 31 December 2022		457,173,179
Total number of outstanding shares as at 31 December 2022		422,498,890
NAV per share	3	1.08

Ongoing charges

A measure expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company, calculated in accordance with the AIC methodology.

	Page	
Average undiluted NAV (in £'m)		405.03
Recurring costs in year		5.26
Ongoing charges	3	1.30%

Premium / (discount) to NAV

The amount, expressed as a percentage, by which the share price is more than the NAV per ordinary share.

As at 31 December 2022	Page	
NAV per ordinary share (pence / share)		1.082
Ordinary share price (pence / share)		1.010
Premium / (Discount) to NAV as at 31 December 2022 (%)	n/a	(7.13%)

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of any dividends paid out by the Company, with reinvestment on ex-dividend date.

Year ended 31 December 2022		Page	NAV	Share price
Opening as at 1 January 2022	a		103.95p	107.00p
Closing as at 31 December 2022	b		108.21p	101.0p
Dividends paid during the year			3.75p	3.75p
Dividend adjustment factor	c		1.0335	1.0335
Adjusted closing	d = b x c		111.84p	104.38p
Total return for the year (%)	d / a - 1	3	7.6%	-2.4%

From IPO to 31 December 2022		Page	NAV	Share price
Opening as at 2 February 2021	a		98.00p	100.00p
Closing as at 31 December 2022	b		108.21p	101.00p
Dividends paid to date since IPO			5.00p	5.00p
Dividend adjustment factor	c		1.0458	1.0458
Adjusted closing	d = b x c		113.17p	105.62p
Total return since IPO (%)	d / a - 1	3	15.5%	5.6%

Dividend cover

The dividend cover ratio is calculated by using the Company's distributable profits for the year, divided by the amount of dividends paid during the year ending 31 December 2022.

Profit for the year at VH Global Sustainable Energy Opportunities plc	£24,073,045
Net distributions withheld at VH GSEO UK Holdings Limited	£6,068,537
Total new distributions received from underlying investments	£30,141,582

Dividend declared for financial year 2022 (5.13p per ordinary share x Number of shares outstanding as at 31 December 2022 of 422,498,890)	£21,674,193
Dividend cover	1.4x

ADDITIONAL INFORMATION

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: VH Global Sustainable Energy Opportunities plc (the "**Company**")
Legal entity identifier: 213800RFHAOF372UU580

Sustainable investment objective

Did this financial product have a sustainable investment objective?

[X] **Yes**	[ ] **No**
[X] It made **sustainable investments with an environmental objective: 100%**[1]	[ ] It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ________% of sustainable investments
[X] in economic activities that qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
[X] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	[ ] with a social objective
[ ] It made **sustainable investments with an social objective: ________%**	[ ] It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

The Company's Sustainable Energy Infrastructure Investments are aligned with the SDGs with the specific objective of facilitating the energy transition from the current fossil fuel system to a low carbon system. The Company's energy transition pathways address climate change, energy access, energy efficiency and market liberalisation, therefore a selection of the Company's investments is aligned with the objective climate change mitigation under the EU Taxonomy. The Company infrastructure investments also seek to have significant impact on the local communities they serve. More information on the investment policy and strategy see page 15.

[1] *Undeployed cash is held in short-term deposits, 100% of investments are made in sustainable investments.*

SFDR ANNEX V (UNAUDITED) CONTINUED

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

The Company has assessed each investment against sustainability eligibility criteria to verify alignment against the following SDGs: SDG 3, Good health and wellbeing; SDG 7, Energy access; SDG 13, Climate action; SDG 9, Industry, innovation and infrastructure; SDG 8, Decent work and economic growth and SDG 17 partnerships for the goal. The Company has also assessed eligibility and alignment of each of the assets with the EU Taxonomy of environmentally sustainable activities "Do No Significant Harm" and technical screening criteria, described further below.

The Company investments contributed to reducing carbon emissions by generating renewable energy, avoiding greenhouse gas emission and displacing harmful air emissions. The Investment Adviser is a signatory to the Net Zero Asset Managers Initiative (NZAMI), committing to support the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5°C and applied this commitment to the Company's investments.

- ***How did the sustainability indicators perform?***

The Company has committed to reporting against the following indicators to measure the sustainable investment objective:

Figure	Explanation	2022 performance
Capital investment into energy transition focused Portfolio Companies (USD)	Victory Hill intends that all the Company's investments are aligned with the energy transition.	**381M**
MWh of renewable energy produced	This figure represents the renewable and net zero electricity generation which displaces carbon intensive generation, demonstrating contribution to SDG 13.	**35,117**±
Carbon dioxide equivalent avoided (tCO_2e)	This figure accounts for renewable energy generation and renewable fuels use displacing fossil fuel generation net of any Scope 1, 2 and available 3 operational emissions.	**14,349**±
Tonnes of particulate matter (PM10) avoided	These figures demonstrate the impact of renewable and cleaner fuels produced by an asset with a pollution reduction environmental objective, by reporting the tonnes of pollutive compounds removed through use of cleaner fuels. This demonstrates contribution to on SDG 3.	**1,049**±
Tonnes of sulfur oxides (SOx) avoided		**20,613**±
Equivalent number of homes, businesses and/or vehicles served by renewable energy or fuel	This figure demonstrates the equivalent number of homes, businesses and/or vehicles served by renewable energy or fuel. This demonstrates contribution to SDG7.	**9000 average UK homes powered**

…and compared to previous periods?

This is the baseline year for reporting so no comparable periods available yet.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments not cause significant harm to any sustainable investment objective?

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Company takes into account PAI through the due diligence and risk-based analysis approach described in the "*How did this financial product consider principal adverse impacts on sustainability factors*" section below. The Company preliminarily reported on the 14 principle adverse indicators and selected additional indicators on the Investment Adviser's website in 2022 https://victory-hill.com. This will be updated to reflect 2022 actions as part of investor periodic reporting.

The greenhouse gas emissions sustainability indicators are used to measure the Company's progress against its net zero target. These are also key indicators in demonstrating progress towards the Company's energy transition investment objective.

Other social and environmental indicators are used to monitor asset and operating partner activities and progress on responsible business practices. More information on this approach is provided below in the "*How did this financial product consider principal adverse impacts on sustainability factors*" section.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

All operational assets had an agreed SAP in 2022 which included ensuring appropriate policies for diversity and inclusion, employee rights including health and safety, stakeholder engagement and grievance management were in place.

The Company's strategic focus on the SDGs supports the OECD Guidelines. A core aim is to contribute to economic, social and environmental progress priorities as identified in the SDGs.

The Company's investments have created 23 direct jobs at the assets and employed 163 contractors in 2022, excluding any expansion of the management teams of operating partners.

Operating partners are also required to identify risks in their value chain and the SAP includes actions to implement a supplier code of conduct and due diligence process to identify and mitigate risks. This has included environmental impact, labour rights or material sourcing.

The Investment Adviser is a signatory to the UN Global Compact and supports the 10 principles including human rights, labour, the environment and anti-corruption and enacted those principles in when acting for the Company.

No reports of noncompliance with the OECD guidelines and UNGPs were made in 2022.

SFDR ANNEX V (UNAUDITED) CONTINUED

How did this financial product consider principal adverse impacts on sustainability factors?

The Company considers the indicators on principal adverse impacts (PAI) on sustainability factors through internal and external due diligence of its investments taking a risk-based approach.

Ex ante the Company obtains external assurance opinions on an investment's alignment with the SDGs described above. This assessment also covers whether the investment may do "significant harm" to the other SDGs. It also considers the impact on the SDGs through the asset's operations, such as reducing inequalities, including gender equality (SDG 5 and 10) and sustainable production and consumption (SDG 12).

The International Finance Corporation performance standards, the Global ESG Benchmark for Real Assets and the Sustainability Accounting Standards Board, have identified material energy sector and infrastructure risks and impacts. The Company assessed each investment against these specific risks and impacts, as well as regional and geographic risks to identify the environmental, social and governance (ESG) issues most relevant for the investment. This analysis also considers the SFDR PAI. This risk and opportunity-based approach to ESG management as described on page 56 is used to identify material impacts.

The Company's scope of ESG risk and impact assessment for Assets is as follows:

- Assessment of ESG risks and impacts related to the sector of operation.
- Assessment of ESG risks and impacts related to the region and country of operation.
- Assessment of ESG risks and impacts related to the operational proximity to local communities, indigenous peoples, cultural heritage and ecological and biodiversity habitats.
- Assessment of ESG risks and impacts related to operational activities such as noise, light, water use, discharge and waste.
- Assessment of ESG risks and impacts related to number of people interacting with the operation including employees, contractors and customers.
- Assessment of ESG risks and impacts related to internal operating partner resourcing and policies for ESG management.

In 2022 all assets were risk assessed on this basis accounting for the probability of impacts and the quality of controls that the operating partner and asset had in place.

The Investment Adviser worked with the operating partners to close gaps in management practices and identified opportunities for improvement. This is described in the ESG progress section on this annual report on page 68.

What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is:

Largest investments	Sector	% Assets	Country
US terminal storage assets	*Energy*	25.0%	USA
Brazilian solar PV assets	*Energy*	12.3%	Brazil
Australian solar PV with battery storage assets	*Energy*	11.7%	Australia
UK flexible power with CCR assets[1]	*Energy*	25.1%	UK
Brazilian hydro facility[2]	*Energy*	25.9%	Brazil

[1] included assets under construction in 2022

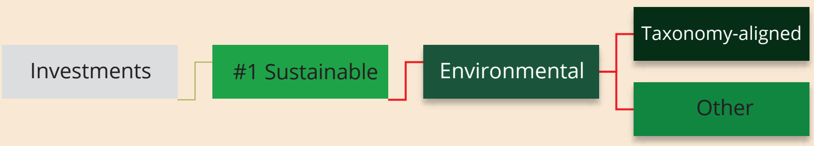
[2] purchased December 7th 2022

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

All (100%) of the Company's investments were sustainable investments with an environmental objective. Those included 24% of the EU Taxonomy-aligned investments and 76% of the investments with other environmental objective (not EU Taxonomy aligned). Undeployed cash is held in short-term deposits.



#1 Sustainable covers sustainable investments with environmental or social objectives

- ***In which economic sectors were the investments made?***

All assets are energy infrastructure assets including renewable (solar PV and hydro), flexible power with CCR, terminal storage and battery storage.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

During the reference period, 24% of the sustainable investments with an environmental objective were aligned with the EU Taxonomy. The Australian and Brazilian solar PV assets have been assessed under the EU Taxonomy technical screening criteria by a third-party assurance firm. This assessment has included assessment of asset life cycle emissions, physical climate risk and vulnerability and assessment against the relevant DNSH criteria. The conclusion of this assessment is that those assets are compliant with the EU Taxonomy criteria for their respective activity types.

Terminal storage is not an activity included in the EU Taxonomy and is therefore not EU Taxonomy aligned. Flexible power with CCR is an activity type which is included in the EU Taxonomy but until the introduction of carbon capture and storage (CCS) technology with the ability to permanently store carbon in geological formations, it is not EU Taxonomy aligned.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[3]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

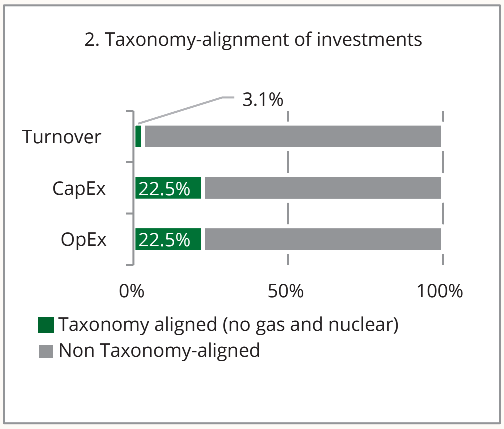
[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

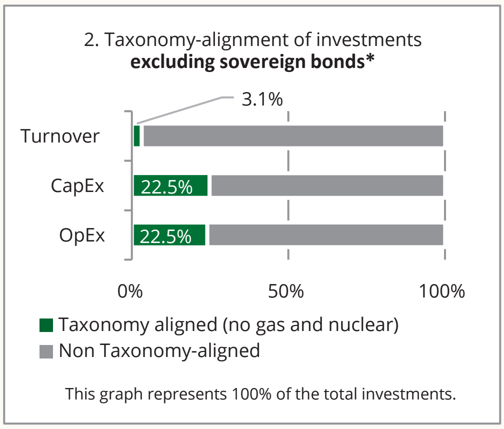
SFDR ANNEX V (UNAUDITED) CONTINUED

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

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





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

What was the share of investments made in transitional and enabling activities?

Asset	Sector	Activity type
Brazilian solar PV assets	*Energy*	***Enabling***
Australian solar PV with battery storage assets	*Energy*	***Enabling***

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

  This is the baseline year for reporting. No previous reference periods are available.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Asset	Sector	Investment Share
US terminal storage assets	***Energy***	25.0%
UK flexible power with CCR assets	***Energy***	25.1%
Brazilian hydro facility	***Energy***	25.9%

The Mascarenhas run of river Brazilian hydro facility was purchased 7th December 2022. Electricity generation from hydropower is an EU Taxonomy eligible activity. The Company is completing technical screening of the purchase to establish alignment.

The UK flexible power with CCR asset is under construction and due to commission in 2023. Under article 10, paragraph e, of regulation EU 2020/853 this project will increase the use of environmentally safe carbon capture and utilisation to deliver a reduction in greenhouse gas emissions and, under article 10 paragraph g, will establish energy infrastructure required for enabling the decarbonisation of energy systems by providing baseload and grid stabilisation for renewable penetration. The predicted operational carbon footprint means the plant will be eligible under the EU Taxonomy if the carbon dioxide captured is permanently sequestered.

The objective of the US terminal storage assets is to enable the displacement of high sulfur fuel oil (HSFO) from the Mexican market. Reducing the impact of air pollution (SDG3.9) is a priority of the energy industry and an important element of the energy transition. Air pollution poses a major risk to health and economies globally. The displacement of high sulfur fuel oil reduces PM2.5, PM10, SOx, NOx emissions. The reduction of PM is core part of Mexico's nationally determined contribution on climate action.

The US terminal storage assets provide an aggregation point and facilitate the transfer of HSFO to more efficient refining capacity in the United States and the transfer of cleaner fuels back into the Mexican Market.

What actions have been taken to attain the sustainable investment objective during the reference period?

Actions taken by the Company are covered in this report in the ESG section on page 52.

The Company has an engagement policy and routinely engages with the asset operating partners. This includes weekly video calls, monthly key performance indicator submission for performance measurement, and monitoring of the SAP implementation.

As described above, the Company influences its operating partners through requiring the implementation of an SAP which includes actions identified through the due diligence and risk analysis process.

In 2022 under the SAP a priority for operating partners was providing baseline operating data to develop targets to drive improvement and strengthening the governance framework for operating the assets which included developing management systems and stakeholder engagement.

SFDR ANNEX V (UNAUDITED) CONTINUED

Some specific Company actions:

- Completed physical climate vulnerability and risk assessments for all assets to support climate change adaptation.
- Completed life cycle analysis of carbon emissions to calculate embodied carbon to support climate mitigation.
- Collected full year of renewable energy generation and calculated associated avoided emissions using grid emissions factors to support climate mitigation.
- Measured flows of HSFO from Mexico to the US terminal storage assets and calculated associated avoided air emissions to support environmental and health impact through pollution reduction.
- Calculated operational greenhouse gas footprint from operating assets to support target setting for climate change mitigation, this included scope 3 emissions from water use, waste production and some freight transport.

GLOSSARY

AIC	Association of Investment Companies
AIFM	Alternative Investment Fund Manager, G10 Capital Limited
Annual General Meeting or AGM	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested
COD	Commercial Operational Date
Company	VH Global Sustainable Energy Opportunities plc
Decentralised energy	Energy which is produced close to where it will be used, rather than at a large centralised plant elsewhere, delivered through a centralised grid infrastructure
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share
Dividend	Income receivable from an investment in shares
EPC	Engineering, procurement and construction
ESG	Environmental, social and governance
EU	European Union
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders
Financial Conduct Authority or FCA	The independent body that regulates the financial services industry in the UK
FiT	Feed-in Tariff
GAV	Gross Asset Value
Gearing	A way to magnify income and capital returns, but which can also magnify losses
GHG	Green House Gases
Investment Adviser / Victory Hill	Victory Hill Capital Partners LLP
Investment Company	A company formed to invest in a diversified portfolio of assets
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust
IPO	Initial Public Offering
MW	Megawatt
MWh	Megawatt Hour
NAV per ordinary share	NAV divided by the number of ordinary shares in issue (excluding any shares held in treasury)
Net asset value or NAV	An investment company's assets less its liabilities
OECD	Organisation for Economic Co-operation and Development
Ongoing charge	The 'ongoing charges' ratio is an indicator of the costs incurred in the day-to-day management of the Company, expressed as a percentage of average net assets. This ratio calculation is based on Association of Investment Companies ('AIC') recommended methodology
Ordinary shares	The Company's ordinary shares in issue of £0.01 each
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share
PV	Photovoltaic

GLOSSARY CONTINUED

ROC	Renewable Obligation Certificates
SDG	UN Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
Share price	The price of a share as determined by a relevant stock market
SPE	Special Purpose Entity
TCFD	Task Force on Climate-Related Financial Disclosures
Total return	Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price
WACC	Weighted Average Cost of Capital

SHAREHOLDER INFORMATION

Share information

The Company's ordinary shares of 1p each are quoted on the Official List of the FCA and traded on the premium segment of the Main Market of the London Stock Exchange.

SEDOL number	BNKVP75
ISIN	GB00BNKVP754
Ticker/TIDM	GSEO
LEI	213800RFHAOF372UU580

Frequency of NAV publication

The Company's NAV is released via RNS to the London Stock Exchange on a quarterly basis and is published on the Company's website.

Sources of further information

Copies of the Company's annual and interim reports, stock exchange announcements and further information on the Company can be obtained from the Company's website: www.vh-gseo.com.

Financial calendar

March	Annual results announced Payment of first interim dividend
April	Annual General Meeting
June	Payment of second interim dividend Company's half-year end
September	Interim results announced Payment of third interim dividend
December	Payment of fourth interim dividend Company's year end

Share register enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrar on 0370 703 0333. This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current shareholding balance;
- confirm your payment history; and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate, you can check your holding on the Registrar's website at www.investorcentre.co.uk. They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market value of each shareholding;
- view price histories and trading graphs;
- register to receive communications from the Company, including the Annual Report and Financial Statements, in electronic format;
- update bank mandates and change address details;
- use online dealing services; and
- pay dividends directly into your overseas bank account in your chosen local currency.

SHAREHOLDER INFORMATION CONTINUED

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Electronic Communications and Proxy Voting

If you hold stock in your own name, you can choose to receive communications from the Company, and vote, in electronic format. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. The paragraphs below explain how you can use these services.

Electronic Communications

If you would like to take advantage of this service, please visit the Registrar's website at www.investorcentre.co.uk and register. You will need your Shareholder Reference Number (which is on your share certificate and tax voucher) to hand. If you then agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post, you will receive an e-mail providing the website address link to the documents. After you register, paper documents will be available on request.

Electronic Proxy Voting

You can also return proxies electronically at www.eproxyappointment.com. If you have registered for electronic communications, you will be issued a PIN number to use when returning proxies to the secure Registrar website. You do not need to register for electronic communications to use electronic proxy voting, paper proxy forms will contain a PIN number to allow you to return proxies electronically. If you have any questions about this service, please contact Computershare on 0370 703 0333.

Association of Investment Companies

The Company is a member of the AIC, which publishes statistical information in respect of member companies. The AIC can be contacted on 020 7282 5555, enquiries@theaic.co.uk or visit the website: www.theaic.co.uk.

COMPANY INFORMATION

Non-executive Directors
Bernard Bulkin OBE (Chair)
Daniella Carneiro
Richard Horlick
Louise Kingham CBE
Margaret Stephens

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London
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Investment Adviser
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London
W1S 4GA

Corporate Broker
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London
EC2V 7BF

Legal Adviser
Eversheds Sutherland (International) LLP
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London
EC2V 7WS

Administrator and Company Secretary
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London
EC2Y 5AS

Depositary
Apex Depositary (UK) Limited
6th Floor
125 London Wall
London
EC2Y 5AS

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Company number: 12986255
Country of incorporation: England and Wales

ANNUAL GENERAL MEETING

THIS NOTICE OF ANNUAL GENERAL MEETING IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take or the contents of this document, you are recommended to seek your own financial advice from your stockbroker, bank, solicitor, accountant or other appropriately qualified independent adviser authorised under the Financial Services and Markets Act 2000 immediately if you are in the United Kingdom, or from another appropriately qualified independent financial adviser if you are in a territory outside the United kingdom.

If you have sold or otherwise transferred all of your shares in VH Global Sustainable Energy Opportunities plc (the "Company"), please forward this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of VH Global Sustainable Energy Opportunities plc will be held at the offices of Victory Hill Capital Partners LLP, 4 Albermarle Street, London W1S 4GA on Tuesday, 25 April 2023 at 12:00 noon to transact the business set out below:

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 12 (inclusive) will be proposed as Ordinary Resolutions which require more than 50% of the votes cast to be in favour in order for the resolutions to be passed. Resolutions 13 to 16 (inclusive) will be proposed as Special Resolutions which require at least 75% of the votes cast to be in favour in order for the resolutions to be passed. For further information on the resolutions, please refer to pages 81 to 83.

Ordinary resolutions

1. To receive and adopt the Company's Annual Report and Financial Statements for the year ended 31 December 2022, with the reports of the Directors and Auditor thereon.
2. To approve the Directors' Remuneration Report included in the Annual Report for the year ended 31 December 2022.
3. To approve the Company's dividend policy as set out in the Annual Report for the year ended 31 December 2022 and authorise the Directors to declare and pay all dividends of the Company as interim dividends.
4. To elect Daniella Carneiro as a Director of the Company.
5. To re-elect Bernard Bulkin as a Director of the Company.
6. To re-elect Richard Horlick as a Director of the Company.
7. To re-elect Louise Kingham as a Director of the Company.
8. To re-elect Margaret Stephens as a Director of the Company.
9. To re-appoint BDO LLP as Auditor to the Company to hold office from the conclusion of the Annual General Meeting until the next meeting at which financial statements are laid before the Company.
10. To authorise the Audit Committee to determine the remuneration of the Auditor of the Company.
11. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £422,498.89, (being 10% of the issued share capital as at 27 March 2023 comprising 42,249,889 ordinary shares of £0.01 each in the Company), or if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution, such authority to expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority conferred by this resolution had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

12. That, subject to the passing of Resolution 11 and in addition to the authority conferred by Resolution 11 above, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £422,498.89, (being 10% of the issued share capital as at 27 March 2023 comprising 42,249,889 ordinary shares of £0.01 each in the Company), or if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution, such authority to expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority conferred by this resolution had not expired.

Special Resolutions:

13. That, subject to the passing of Resolution 11, the Directors be and are hereby generally empowered (pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act")) to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them in Resolution 11 above and/or to sell ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment or sale, such power shall:
    a) be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £422,498.89 (being 10% of the issued share capital of the Company as at 27 March 2023 comprising 42,249,889 ordinary shares of £0.01 each in the Company) or, if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution; and
    b) expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.
14. That, in addition to the authority conferred by Resolution 13 above, but subject to the passing of resolutions 11, 12 and 13, the Directors be and are hereby generally empowered (pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act")) to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them in Resolution 12 above and/or to sell ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment or sale, such power shall:
    a) be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £422,498.89 (being 10% of the issued share capital of the Company as at 27 March 2023 comprising 42,249,889 ordinary shares of £0.01 each in the Company) or if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution; and
    b) expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.

15. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

    a) the maximum aggregate number of ordinary shares that may be purchased is 63,332,583 ordinary shares or, if changed, the number representing 14.99% of the Company's issued share capital at the date of the meeting of the Company at which this resolution is passed;

    b) the minimum price (exclusive of any expenses) which may be paid for an ordinary share is £0.01;

    c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of: (i) 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days prior to the date of the market purchase; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for the ordinary share on the trading venue where the purchase is carried out;

    d) this authority shall expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution, unless such authority is revoked, varied or renewed prior to that time; and

    e) the Company may make a contract to purchase ordinary shares under the authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

16. THAT, a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution.

By Order of the Board

Apex Fund and Corporate Services (UK) Limited
Company Secretary

27 March 2023

Registered Office:
6th Floor
125 London Wall
London EC2Y 5AS

(Company number: 12986255)

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Notes for the Annual General Meeting

1. A member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company but must attend the meeting in person but must attend the meeting in person for the member's vote to be counted. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the Annual General Meeting or at any adjournment thereof.

   A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours (excluding non-working days) before the Annual General Meeting. Alternatively, you can appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy or contained within the email sent to you. To appoint more than one proxy, you may photocopy this form. You may appoint a person other than the Chair as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).

   Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together with any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power of attorney in the same envelope.

   Members who wish to revoke or change their proxy instructions should submit a new proxy appointment using the methods set out in these Notes. Any amended proxy appointment or revocation received after the relevant cut-off time for receipt of proxy appointments may be disregarded. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

2. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's Register of Members at close of business on 21 April 2023. If the meeting is adjourned then, to be so entitled, members must be entered on the Company's Register of Members at the time which is 48 hours (excluding non-working days) prior to the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice. Changes to entries on the Company's Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

4. A "vote withheld" option is provided on the proxy form to enable a shareholder to instruct their proxy not to vote on any particular resolution. It should be noted that a vote withheld in this way is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" or "Against" a resolution.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 25 April 2023 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited ("CRESTCo's") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid and regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12:00 noon on 21 April 2023 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

8. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of shareholders in relation to the appointment of proxies in the Notes above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered shareholders of the Company.

9. As at 27 March 2023, being the latest practicable date prior to the publication of this notice, the Company's issued share capital was 422,498,890 ordinary shares carrying one vote each. No ordinary shares were held in treasury. Therefore, the total voting rights in the Company on that date was 422,498,890.

10. In accordance with section 319A of the Act, the Company must cause any question relating to the business being dealt with at the meeting put by a shareholder attending the meeting to be answered. No such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting, or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

11. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares: (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; or (ii) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised. To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 1.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
13. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as their proxy is to ensure that both they and their proxy comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
14. Copies of the letters of appointment of the Directors of the Company and existing Articles of Association will be available for inspection from the Company Secretary during normal business hours (excluding weekends and public holidays) until the date of the Annual General Meeting and, on the date of the Annual General Meeting, at the location of the meeting from 11.45 am until the conclusion of the meeting. The Company Secretary can be contacted at ukfundscosec@apexfs.com.
15. The Annual Report incorporating this Notice of Annual General Meeting, the information required by section 311A of the Act and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available on the Company's website at www.vh-gseo.com/investors.
16. Members may not use any electronic address provided either in the Notice of Annual General Meeting or any related documents to communicate with the Company for any purpose other than those expressly stated.

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