



Brussels, 6.4.2022  
C(2022) 1931 final

ANNEX 1

## **ANNEX**

**to the**

**Commission Delegated Regulation (EU) .../...**

**supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports**

## **ANNEX I**

### **Template principal adverse sustainability impacts statement**

For the purposes of this Annex, the following definitions shall apply:

- (1) 'scope 1, 2 and 3 GHG emissions' means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council<sup>1</sup>;
- (2) 'greenhouse gas (GHG) emissions' means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council<sup>2</sup>;
- (3) 'weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;
- (4) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (5) 'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>3</sup>;
- (6) 'renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;
- (7) 'non-renewable energy sources' means energy sources other than those referred to in point (6);
- (8) 'energy consumption intensity' means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;
- (9) 'high impact climate sectors' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No No 1893/2006 of the European Parliament and of the Council<sup>4</sup>;

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<sup>1</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>2</sup> Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

<sup>3</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

- (10) 'protected area' means designated areas in the European Environment Agency's Common Database on Designated Areas (CDDA);
- (11) 'area of high biodiversity value outside protected areas' means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council<sup>5</sup>;
- (12) 'emissions to water' means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council<sup>6</sup> and direct emissions of nitrates, phosphates and pesticides ;
- (13) 'areas of high water stress' means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute's (WRI) Water Risk Atlas tool "Aqueduct";
- (14) 'hazardous waste and radioactive waste' means hazardous waste and radioactive waste;
- (15) 'hazardous waste' means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council<sup>7</sup> ;
- (16) 'radioactive waste' means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom<sup>8</sup>;
- (17) 'non-recycled waste' means any waste not recycled within the meaning of 'recycling' in Article 3(17) of Directive 2008/98/EC;
- (18) 'activities negatively affecting biodiversity-sensitive areas' means activities that are characterised by all of the following:
- (a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;
- (b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:
- (i) Directive 2009/147/EC of the European Parliament and of the Council<sup>9</sup>;
- (ii) Council Directive 92/43/EEC<sup>10</sup>;

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<sup>4</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

<sup>5</sup> Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

<sup>6</sup> Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

<sup>7</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

<sup>8</sup> Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

<sup>9</sup> Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

- (iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council<sup>11</sup>;
  - (iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);
- (19) 'biodiversity-sensitive areas' means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139<sup>12</sup>;
- (20) 'threatened species' means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;
- (21) 'deforestation' means the temporary or permanent human-induced conversion of forested land to non-forested land;
- (22) 'UN Global Compact principles' means the ten Principles of the United Nations Global Compact;
- (23) 'unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;
- (24) 'board' means the administrative, management or supervisory body of a company;
- (25) 'human rights policy' means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;
- (26) 'whistleblower' means 'reporting person' as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council<sup>13</sup>;
- (27) 'inorganic pollutants' means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council<sup>14</sup>, for the Large Volume Inorganic Chemicals- Solids and Others industry;

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<sup>10</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

<sup>11</sup> Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

<sup>12</sup> Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

<sup>13</sup> Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

<sup>14</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

(28) 'air pollutants' means direct emissions of sulphur dioxides (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), non-methane volatile organic compounds (NMVOC), and fine particulate matter (PM<sub>2,5</sub>) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council<sup>15</sup>, ammonia (NH<sub>3</sub>) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) 'ozone depletion substances' mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

(1) 'GHG emissions' shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

(2) 'carbon footprint' shall be calculated in accordance with the following formula:

$$\frac{\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

(3) 'GHG intensity of investee companies' shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

(4) 'GHG intensity of sovereigns' shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(\text{€M})} \right)$$

(5) 'inefficient real estate assets' shall be calculated in accordance with the following formula:

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<sup>15</sup> Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance ), *OJ L 344, 17.12.2016, p. 1–31*

$$\frac{((\text{Value of real estate assets built before 31/12/2020 with EPC of C or below}) + (\text{Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU}))}{\text{Value of real estate assets required to abide by EPC and NZEB rules}}$$

For the purposes of the formulas, the following definitions shall apply:

- (1) 'current value of investment' means the value in EUR of the investment by the financial market participant in the investee company;
- (2) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (3) 'current value of all investments' means the value in EUR of all investments by the financial market participant;
- (4) 'nearly zero-energy building (NZEB)', 'primary energy demand (PED)' and 'energy performance certificate (EPC)' shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council<sup>16</sup>.

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<sup>16</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Table 1

**Statement on principal adverse impacts of investment decisions on sustainability factors**

<p><b>Financial market participant</b> Victory Hill Capital Partners LLP</p>
<p><b>Legal Entity Identifier (LEI)</b></p>
<p><b>Summary</b></p> <p>Victory Hill Capital Partners LLP (“Victory Hill”), an alternative investment fund manager (“AIFM”), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of VH Global Sustainable Energy Opportunities plc (“GSEO”).</p> <p>This statement on principal adverse impacts on sustainability factors covers the reference period from 1<sup>st</sup> January 2023 to 31 December 2023.</p> <p>GSEO is an English investment company listed on the premium segment of the main market of the London Stock Exchange. GSEO has an independent Board of Directors, has no employees and has appointed Victory Hill to manage investments on its behalf as its AIFM. Victory Hill, during the year under review, had 16 employees located in London, United Kingdom. GSEO invests in sustainable energy infrastructure held through special purpose entities (“SPEs”), which are managed by an operating partner. The SPEs do not have employees.</p> <p>Victory Hill administers GSEO’s investment policy, associated environmental and social due diligence and stewardship of the sustainable energy infrastructure investments. GSEO asset operating partners manage the assets including local environmental and social risks, opportunities and impacts. This is a requisite of the operating partner agreement with the aim of creating sustainability value.</p> <p>GSEO has sustainable investment as its objective. Article 9 funds under the SFDR are products that have a sustainable investment objective. The GSEO 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. GSEO investments contribute to reducing carbon emissions by generating renewable energy, avoiding greenhouse gas emissions and/or displacing harmful air emissions. The infrastructure investments also seek to have significant impact on the local communities they serve.</p> <p>GSEO 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, in construction or ‘ready-to-build’ assets. GSEO energy transition pathways address climate change, energy access, energy efficiency and market liberalisation, therefore a selection of GSEO investments is aligned with the objective climate change mitigation under the EU Taxonomy.</p> <p>No investments are made in extraction projects involving fossil fuels.</p>

GSEO takes steps to ensure that the investments do not significantly harm any of the sustainable investment objectives and takes into account the indicators on principal adverse impacts (“PAI”) on sustainability factors through internal and external due diligence of investments taking a risk-based approach.

GSEO uses an external adviser to assess 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. GSEO also assesses the eligibility and alignment of each of the sustainable energy infrastructure investments with the EU Taxonomy of environmentally sustainable activities and the EU Taxonomy “Do No Significant Harm” criteria.

GSEO also uses a risk-based approach to prioritise material social and environmental topics for action that makes use of international indices and regulatory research on material energy sector and infrastructure systemic risks, geographical risks and impacts as well as project specific risks related to operational activities and proximity to impacted stakeholders.

Victory Hill 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 has applied this commitment to GSEO’s investments. This goal is published on the NZAMI website.

Several sustainability indicators are used to measure GSEO’s progress against its net zero target as well as asset performance on material environmental and social issues. These are also key indicators in demonstrating progress towards GSEO’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.

GSEO holds majority ownership interests in its sustainable energy infrastructure assets and Victory Hill uses this influence to engage with operating partners on asset management. Through the appointment of senior Victory Hill asset management professionals and their representation on the boards of joint venture companies, Victory Hill is able to ensure that issues, including ESG issues, which protect and enhance shareholder value are actively considered for the sustainable energy infrastructure investments on an ongoing basis. Specifically, Victory Hill influences the governance activities of GSEO’s asset operating partners by requiring the implementation of a sustainability action plan (“SAP”) that includes actions identified through the due diligence and risk analysis process. GSEO’s strategic focus on the SDGs supports the OECD Guidelines for Multi-national Enterprises (the “OECD Guidelines”). A core aim is to contribute to economic, social and environmental progress priorities as identified in the SDGs.

GSEO recognises its role under the UN Guidelines on Business and Human Rights. Risk-based due diligence and materiality analysis are therefore key parts of GSEO’s investment process, which considers the impact of the asset on communities, employees, customers and other business relationships such as suppliers.

Victory Hill is a signatory to the UN Global Compact, supports the 10 principles including human rights, labour, the environment and anti-corruption and is committed to taking a principles-based approach to its investment activities.

As of 31 December 2023, the sustainable energy infrastructure portfolio included a technology and geographic mix. PAIs therefore vary by context which is reflected in the sustainability indicator tables below. GSEO does not invest in operating companies, real estate assets or sovereign funds, however, where the PAI are relevant to sustainable energy infrastructure investments they have been included in the table below. GSEO does not have employees, however the governance and employee practices of operating partners are influenced and monitored. Social and employee related indicators included in table 3 reflect this engagement and cover operating partner employees that work directly at the asset.

Typically energy sector related adverse impacts include greenhouse gas emissions and carbon footprint, energy use, other air emissions, land use and protected areas,



water emissions, waste production, resource use during construction, health and safety, anti corruption, human rights and supply chain management, and equal opportunity and anti discrimination.

**Description of the principal adverse impacts on sustainability factors**

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions tonnes/ €M	3247.6	2758.3	Scope 1, 2 and 3 emissions reported include the operational Australian solar PV assets plus BESS, operating Brazilian solar PV assets, Brazilian hydro facility and USA terminal storage assets. Scope 1 and 3 are the operational emissions from the Texas terminal storage assets and Brazilian hydro facility and include natural gas usage and associated indirect emissions, owned vehicle fleet emissions, waste, water, third party freight, and stationary fuel emissions. Scope 2 includes imported electricity to the solar PV sites. An increase in Scope 3 is attributed to improved data collection and reporting of upstream and downstream freight quantities. With the addition of the hydro facility and solar PV sites the baseline year was restated as 2023, Scope 2 and 3 emissions have also been restated for 2022 following reporting improvements.	Victory Hill became a signatory to the Net Zero Asset Managers Initiative and developed a roadmap for the assets to achieve a net zero goal aligned with the Paris Agreement. This target was published in 2023 with the restated 2023 baseline and estimates for assets under construction. The Texas terminal storage assets made progress towards reducing operational emissions through efficiency improvements to its boiler and natural gas heating systems as demonstrated in the reduction in Scope 1 emissions. The site does not consume water but uses water in operations. The operating partner renovation of the steam generation system also enabled more condensate captured allowing the same water to be used multiple times for steam generation. All assets have a sustainable action plan with goals and / or targets for emission reductions
		Scope 2 GHG emissions tonnes/ €M	388.1	440.5		
		Scope 3 GHG emissions tonnes/ €M	5728.5	24262.1		
		Total GHG emissions	9364.2	27460.9		
	2. Carbon footprint	Carbon footprint	17.8	49.6		
	3. GHG intensity of investee companies	GHG intensity of [investee companies] infrastructure assets	150.1	382.5		

						where applicable for 2024.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	23.4%	25.9%	The environmental 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 for the energy sector. Air pollution poses a major risk to health and economies globally. The displacement of HSFO reduces PM2.5, PM10, SOx, NOx emissions. The reduction of PM is a 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 superior refining capacity in the United States where sulfur is scrubbed and captured, and the transfer of cleaner fuels back into the Mexican Market.	GSEO continues to monitor all its investments for the positive impact on the SDGs and do no harm. GSEO understands mid stream assets have an important role to play in the energy transition as new and alternative fuels and feedstocks are required for hard to abate transportation sectors.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	41%	3%	With the acquisition of the 198 MW Brazilian hydro facility and the construction completion of some Brazilian solar PV sites the portfolio saw a large increase in renewable energy generation. Energy consumption did not increase by the same proportion in the period under review.	During 2023 BESS was implemented at one of the Australian solar sites and the site will see the benefits of this system in 2024. Three Australian solar sites were also commissioned in 2023 with BESS implementation planned for 2024. Brazilian solar sites are also planned for completion and a flexible gas power plant with carbon capture. This will likely impact renewable versus non renewable consumption and production in 2024
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.07 GWh/€M (electricity generation) 1.35 GWh/€M (Storage) Total: 1.20 GWh/€M	0.23 GWh/ €M (electricity generation) 0.88 GWh/ €M (storage) Total: 0.46 GWh/ €M	Investments in high impact climate sectors per EU definitions include electricity generation, and fuel storage. The reported figures cover the terminal storage asset, hydro facility and solar PV and solar PV with BESS assets. The fuel storage asset	

					used less energy in 2023 due to efficiency programmes, influence of warmer weather and lower flows of product. The addition of generation assets to the portfolio including the hydro facility increased energy consumption.	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/ operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	<p>No sustainable energy infrastructure investments are within biodiversity sensitive areas or where activities may negatively affect those areas. All environmental regulations are followed and sites endeavour to identify and manage environmental impacts.</p> <p>GSEO, through its investment-phase screening process, avoids activities that negatively affect biodiversity in sensitive areas. Construction investments are targeted on brownfield industrial sites and low quality land avoiding environmental damage to greenfield sites, native forests, carbon sinks or socially damaging land use change.</p>	GSEO will continue assessing investments for potential impacts to biodiversity.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	There were no emissions to water in 2022 and 2023	Water use is monitored monthly from all operational sustainable energy infrastructure investments and reported annually.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0	0	There was no hazardous waste produced in in 2022 or 2023.	Waste produced from sustainable energy infrastructure investments is monitored monthly.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	GSEO invests in sustainable energy infrastructure investments and does not invest in companies with employees. The sustainable energy infrastructure investments are held through SPEs that do not have employees. However operating partners are monitored and asset performance. No violations were recorded in 2023 by operating partners.	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	GSEO does not invest in companies and does not have employees. GSEO expects its operating partners to have appropriate management systems and processes in place, including managing grievances associated with the sustainable energy infrastructure investments. Victory Hill is a signatory of the UN Global Compact and communicates progress annually. All investment activities are assessed to SDG indicators.	Victory Hill collects monthly and annual ESG data from GSEO sustainable energy infrastructure investments on indicators that cover UNGC principles and SDGs including evidence of operating partners policies and practices. Metrics include emissions, energy use, employees, health and safety, community grievances, supply chain and antibribery. A stakeholder mapping and engagement tool was shared with operating partners in 2023 and implementation will be tracked in 2024.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Not applicable	Not applicable	GSEO invests in sustainable energy infrastructure investments and does not invest in companies with employees. The sustainable energy infrastructure investments are held through SPEs that do not have employees. GSEO does collect diversity data from operating partners including gender. The operating partners had a total of 58 FTE working on the assets through 2023 - 2% female.	All operating partners have been tasked with developing a diversity action plan to improve diversity in their workforce.

	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	1:13	3:13	GSEO invests in sustainable energy infrastructure investments, which are held through SPEs, which are managed by GSEO's operating partners. Operating partners are required to report on employee diversity data and where appropriate have a diversity action plan. The GSEO board had 60% female representation in 2023.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	0	GSEO sustainable energy infrastructure investments focus on facilitating the energy transition. GSEO does not invest in weapon manufacturers.	
<b>Indicators applicable to investments in real estate assets</b>						
	<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2022</b>	<b>Impact 2021</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Fossil fuels	15. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	23.4%	25.9%	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 for the energy sector. 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	GSEO continues to monitor all investments for positive SDG impact and on 'do no harm' criteria.

					refining capacity in the United States and the transfer of cleaner fuels back into the Mexican Market.	
<b>Other indicators for principal adverse impacts on sustainability factors</b>						

Table 3

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>					
<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors (qualitative or quantitative)</b>	<b>Metric</b>	<b>Impact 2023</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
<b>Indicators applicable to investments in investee companies</b>					
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0%	GSEO invests in sustainable energy infrastructure investments, which are held through SPEs that do not have employees. The operating partners are expected to have health and safety policies. All operating partners have shared health and safety policies with Victory Hill.	100% of asset operating partners were required to have health and safety policies in 2023 which is tracked annually. Two programmes became ISO 45001 certified in 2023, the Brazilian hydro facility and US terminal storage assets, both facilities have full time workers on site.
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0	GSEO invests in sustainable energy infrastructure investments, which are held through SPEs that do not have employees. Victory Hill tracks health and safety data of operating partners employees and contractors working on the asset site. Total case injury rate (TCIR) is the total number of recordable injuries expressed as an average of hours worked. TCIR was	<3.5 This is the sector TCIR as reported by the US bureau of labour statistics. GSEO aims to perform better than sector average and aims for zero harm to operating partner employees and contractors.

				zero for operational sustainable energy infrastructure investments in 2023 there were no injuries or accidents reported by operating partners or contractors.	
3.	Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	0	GSEO invests in sustainable energy infrastructure investments, which are held through SPEs that do not have employees. Victory Hill tracks health and safety data of operating partners employees and contractors working on site. Lost workday rate is calculated weighted on hours worked and the rate reported is related to the contractor injury reported above.	<2.3 This is the sector lost workday rate average by the US bureau of labour statistics. GSEO aims to perform better than sector average and aims for zero harm to operating partner employees and contractors.
4.	Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0	GSEO invests in sustainable energy infrastructure investments which are held through SPEs that do not have employees. Victory Hill has a supplier code of conduct and expects operating partners to have the same and share with Victory Hill.	100% of asset operating partners were required to have a full governance policy suite in 2023. This is tracked annually.
5.	Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	0	GSEO invests in sustainable energy infrastructure investments which are held through SPEs that do not have employees. Victory Hill expects all operating partners to have a grievance mechanism related to the sustainable energy infrastructure investments and this is communicated to Victory Hill.	100% of asset operating partners were required to have a full governance policy suite in 2023. This is tracked annually.
6.	Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	0	GSEO invests in sustainable energy infrastructure investments which are held through SPEs that do not have employees. Victory Hill expects all operating partners to have a whistleblower policy, and this is shared with Victory Hill.	100% of asset operating partners were required to have a full governance policy suite in 2023. This is tracked annually.
7.	Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of	0	GSEO invests in sustainable energy infrastructure investments which are held through SPEs that do not have employees. Victory Hill expects the operating partners to have an equal opportunities and anti-discrimination policy and metrics related	100% of asset operating partners were required to have a full governance policy suite in 2023. This is tracked annually.

		discrimination leading to sanctions in investee companies expressed as a weighted average	0	to this reported to Victory Hill.	
Human Rights	8. Lack of a human rights policy	Share of investments in entities without a human rights policy	0	GSEO invests in sustainable energy infrastructure investments which are held through SPEs that do not have employees. Victory Hill's risk and due diligence processes identify human rights related risks as part of the investment decision process. Victory Hill has also published a modern slavery statement. Victory Hill expects all operating partners to respect human rights in the management of the sustainable energy infrastructure investments and have shared anti trafficking policies.	100% of asset operating partners were required to have a full governance policy suite in 2023. This is tracked annually.
	9. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	0		
	10. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings	0		
	11. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation	0		
	12. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation	23.9%	As owners of solar PV sites and battery storage the potential risk in the solar panel and battery manufacture supply chain for labour issues and conflict minerals is recognised and Victory Hill has engaged with third party suppliers on these issues through its due diligence process. The percentage shown is the share of investment in these sectors which includes both operational and construction assets. Construction assets procuring material have higher exposure to labour issues in the supply chain.	Risk assessments and due diligence have been completed for supply chain risks, particularly focussed on solar PV investments.  Suppliers with exposure to the Chinese polysilicon supply chain have been requested to supply a material provenance certificate or policy and procedures to mitigate the risk including supplier audit evidence.
	13. Number of identified cases of severe human rights issues and	Number of cases of severe human rights issues and incidents connected to	0	There were no reported cases of human rights issues or incidents connected to sustainable energy infrastructure	



	incidents	investee companies on a weighted average basis		investments or operating partners in 2023.	
Anti-corruption and anti-bribery	14. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0	GSEO invests in sustainable energy infrastructure investments which are held through SPEs that do not have employees. Victory Hill has an anti-bribery and anti-corruption policy that applies to the GSEO investment activities. Operating partners are expected to have equivalent policies. Performance is tracked.	100% of asset operating partners were required to have a full governance policy suite in 2023. This is tracked annually.
	15. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0		
	16. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	0		

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

Victory Hill, the Investment Manager of GSEO, has an Executive Committee that oversees the implementation of the investment policy and decision process on behalf of GSEO, with senior executive responsibility for sustainability delegated to Navin Chauhan (Managing Partner and Chief Commercial Officer). The Firm's partners form the committee membership which convenes at least quarterly. Policies are reviewed and approved annually.

Every member of Victory Hill's investment and asset management team is responsible for implementation of Victory Hill's investment process and the stewardship of sustainable energy infrastructure investments during the investment evaluation, execution, and asset management phases of the investment lifecycle. Victory Hill has a dedicated Head of Sustainability to support the investment and asset management team in embedding ESG policy and strategy into these processes.

Victory Hill has a sustainability committee, the membership of which comprises the managing partners and the Head of Sustainability. The committee meets quarterly and advises on ESG strategy. This group provides input into Victory Hill's committees, including the executive committee, risk, operations and compliance committee and investment committee. ESG is fully integrated into the investment committee which monitors and tracks the ESG performance of sustainable energy infrastructure investments. It is also integrated into the risk committee which monitors and tracks ESG risks and adverse impacts on sustainable energy infrastructure investments as well as operator performance and progress on mitigating these risks.

Victory Hill has dedicated analytics and data scientists who ensures appropriate systems are in place to collect store and analyse ESG data to inform investment decisions and ongoing asset management. This also includes supporting the investment team with the financial and valuation models that consider ESG risks and impacts.

Victory Hill has a publicly accessible sustainability policy, updated regularly and last updated in 2023, that sets the Firm's values and goals in terms of ESG and requires the impacts from its investment activities in relation to GSEO to be tracked and assessed. It details Victory Hill's commitments including to incorporate sustainability into investment decision making and on-going

management of assets. As part of this commitment, Victory Hill maintains an ESG materiality, due diligence and risk identification and management system that integrates sustainability into each stage of the investment process through identifying risks and impacts and identifying mitigations.

#### **Methodologies to select Indicators**

All sustainable energy infrastructure Investments must align with the sustainable development goals (SDGs) in their facilitation of the energy transition. Project due diligence includes sustainability eligibility criteria which is assessed by an external sustainability assurance firm who also assesses against EU Taxonomy eligibility.

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. Victory Hill 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 adverse impacts as defined in Table 1 of Annex I and other material indicators in Tables 2 and 3 of Annex. The scope includes the assessment of 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.
- Operational activities such as noise, light, traffic, water use, discharge and waste.
- The number of stakeholders interacting with the operation including employees, contractors, communities and customers.
- The operating partner's resourcing and systems for ESG management.

Victory Hill influences the governance activities of GSEO operating partners by requiring the implementation of a sustainability action plan ("SAP") that includes actions identified through the due diligence and risk analysis process described above, and requirements for good governance aligned with the OECD Guidelines. Progress against the SAP is tracked monthly and formally assessed annually which forms part of operating partner overall performance assessment. Victory Hill will seek to prevent or mitigate principal adverse impacts identified.

Using the third-party analysis and indices referenced above, data collected directly from the sustainable energy infrastructure investments and accounting for the quality of controls the operator has in place, risks are qualitatively assessed as high, medium or low based on probability and impact severity. A semi quantitative approach of assigning probabilities and impact values to the risks is used to calculate risk scores. Risk ratings are then plotted against control rating to determine the overall risk and requirement for action which is then included within the SAP.

The processes prioritise the most material and principle adverse risks for action. The SAP is a dynamic document which is continually edited and updated by Victory Hill and the operating partners to reflect changing knowledge and context. The operating partner reports monthly on key performance indicators, and annual targets and is held accountable for achieving action plans through contractual operator performance requirements.

Victory Hill will report to investors on all material matters and actions taken to support and enhance the governance and business practices associated with the sustainable energy infrastructure investments. Victory Hill recognises its role under the UN Framework for Business and Human Rights. Risk-based due diligence and materiality analysis as described above are therefore key parts of the investment process, which considers the impact of the sustainable energy infrastructure investment on communities, employees, customers and other business relationships such as suppliers. This includes impacts such as labour rights, equality, pollution, resource use, cyber security and data management as well as benefits such as job creation, pollution reduction and energy access.

Victory Hill is a signatory to the UN Global Compact, supports the 10 principles including human rights, labour, the environment and anti-corruption and is committed to enacting the principles

in its investment activities.

**Engagement policies**

GSEO does not invest in operating companies with employees however Victory Hill engages with and monitors its operating partners, asset performance, and good governance practices. GSEO holds majority ownership interests in its sustainable energy infrastructure investments and Victory Hill uses this influence to engage with operating partners on asset management. Through the appointment of senior Victory Hill asset management professionals and their representation on the boards of joint venture companies, Victory Hill is able to ensure that issues, including ESG issues, which protect and enhance shareholder value are actively considered on an ongoing basis.

Victory Hill seeks to actively engage to maximise the performance of assets under management. This includes the adoption of ESG policies and development of SAPs to ensure any risks, impacts and opportunities identified through the due diligence and risk analysis described above, are acted upon, and process gaps closed. This includes requirements for good governance aligned with the OECD Guidelines.

The Company collects, monitors, and regularly reviews sustainability factors and other relevant data from operating partners, and reports sustainability progress on a biannual basis.

**Voting History**

Victory Hill representatives in their capacity as directors of Joint venture companies will actively consider the interests of the such companies' stakeholders when voting on any resolution that is proposed. Any decision will be made after due consideration of the facts.

To date, Victory Hill has not invested in listed companies and therefore has no voting history to disclose. However, though their board seats on joint venture companies, Victory Hill promotes the management of ESG risks, impacts and opportunities.

**References to international standards**

Further to the references above describing the due diligence process, Victory Hill is a signatory to UN PRI and a supporter of the recommendations of the Financial Stability Board's Task-Force on Climate-related Disclosures ("TCFD"). Victory Hill is also a signatory to the UN Global Compact and supports the SDGs with a focus within the SDGs on energy transition themes.

Victory Hill became a signatory to the UN PRI in 2021 and last reported in 2023. Victory Hill actively engages in UN PRI conferences and seminars and is exploring ways to work more closely with other signatories in this forum.

Victory Hill is committed to the Net Zero Asset Managers Initiative in 2022 to further collaboration and sharing on practices on setting Energy Transition and climate goals to align with the Paris agreement. This net zero goal for GSEO was published in 2023. The target is consistent with a fair share of the 50% global reduction in carbon dioxide as a requirements in the IPCC special report on global warming of 1.5°C.

Victory Hill looks at the greenhouse gas indicators as referenced in Table 1 to measure alignment with GSEO commitments on SDGs and Paris agreement alignment. In addition, the following sustainability indicators are used to measure the sustainable investment objective of the fund of reducing greenhouse gas emissions by generating renewable energy, avoiding greenhouse gas emissions and/or displacing harmful air emissions.

Figure	Explanation
Capital investment into Energy Transition focused Assets (USD)	Victory Hill intends that all the GSEOs investments will be aligned with the Energy Transition objective.

MWh of renewable energy produced	<p>This figure represents the renewable and net zero electricity generation which displaces carbon intensive generation, demonstrating contribution to SDG 13.</p> <p>Energy generation is reported to the Investment manager from the operating partners monthly.</p> <p>This generation is put into the context of the asset's embodied carbon calculated from a life cycle analysis ("LCA"). This LCA enables understanding of the embodied carbon in extraction, manufacture, transport, construction, operation and decommissioning activities, and to better understand the assets' contribution to net zero over the life of the investments.</p>
Carbon dioxide equivalent avoided (tCO <sub>2</sub> e)	<p>This figure accounts for renewable energy generation and renewable fuels production displacing fossil fuel generation/use. Emissions avoided are calculated from the energy generation reported taking into account any transmission and distribution losses.</p>
Tonnes of particulate matter (PM10) avoided	<p>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.</p>
Tonnes of sulfur oxides (SOX) avoided	<p>Volume of fuel flows through the US terminal storage asset is used to calculate associated avoided air pollutant emissions. Fuel flow is reported monthly from the operating partner.</p>
Equivalent number of homes, businesses and/or vehicles served by renewable energy or fuel	<p>This figure demonstrates the equivalent number of homes, businesses and/or vehicles served by renewable energy or fuel. This demonstrates contribution to SDG 7.</p> <p>Emission factors and electricity use published by the UK government are used to calculate equivalencies to support communication of impact.</p>

#### Data sources and processing

Victory Hill obtains external assurance opinions on an investment's alignment with the SDGs described above, covering climate action, energy access, health and sustainable infrastructure. PCAF (Partnership for Carbon Accounting Financials), Global GHG Accounting and Reporting Standard for the Financial Industry and the World Resource Institute and World Business Council for Sustainable Development GHG protocol is used to calculate GHG emissions. Avoided emissions from renewable energy generated are calculated using WRI/WBCSD guidelines for quantifying GHG reductions from grid-connected electricity projects accounting for transmission and distribution losses. These are global standardised frameworks that cover operations, value chain and mitigation actions.

The main sources of data for measuring and analysing the sustainability criteria of the sustainable energy infrastructure investments is provided by the operating partners. Energy generation, production and consumption data is collected monthly from operating partners and uploaded to the "Diligent" carbon accounting and ESG software. This third-party accounting tool provides up-to-date emission factors for carbon and emission calculations published by various international and national organisations including the International Energy Agency (IEA), US Environmental Protection Agency, Australian National Greenhouse Accounting factors, and the UK Department for Business, Energy and Industrial Strategy (BEIS) and Department for Energy Security and Net Zero, and audit reports to support third party assurance. Equivalency data is obtained from the UK Government's BEIS department published average energy consumption data by the Energy Prices Statistics Team.

The air emissions avoided are calculated by comparing the emissions from combusting High Sulfur Fuel Oil ('HSFO') to those from Ultra Low Sulfur Diesel ('ULSD') combustion where there is a reduction. 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 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.

Third party limited assurance engagement in accordance with International Standards on Assurance Engagements (ISAE) 3000 and ISAE 3410 'Assurance Engagements on Greenhouse Gas Statements' is obtained on impact metrics. A third-party expert sustainability certification expert is also contracted to calculate life cycle emissions for the sustainable energy infrastructure investments. The eco-invent life cycle inventory database is used to estimate life cycle emissions where direct value chain data is not available. When calculating avoided carbon and other air

emissions, it is assumed that the power generation or energy production is displacing energy in the current grid or market, and as such prevailing grid mix and conventional fuel emission factors are used as comparisons and to calculate avoided emissions this takes into account any T&D losses.

#### **Task Force on climate related financial disclosures (TCFD)**

Victory Hill is a supporter of the TCFD and has included a TCFD disclosure in the GSEO annual report. Victory Hill's risk and opportunity-based approach to ESG management described above is how the relevant climate risks and opportunities are identified. 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 and 2023 Victory Hill 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) or sixth assessment report (AR6) as available at the time of assessment. Climate modelling of regional impacts on the locations where each of the sustainable energy infrastructure investments are situated was used. The impacts of these changes were interpreted in order to understand the physical hazards the sustainable energy infrastructure investments might experience over their lifetime. The sustainable energy infrastructure investments considered under the CRVA have expected lifespans greater than 10 years. Vulnerability of the sustainable energy infrastructure investments 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 type of sustainable energy infrastructure investment was also considered 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 Sustainable Energy Infrastructure investment is improved to withstand such vulnerabilities. The most common hazards identified was the potential for wildfire or flood. All sustainable energy infrastructure investments have appropriate drainage designed and, in some cases, enhanced to move excess water away from sites. All sustainable energy infrastructure investments 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. In 2023 Victory Hill analysed the Company's business strategy under different scenarios to better understand potential impact. This was a quantitative approach to identifying climate-related physical and transition risks and opportunities. This methodology and resultant impact on NAV/share is detailed in the Company TCFD disclosure within the 2023 financial year annual report.

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. Commitments made internationally at the UN climate change conferences and nationally demonstrate policy and market momentum, towards energy transition and in support of the Company's investment policy.

The Company considers a bottom-up approach to perform scenario analysis, given the portfolio's diversified geographic locations and technologies. When assessing the impact of climate risks and opportunities on the portfolio, the Company distinguishes between transition risk and physical risk. The Company's diverse energy infrastructure investments are considered under the following scenarios including: • NGFS climate scenarios • IPCC Representative Concentration Pathways (RCP) The NGFS transition risk models use integrated assessment models that derive the impacts of different policy ambitions on the energy transition relevant sectors with granular information on implications for 184 countries.

The physical risk models include acute and chronic risk based on global temperature paths. The NGFS models were assessed by IPCC working group III as part of AR6 and although they cover a smaller range of model assumptions, they have a higher sectoral and regional granularity. The NGFS scenarios are also well aligned with the IEA scenarios on several dimensions.<sup>17</sup> Given the

<sup>17</sup> [https://www.ngfs.net/sites/default/files/medias/documents/ngfs\\_climate\\_scenariosfor\\_central\\_banks\\_and\\_supervisors\\_phase\\_iv.pdf](https://www.ngfs.net/sites/default/files/medias/documents/ngfs_climate_scenariosfor_central_banks_and_supervisors_phase_iv.pdf) Scenario Design and Analysis

portfolio's geographical and technological diversification and given the Company's bottom-up approach in performing scenario analysis, the Company selected NGFS scenarios for transition risk as relevant scenarios. The financial impact and resilience of the Company's investment business strategy to different climate scenarios is inherent in the Investment Manager's financial modelling processes. The energy transition is the focus of the Company's investment strategy. 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 Company's scenario analysis for TCFD has produced a range of possible financial impacts under three different scenarios for each asset unique to each geography and predicted changes. 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 and so this data should be regarded as indicative rather than absolute predictions. Generally, the Company's financial materiality threshold for climate related risks and opportunities is 3% of NAV after considering risk mitigation. Due to the unpredictability of climate related weather events, the Company takes a more cautious approach to manage and secure insurance policies in order to mitigate this uncertainty in the longer term. Scenario analysis is split into physical and transition risks. The Company performed the scenario analysis on operational assets only and quantifies the resilience of the portfolio to climate-related scenarios by assessing the impact on NAV per share.

**Historical comparison**

2022 data is provided for historical comparison to 2023, however please note that 2023 is the restated baseline year for operations with material change in portfolio composition following the acquisition of the Brazilian hydro facility and completion of Brazilian solar PV assets, as well as improved scope 3 reporting.