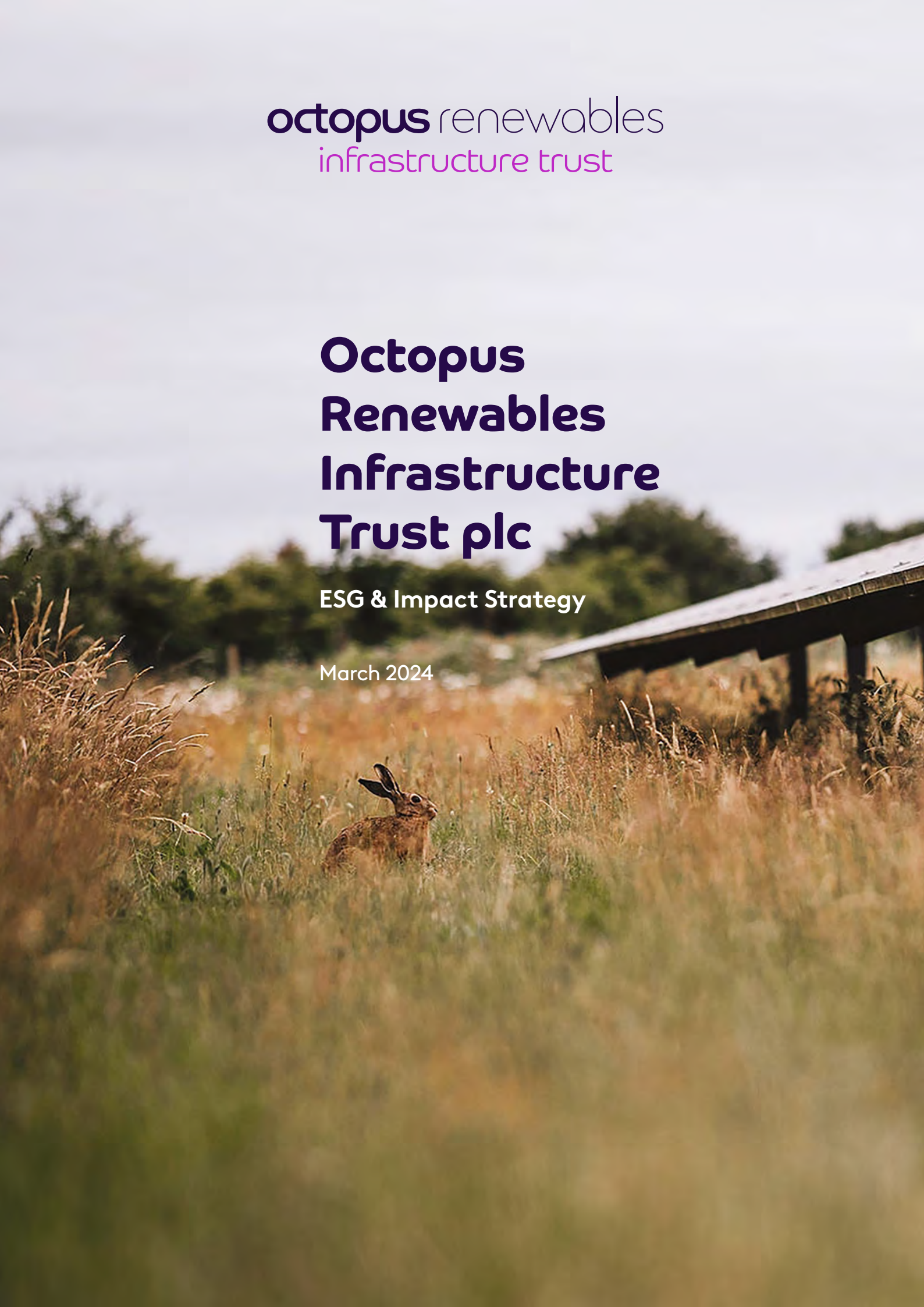
octopus renewables
infrastructure trust

Octopus Renewables Infrastructure Trust plc

ESG & Impact Strategy

March 2024



Contents

Accelerating to Net Zero with impact investing

In the face of evolving global challenges ORIT stands at the forefront of the energy transition. This document presents ORIT's unwavering commitment and strategic approach to embedding responsibility and impact at the core of our investments. We are dedicated to catalysing the transition towards a low-carbon economy, recognising the critical role of renewable energy in mitigating climate change and driving socio-economic progress.

Our ESG & Impact Strategy is rooted in the belief that the pursuit of environmental stewardship, social well-being, and economic performance are interlinked. This holistic "performance, planet and people" view guides our investment decisions and management approach, ensuring ORIT continues to contribute significantly to global sustainability goals. By applying environmental, social, and governance ("ESG") principles and carrying out impact initiatives, ORIT aims to promote a just transition that benefits all stakeholders, including the communities we serve and the ecosystems surrounding our assets.

Cumberhead wind farm

ESG & Impact Framework

Core impact objective:
Accelerate the transition to net zero through investments, building and operating a diversified portfolio of renewable energy assets.

Introducing the framework

ORIT enables individuals and institutions to invest directly into a portfolio of renewable energy assets. This is a powerful tool, which not only enables people to invest in line with their values, but also helps to facilitate the transition to a more sustainable future.

In an ambition to bring Environmental, Social, Governance ("ESG") and Impact to life, ORIT alongside its Investment Manager, Octopus Energy Generation ("OEGEN"), has developed an ESG & Impact Strategy based on extensive research in the field, drawing from best-in-class approaches to impact generation, industry expert advice and feedback from ORIT's key stakeholders.

The conclusions of this research were:

- Social innovation, community wellbeing, circular economy, biodiversity and climate change are amongst the most important impact themes relevant to ORIT.
- "Net zero" is a well-known and understood concept which resonates with institutional and individual investors.
- Financial returns are important, but so are social and environment considerations.
- United Nations Sustainable Development Goals ("UN SDGs") remain a universal language when referring to the impact of investments.
- Implementation of regulatory frameworks such as the EU Sustainable Finance Disclosure Regulation ("SFDR") that provide a standardised approach to reporting are valuable to investors to compare impact between different financial products.
- By setting out intentions to create a measurable positive impact on people and the planet, and committing to reporting on these impacts, ORIT meets the criteria of an impact fund.

Positioning ORIT as an impact fund not only drives positive outcomes for the environment and society, but also directly benefits ORIT's investors, driving fund performance and appetite for fund growth.

This strategy defines ESG and Impact as:

ESG

- A vital risk management approach to identify and mitigate a range of potential issues to protect, and hopefully enhance, the long-term value of investments.

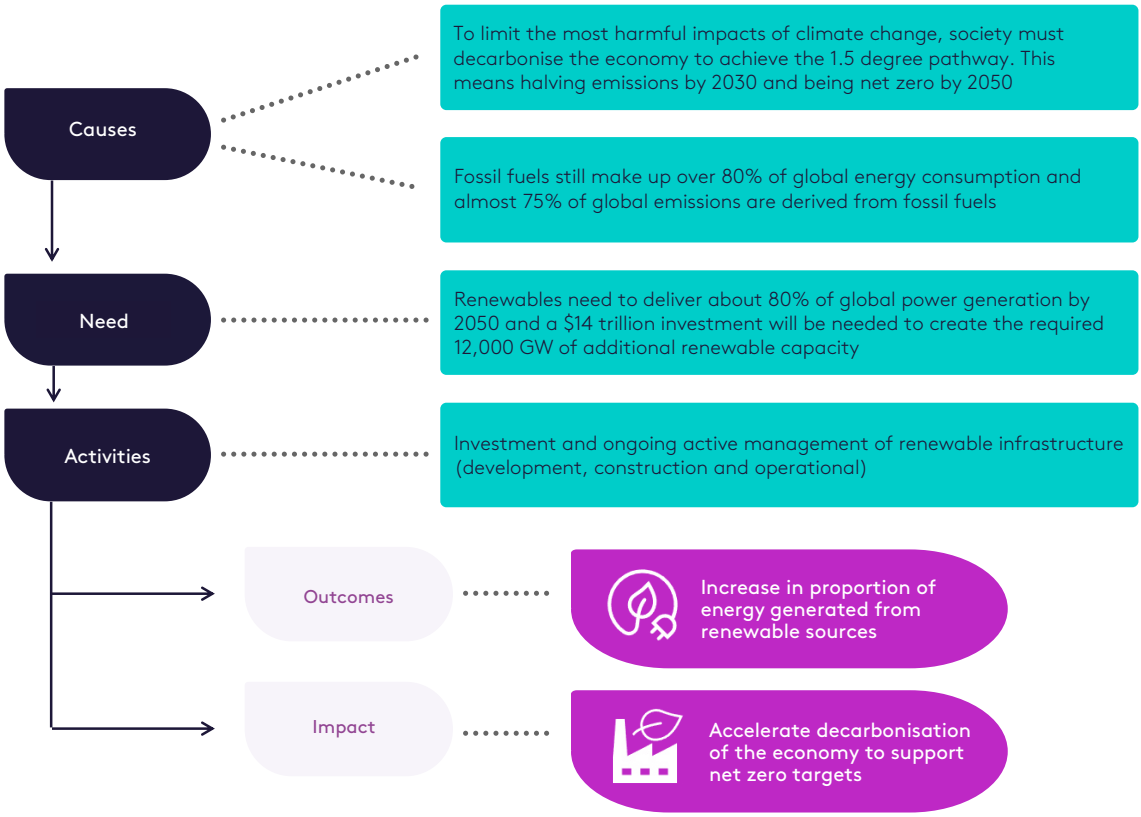
Impact

- An approach that targets positive outcomes for the planet or wider society.

ORIT is an impact fund with a core impact objective to accelerate the transition to net zero through its investments.

ORIT's impact objective is clearly defined and managed in alignment with leading industry standards. This is demonstrated by the 'Theory of Change' diagram shown in **Figure 1**. This defines how activities lead to the intended outcome, in this case, the core impact objective. To deliver the investment strategy, ORIT makes investments into renewable infrastructure alongside ongoing active management to generate renewable energy which in turns generates a yield. The renewable energy generated supports the transition to net zero by replacing unsustainable energy sources with clean power. Whilst the overall impact objective defined for ORIT is to accelerate the transition to net zero, the ESG & Impact Strategy outlines how ORIT considers its activities through three responsible investing lenses: Performance, Planet and People. This is to ensure that ORIT's activities integrate ESG risks and bring to life additional impact opportunities.

Figure 1: Theory of Change



Core impact goal: Accelerate net zero.

ORIT's aim is to accelerate the transition to net zero through its investments, building and operating a diversified portfolio of renewable energy assets.

Investing responsibly

Performance

Build and operate a diversified portfolio of renewable energy assets, mitigating the risk of losses through robust governance structures, rigorous due diligence, risk analysis and asset optimisation activities to deliver investment return resilience and the maximum amount of green energy.

Planet

Consider environmental factors to mitigate risks associated with the construction and operation of assets, enhancing environmental potential where possible.

People

Evaluate social considerations to mitigate risks and promote a 'Just Transition' to clean energy.

Every investment ORIT makes is assessed against its Performance, Planet and People framework through an ESG scoring matrix ("ESG matrix"). This ensures the investments adhere to ORIT's ESG Policy and there is a minimum scoring threshold for investment approval.

The ESG matrix is designed to ensure:

- timely investment team and investment committee ("IC") discussion on key ESG risks inherent in a new investment, and
- action is taken to investigate, mitigate and/or approve a transactions' ESG risk factors.

Materiality of risks included in the ESG matrix is determined using guidance from the Sustainability Accounting Standards Board (SASB) framework, that identifies financially material ESG risks by asset class. An assessment of each deal is conducted three times throughout the investment process. The matrix has a total possible score of 15, with a score of 9 required to comply with ESG Policy and a score of 10 to meet ORIT's impact targets.

In addition to questions that consider presence or absence of an ESG risk, the ESG matrix also has "impact" questions that consider positive impacts to society or the environment. Examples of these are additional biodiversity initiatives on site or community benefit schemes. These questions have the ability to raise the score above the minimum requirement of 9 and are only considered in the final scoring once all material ESG risks are mitigated.

The ESG matrix is completed by answering questions from a drop-down list of responses alongside evidence and rationale. Each response has a different score which ultimately affects the final ESG matrix score. Whilst a variety of Investment Manager employees complete the ESG matrix for different deals, consistency is ensured by the Investment Manager's ESG team that review each of the three rounds of the ESG matrix questionnaire throughout the investment process. The ESG Team also provides a comment that is included in the IC papers to set out recommendations or explain changes in the score. The ESG team delivers ESG training to the investment team to improve levels of understanding and further ensure consistent appraisal of ESG factors.

The ESG matrix scores investments based on ORIT's three general objectives of Performance, Planet, and People.

Regarding '**Performance**', the objective is to maximise the generation of green electricity. This is achieved through good governance and risk management of assets, coupled with proactive asset management. Unlike equity investments, which offer limited control over operational practices, the management approach here involves direct oversight and enforcement of ESG policies across managed assets. Critical to this approach is the requirement for counterparties to demonstrate alignment with established policy standards, including anti-bribery and whistleblowing protocols. Failure to meet these standards can lead to scores below the minimum requirement for investment approval.

Regarding '**Planet**', the focus is on mitigating or minimising potential adverse environmental impacts. Projects are evaluated not only for their ability to minimise negative effects but also for opportunities to enhance positive environmental outcomes. This proactive stance includes initiatives aimed at improving biodiversity, such as the introduction of wildflowers, bee habitats, and enhancements for ground-nesting birds, along with the installation of bird or bat boxes and perches.

Regarding '**People**', the emphasis is on ensuring the welfare of employees, counterparties, and communities is safeguarded. This involves management of health and safety risks and the implementation of a supplier code of conduct to address supply chain vulnerabilities. Investment decisions are influenced by considerations of social responsibility, including the avoidance of investments in entities with operations in regions associated with unethical labour practices.

Generating Impact

ORIT primarily contributes to the UN SDGs through the increase in access to affordable clean energy, SDG 7.

UN SDGs aim to create a better and more sustainable future for all in relation to ending extreme poverty, fighting inequality and injustice, and protecting the planet. There are 17 defined UN SDGs, and the UN has set the objective of achieving them all by 2030.

Beyond the core impact objective of accelerating the transition to net zero, ORIT will seek to generate additional impact and contribution to a broader set of SDGs through impact initiatives.

ORIT commits a percentage of annual shareholder dividends every year to an impact budget which is for dedicated spend on impact initiatives across its portfolio of investments. The size of the impact budget is directly linked to the size of the fund, ensuring continued significant contribution to impact initiatives as the fund grows. Distribution and applicability of the funds is determined on a portfolio-by-portfolio basis and by the potential for impact creation. Existing impact partnerships will be reviewed each year to ensure projects continue to create meaningful impact. The Investment Manager will also seek to form new impact partnerships where necessary to maintain ORIT's contribution to impact initiatives.

The initiatives associated with ORIT's investments will be aligned to the Performance, Planet or People lenses and categorised thematically into:

Sustainable momentum

Initiatives that aid the production of renewable energy, promote sustainable cities and communities, and mitigate the impacts of climate change.

Equality & wellbeing

Projects that encourage wellbeing of all stakeholders through robust governance structures, health & safety management, educational training, volunteering, transparent reporting and workplace engagement.

Stakeholder engagement

Driving positive change at a system level, through explorative collaboration and setting targets with partners.

Innovation

Investing time and resources into promotion of entrepreneurship, creating scalable impact and asset performance optimisation

Measuring Impact

ORIT is conscious of "impact washing" and therefore commits to transparency and accountability in how the impact of its renewable energy investments and associated initiatives are presented. ORIT will measure progress against its core impact goal using impact KPIs.

Methodology and references used to calculate these KPIs are outlined below in **Figure 2**.

Figure 2: ORIT's impact KPIs

KPI	Explanation and methodology for calculation
£m **Total value of sustainable investments**	This KPI reflects the £m invested into sustainable investments. Total asset value including total debt and equity commitments.
GWh of potential renewable electricity generated	This KPI reflects the estimated annual renewable energy generation by the investment portfolio once fully operational, proportioned by equity held by the Company. Metric is based on "P50" yield assumptions for the next available full operational year, including degradation that occurs naturally over the assets' lifetimes. Footnotes will confirm whether conditional acquisitions are considered in the calculation or not.
Estimated annual equivalent homes powered by clean energy once fully operational	Calculations based on most recent average household electricity usage values provided by Ofgem (UK) and Odyssee (EU). References and methodology updated in January 2024.
Estimated annual equivalent tonnes of carbon avoided once fully operational	Calculated using the 2021 International Financial Institution's approach for Common Default Grid Emission factors. Reference updated in January 2024 from 2019 to 2021 to reflect most recent emission factors available.
Equivalent new trees required to avoid same carbon	Calculation based on UK Woodland and Peatland carbon statistics (0.20 tCO_2/tree).
Equivalent cars off the road required to avoid same carbon	Calculations based on an average annual mileage by cars calculated from the 2022 UK Government National Travel Survey (7,172 miles) and the corresponding $kgCO_2e$/mile for an average-sized car of unknown fuel-type as specified in the 2022 UK Government GHG Conversion Factors for Company Reporting. References updated in January 2024 from 2021 to 2022 to reflect most recent full dataset across both sources.

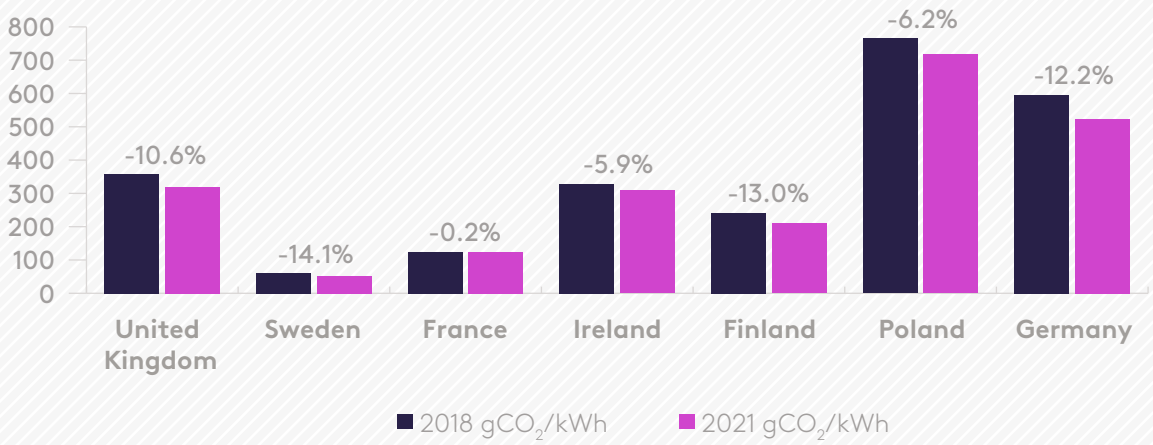
'Actual' impact KPIs may also be reflected in reporting. This calculation takes into account the GWh generated by the investment portfolio during the reporting period rather than using the estimated annual renewable energy generation by the investment portfolio once fully operational.

As electricity grids become cleaner through the integration of renewable energy sources, the marginal impact of additional renewable generation on avoided carbon emissions diminishes. This trend is evident in the countries where ORIT operates, as reflected by the decreasing carbon intensity of the grid, measured in grams of CO_2 emitted per kilowatt-hour (gCO_2/kWh) generated (see **Figure 3**). In grids heavily reliant on fossil fuels, substituting a small portion of fossil-based electricity with renewable energy significantly reduces CO_2 emissions. However, with the increase in renewable share and the consequent decrease in overall grid carbon intensity, each additional unit of renewable energy generated results in lesser CO_2 displacement than it would in a more carbon-intensive grid.

Germany's reduction in grid carbon intensity from 595.88 gCO_2/kWh in 2018 to 523.39 gCO_2/kWh in 2021 exemplifies this dynamic. A kWh of renewable energy generated in 2021 avoids 72.49 gCO_2 less, equivalent to a 12.2% decrease, compared to a kWh generated in 2018.

The decreasing potential for CO_2 avoidance per kWh of renewable energy as grids become cleaner underscores the positive transition towards sustainable energy systems. While it signals success in reducing grid carbon intensity, it also underscores the necessity for developing additional impact KPIs to comprehensively illustrate ORIT's impact.

Figure 3: Decrease in grid intensity factors



2018 Data Source: "IFI Default Grid Factors 2018 v2.4"
2021 Data Source: "Harmonized IFI Default Grid Factors 2021 v3.2_0

Impact delivered through Performance, Planet and People impact initiatives is measured through qualitative case studies and quantitative metrics alongside any contributions to the UN SDGs.

ORIT's periodic reports include details on impact initiatives which have been undertaken in a given period. These also tie to their contribution to the impact themes defined in the impact framework (see **Figure 4**).

An example of how to interpret a Performance, Planet and People impact initiative case study is demonstrated in **Figure 5**.

This framework embeds ESG considerations into investment processes, asset management and reporting and enables ORIT to measure and track the positive impact its investments have for investors, the environment and society. Further detail on each of Performance, Planet and People is outlined in the next sections.

Figure 4: Project overview tables

Project	Outcome
Overview of projects undertaken	Examples illustrating extent of outcomes of initiatives These are broadly categorised into the four impact themes: **Equality and Wellbeing** **Stakeholder Engagement** **Innovation** **Sustainable Momentum**

Figure 5: Case study impact tracker

www.un.org/sustainabledevelopment/

Who?
Beneficiaries of impact initiative

How much?
Scale of impact achieved

What?
Services provided through the project

Impact Theme
Impact theme contribution

Performance

Impact objective:
Build and operate a diversified portfolio of renewable energy assets, mitigating the risk of losses through robust governance structures, rigorous due diligence, risk analysis and asset optimisation activities to deliver investment return resilience and the maximum amount of green energy.

Delivering on the sustainable investment objective

Delivering investment performance is fundamental to the ESG & Impact Strategy and to being an impact fund.

ORIT is classified as an 'Article 9 product' under the Sustainable Finance Disclosure Regulation ("SFDR"). The core sustainable investment objective of the Company is to accelerate the transition to net zero through its investments, building and operating a diversified portfolio of Renewable Energy Assets to help facilitate the transition to a more sustainable future. This directly contributes to climate change mitigation. The Board view the ESG & Impact Strategy as complementary to the core investment objective, and not as a cost to the Company. ESG processes and policies are a prudent risk management tool that protect and improve the financial performance of the Company while reducing risks.

ORIT's SFDR Article 9 related disclosures are available on its website and annual reports.

The Company supports 'anti-greenwashing' efforts and expects to start making the necessary disclosures in relation to the UK's Sustainable Disclosure Requirements ("SDR") from 30 June 2024. An initial review of the different investment labels and their criteria, the Investment Manager expects ORIT to qualify for the 'Sustainability Focus' label. Products with these labels are those that invest in assets that are environmentally and/or socially sustainable, determined using robust and evidence-based standards. An example the FCA gives in this category is a fund that invests in assets that contribute to climate change mitigation or adaptation.

ORIT's SDR related disclosures will be available on its website and annual reports from 30 June 2024.

Everything ORIT does considers its objectives for Performance, Planet and People. ORIT's investments are long-term and therefore require a long-term view to be taken both in the initial investment decisions and in the subsequent asset management, adopting long term and sustainable business practices. Post investment, the assets are actively managed through a combination of third-party service providers, technical advisors and ORIT's Investment Manager who is responsible for asset management and can draw on expertise from a team of over 140[1] people. This includes technical specialists, commercial managers and a dedicated Head of Health and Safety as well as Health, Safety and Environmental (HSE) consultants.

As part of reporting on progress against the ESG & Impact Strategy, the Company will include KPIs on funding deployed into renewable energy assets and GWh of renewable energy generated, as well as providing detail of initiatives carried out to maximise performance as part of the Investment Manager's active management approach.

Over time, the ESG & Impact Strategy has the potential to make a positive contribution to investment returns. This could come via access to preferential financing such as green bonds, or potentially via ORIT as an investor and/or OEGEN as the Investment Manager demonstrating positive environmental and social impact and being selected as preferred partners for developers in tender and auction processes.

[1]As at 1 March 2024. The team is expected to grow.

There's no compromise in the purpose or mission of the fund. There is no baggage to carry from the fossil fuel economy. The fund is deployed exclusively to deliver renewable energy, which in itself is a public good for dealing with climate change. But the way the capital is deployed, the operational disciplines, all provide investors with the assurance that this enterprise is completely dedicated to delivering on sustainability objectives.

James Cameron, Non-Executive Director, ORIT

Addressing and reporting on climate risks in line with the Task Force on Climate-related Financial Disclosure recommendations.

The Task Force on Climate-related Financial Disclosures ("TCFD") was created in 2015 by the Financial Stability Board ("FSB") to promote voluntary, consistent reporting on climate-related financial risks. Its guidelines, finalised in 2017, recommend that organisations include climate-related disclosures in their annual reports to inform stakeholders about risks and opportunities from climate change. Following this, the UK Financial Conduct Authority ("FCA") required premium listed companies to report against TCFD standards from 2021, aiming for wider adoption. ORIT supports the TCFD's aims and objectives and has decided to report in line to adopt best practice disclosures.

ORIT is acutely aware of the risks of climate change and through its investment mandate, believes it is well placed to contribute to solutions and harness the opportunities that arise from a transition to net zero. However, no company is isolated from climate change. The following section of the strategy paper will outline key aspects of ORIT's approach to managing climate-related risks. For more information and a comprehensive TCFD disclosure, please refer to the 'Risk and risk management' section of ORIT's annual report.

Ensuring accountability and responsibility by board and management

Oversight and management of climate-related risks and opportunities is integrated within ORIT's governance framework. The ORIT Board has full responsibility for managing the Company. On behalf of the Company, the Board has appointed Octopus AIF Management ("OAIFM") as the Alternative Investment Fund Manager ("AIFM"). Whilst overall risk management of the Company is retained by OAIFM, portfolio management has been delegated to OEGEN as the Investment Manager. Climate risk analysis and management falls within the scope of portfolio management on a day-to-day basis. The Investment Manager has in place a number of management committees and governance forums to assess risk, including those that are climate related on a periodic basis.

Process for identification, assessment, management and integration of climate-related risks and opportunities.

The Company's investment strategy is aligned to accelerate the transition towards a net zero future and given the nature of the business, this is thought about by management on a day-to-day basis, not just at formal governance committees.

Climate change considerations apply at the acquisition stage of investments (throughout the deal origination and due diligence processes) and at the portfolio management phase (asset management activities, monitoring, and reporting). Day-to-day management of the portfolio is the responsibility of Investment Manager with services provided by the Company's third-party asset managers and O&M service providers.

Investment due diligence: Transition and physical risks/opportunities assessed, incorporating ESG matrix questions and utilizing ThinkHazard and Climate Scale tools for natural hazard reviews. In-depth technical due diligence aligns with the EU Taxonomy's criteria. Findings are presented for approval, first to the Investment Committee, then to the Board for final fund drawdown authorization.

Post-investment oversight: The OEGEN Asset Board ensures adherence to ESG policies, with the Investment Manager's Asset Management team managing strategy implementation against identified risks, ensuring compliance and exceeding ESG requirements through regular service provider reviews.

Given the existing close relationship between renewable energy infrastructure and climate, OEGEN, through its energy markets professionals, already monitors climate-related government policy and physical changes in the climate to inform the investment strategy and the materiality of risks faced to the portfolio of investments.

Climate change covers various risks, which to a large extent are not foreign to the Company. These risks can be group as follows:

> **Physical,** deriving from possible material impacts on the Company's assets as a result of the future evolution of climate variables. These are related to changes in temperatures, sea levels, precipitation, irradiance, wind speed and an increase in extreme weather events both in terms of frequency and intensity.
>
> **Transition**, associated with all the risks that may appear in the world's decarbonisation process, such as regulatory changes, market, technological and reputational risks, and changes in demand.

Climate-related risks are considered at two levels:

- At the Company level in relation to transition risks that could impact the overall success of the Company, and
- At the investment level, where specific physical or market related transition risks are more likely to have a bigger impact.

At a Company level, the Investment Manager undertakes a risk assessment in relation to climate-related risks and the outcomes of this are presented in ORIT's TCFD disclosures.

Building climate resilience into ORIT's business strategy

The transition to a lower carbon future is ingrained within ORIT's investment strategy. As such, ORIT is well positioned to take advantage of the investment opportunities that arise from this transition.

The speed and efficiency of the transition will have a notable effect on the performance of the Company. If global temperature change is to be limited to below a 2-degree increase from pre-industrial levels by 2100, it is expected there will need to be significant intervention from governments, regulators, and the market. Given the Company's investment mandate, there is a direct correlation between transition to a low carbon future and the size of the investment opportunity over the long-term.

If temperatures increase beyond 2-degrees, the physical effects of climate change will be more severe, creating additional risks for the infrastructure that the Company acquires.

The Company has explored scenario planning to determine which climate-related risks could have a material financial impact on the Company. More information included in ORIT's TCFD disclosures. To summarise, climate-related risks and opportunities are expected, on balance, to provide more opportunities to the Company than risks and the Company is likely to benefit from a 1.5/2-degree scenario more than the 4-degree scenario pathway. The investment mandate and philosophy are driven by action to avert climate change and harness opportunities for investors. The political and societal tailwinds should support the Company's continued success and the Company should welcome additional regulations to drive action to prevent climate change. The Investment Manager believes the Company is well positioned to respond to these either through its core mandate or through adjusting its Investment Strategy over time to best achieve the pathway to net zero and continue to deliver investment returns.

There are a number of risk mitigation strategies that the Investment Manager can utilise to mitigate climate-related risks to the Company. These are summarised in ORIT's TCFD disclosure, but can be summarised as:

- Hedge and fix pricing, maintaining diversification of revenue sources between merchant, fixed offtake, corporate and government sources of income
- Diversify the portfolio across technologies, geographies and development stage
- Seek strategic opportunities from emerging markets and technologies
- Invest in developers to provide proprietary pipeline of assets to avoid competitive transaction processes
- Put in place appropriate levels of insurance for assets
- Source appropriate levels of equipment spares to minimise downtime associated with damaged equipment
- Move to renewable energy electricity import tariffs
- Active management and engagement with asset managers, O&M contractors and portfolio companies on climate-related issues, risks and opportunities

- Work with policy makers and regulators to educate and influence policy and frameworks to accelerate the transition to a clean energy future and actively engage with stakeholders and communities to mitigate resistance to Renewable Energy Assets

Measuring and managing climate impact

Climate-related risks and opportunities are considered in ORIT's financial, strategic and operational performance, and the Investment Manager therefore uses a wide variety of metrics to measure the current and potential impact.

Risk/ Opportunity Type	Explanation	Metrics
Transition Opportunity	The Company's investment strategy is 100% aligned to a 1.5/2-degree scenario and aims for 100% of revenues to be generated from sustainable sources. This reflects the Company's role in enhancing renewable energy as a key contributor to climate change mitigation, quantifying the scale of climate-related opportunities seized.	• £m Capital invested in & committed to renewable energy assets • % Investments aligned to the EU Taxonomy • GWh of potential renewable electricity produced annually • Estimated equivalent number of homes powered by clean energy • Estimated tonnes of CO_2e avoided • Equivalent trees and cars off the road for tCO_2e avoided
Transition Risk	Monitors (a) the transition risk on power price and also (b) the potential future constraints on emissions, which, while not expected to be significant for a low-carbon portfolio, are crucial for maintaining alignment with low-carbon transition pathways.	(a) • Wholesale energy price sensitivities • % of revenues with fixed power prices • Portfolio diversification (b) • Scope 1, 2, and 3 GHG emissions • Weighted average carbon intensity ("WACI") • tCO_2e/MW
Physical Risk (Asset Level)	At the asset acquisition stage, physical risks are evaluated within the ESG matrix, affecting the ESG matrix output score if climate risks are high and no mitigation strategies are in place. This score influences the Investment Committee's approval process.	• ESG Matrix Output Score (Influence on Investment Committee and Board approval)
Acute Physical Risk (Company/ Portfolio Level)	Residual acute and chronic physical risks are assessed at both Company and portfolio levels by considering portfolio diversification and performance.	• Current portfolio diversification • Annual performance against budget of portfolio assets • CapEx / repairs and maintenance costs
Chronic Physical Risk (Company Level)	Chronic physical risks to yield are assessed by monitoring P10/P90 figures on portfolio valuation models.	• P10/P90 figures on portfolio valuation models

Targets used by the Company to manage climate-related risks and opportunities

Target	Description
Investment success	ORIT's strategy aligns with climate change mitigation and accelerating the transition towards a 1.5-degree pathway. The main target is to achieve investment success, which is crucial for enabling further investments in renewable energy and benefiting from climate-related opportunities. Financial objectives related to this target are detailed in the annual report and investment policy.
Reducing carbon footprint estimations	Aim to reduce the percentage estimations used in carbon footprint exercises to increase the reliability of carbon data, enhancing the accuracy of carbon reporting.
Renewable energy import tariffs for all generating sites	Transitioning all generating sites to renewable energy import tariffs to support aims to reduce carbon footprint.
Offset direct emissions	Commit to offsetting all direct emissions, covering relevant Scope 1 and 2 emissions.
EU Taxonomy Alignment	Ensuring 100% of investments are aligned with the EU Taxonomy, reinforcing the Company's commitment to sustainable investment practices and climate change mitigation efforts.

Planet

Impact objective:
Consider environmental factors to mitigate risks associated with the construction and operation of assets, enhancing environmental potential where possible

Enhancing environmental potential through climate change mitigation

ORIT recognises the fundamental role that renewable energy plays in meeting net zero emissions targets, with an inherently positive impact on the environment.

Investing in renewable energy assets enables investors to generate returns from this transition to a cleaner future and directly support climate change ambitions. On admission to the London Stock Exchange ("LSE"), ORIT was awarded the LSE's 'Green Economy Mark', recognising the Company as a significant contributor to the transition to a zero-carbon economy. Whilst the Company's positive contribution has been recognised, ORIT commits to being transparent, measuring and reporting both positive and negative impacts on the planet. By reflecting on potential negative impacts rather than ignoring them, the Company can create meaningful targets for improvement and maximise the positive impact of its investments. As part of this approach ORIT will review and adopt relevant industry standards alongside initiatives to reduce its own carbon footprint.

The Green Economy Mark identifies London-listed companies and funds that generate between 50% and 100% of total annual revenues from products and services that contribute to the global green economy.


Breach solar farm

Alignment to the EU Taxonomy

The taxonomy regulation, commonly referred to as the 'EU Taxonomy', introduces an EU-wide framework to classify environmentally sustainable economic activities. As a fundamental component of the European Union's sustainable finance policy, it obligates selected EU companies to report their economic activities' compliance with the EU Taxonomy. Additionally, it mandates fund sponsors covered by SFDR to disclose the extent of their portfolio investments that are aligned with the EU Taxonomy's criteria. Accompanied by precise technical screening criteria, the EU Taxonomy outlines which activities are eligible (EU Taxonomy-eligible activities) and the standards for being considered aligned (EU Taxonomy-aligned activities). Specifically, the EU Taxonomy aims to guide investors towards "green," environmentally friendly activities, facilitating the channelling of green financing towards investments that significantly contribute to or enable the transition to a sustainable future.

At the core of the Taxonomy Regulation is the definition of a sustainable economic activity. This definition is based on three criteria. An activity must:

Substantially contribute 1

to at least one of the six environmental objectives as defined in the Regulation

+

Do no significant harm 2

to any of the other five environmental objectives as defined in the Regulation

+

Comply with 3

minimum safeguards

The six environmental objectives of the Taxonomy are:

- **Climate change mitigation**
- **Climate change adaptation**
- **Sustainable use and protection of water and marine resources**
- **Transition to a circular economy**
- **Pollution prevention and control**
- **Protection and restoration of biodiversity and ecosystems**

ORIT aims to have 100% of its investments align with the EU Taxonomy, significantly contributing to the "climate change mitigation" objective. ORIT will assess % of Taxonomy-aligned activities through turnover, reflecting the share of revenue from green activities of investee companies.

Analysis is conducted by the Investment Manager, drawing on publicly available information and proprietary data sets, and information provided directly by investee companies. Where necessary, inputs from third-party technical advisors may be reflected.

Carbon

Measurement and reporting

Even though wind and solar energy generation avoids the emissions associated with fossil-fuel fired electricity production, it's important to note that there are emissions involved in the construction and management of renewable energy production and storage. The carbon footprint of a specific investment varies based on the site and technology deployed. However, current research by the Investment Manager indicates that solar PV and onshore wind sites typically achieve a carbon payback period of 1-3 years, against an expected operational lifespan of approximately 30 years.

ORIT intends to develop a deeper understanding of both negative and positive impacts of this by measuring its carbon footprint and working with key stakeholders to promote transparent reporting.

In consultation with carbon measurement specialists, Altruistiq, ORIT has set a robust emissions boundary in line with the iCI and ERM Greenhouse Gas Accounting and Reporting Guide for the Private Equity Sector (2022). This methodology was developed to complement both the World Resources Institute's Greenhouse Gas Protocol Standards ("GHG Protocol") and the Partnership for Carbon Accounting Financials' Standard for the financial industry. This approach consolidates the organisational boundary according to the operational control approach. The Investment Manager has worked with Altruistiq to improve ORIT's data collection processes to enable ORIT to better understand its value chain impact, and to improve data accuracy.

The GHG sources that constitute the operational boundary include:

Scope	GHG Protocol Alignment[2]	Portfolio Emissions tCO_2e	Company Emissions tCO_2e
1 – Direct Emissions	1	✓	N/A
2 – Indirect Emissions (market-based)	2	✓	N/A
3 – Indirect Emissions			
Purchased Goods and Services	3.1, 3.2	✓	✓
Fuel & Energy Related Activities	3.3	✓	✓
Travel and Transport[3]	3.4, 3.6, 3.7	✓	✓
Waste	3.5	✓	N/A

The Company, as a legal entity, has no direct employees, owned or leased real estate, or direct assets, and therefore the Company has no Scope 1 or 2 emissions or relevant waste emissions.

ORIT recognises the challenges in measuring its GHG emissions for all sites and activities.

- Quality and availability of data collected for conversion calculations can significantly impact accuracy of final emissions output.
- The specificity of the emission factors used to convert data into related emissions can also impact validity of final emissions output.

[2] For the list of GHG Protocol categories, please see page 8: https://ghgprotocol.org/sites/default/files/2022-12/Scope%203%20Detailed%20FAQ.pdf
[3] This category includes upstream transportation and distribution, employee commuting and business travel (including contractor travel).

ORIT will disclose the different categories of data points used to calculate the ORIT's carbon footprint to transparently convey both the quality and accuracy of the carbon footprint reported.

Data Type	Definition
Real Data	
Actual activity data	Real activity data received directly from counterparties on activities undertaken during the period e.g., litres of fuel used for transport
Actual spend data	Real spend data received e.g., money spent on fuel use for transport
Estimated Data	
Estimated activity data	Estimated activity data received directly from counterparties on activities undertaken during the period e.g., estimated litres of fuel used for transport
Estimated spend data	Estimated spend data received directly from the counterparties e.g., spend on fuel use for transport
Proxy Data	
Proxy activity data	Proxied by the Investment Manager using an intensity metric e.g., litres of fuel used for transport calculated by use of an intensity metric for fuel use from another similar site
Proxy spend data	Proxied spend data by the Investment Manager using an intensity metric e.g., money spent on fuel use for transport calculated by use of an intensity metric for money spent from another site

ORIT will disclose its key carbon emissions, alongside a breakdown of data points used on an annual basis in the Annual Report.

Carbon reduction

ORIT aims to reduce its emissions as the portfolio grows through stakeholder engagement and proactive management.

Current strategies that ORIT and the Investment Manager utilise to reduce carbon emissions include:

- **Adopting renewable energy tariffs for generating sites:** By powering all operational sites within ORIT's portfolio through renewable energy tariffs, the carbon intensity associated with energy consumption is significantly reduced.
- **Promoting local labour and supply chains:** Encouraging the use of local labour and suppliers minimises transportation-related emissions and supports local communities, contributing to a reduced carbon footprint.
- **Reducing the Investment Manager's own carbon emissions:** Through sustainable office practices, energy efficiency measures, and promoting remote work where possible, the Investment Manager actively works to minimise its operational emissions.
- **Implementing a spares management system:** By efficiently managing spare parts, the reliance on generators is reduced, leading to fewer equipment outages and decreased emissions from generator use.
- **Engaging with suppliers on their carbon footprint:** The Investment Manager actively engages with suppliers to encourage the adoption of sustainable practices, including the use of electric vehicles and the implementation of eco-friendly travel policies.

ORIT commits to gathering data of key carbon contributing activities and will continue to assess emission reduction opportunities. ORIT will continue to refine its approach to carbon emission reductions, especially for sites under construction by working collaboratively with counterparties.

Carbon offsetting

ORIT intends to offset the key emissions incurred through its direct business activities. The preferred route for offsetting is through tree planting in line with the Woodland Carbon Code. This Code is a UK-specific certification program that ensures each woodland scheme will deliver the promised benefits and represents genuine new planting. This will help the UK meet its ambition of net zero emissions by 2050.

ORIT has recently made the decision to purchase 'Pending Issuance Units'. These units have been secured both to future-proof ORIT's carbon units in light of increasing prices and low availability of 'Woodland Carbon Units' and also to support new woodland creation in the UK.

A Woodland Carbon Unit ("WCU") is a tonne of CO_2e which has been sequestered in a Woodland Carbon Code-verified woodland. It has been independently verified, is guaranteed to be there, and can be used by companies to report against emissions or to use in claims of carbon neutrality or Net Zero emissions.

A Pending Issuance Unit ("PIU") is effectively a 'promise to deliver' a Woodland Carbon Unit in future, based on predicted sequestration. It is not 'guaranteed' and cannot be used to report against UK-based emissions until verified. However, it allows companies to plan to compensate for future emissions or make credible statements in support of woodland creation.

Supporting the planting of new UK woodland helps plant new trees today, but these woodlands do not deliver 'offset' credits immediately. Only once the woodland biomass has grown sufficiently will its carbon credits be verified and converted from ex-ante PIUs to ex-post WCUs. Only then can only then be used as official offsets.

In recognition of the potential carbon impact of ORIT's operations, ORIT has decided to invest in projects that will capture of CO_2 over the next 30 or so years.

The Board will reassess if the purchase of additional PIUs will be necessary on a year-to-year basis.

The growing trees will also provide wider co-benefits beyond climate mitigation, including water quality improvements, habitat creation, employment, and cleaner air. Through ORIT's support for woodland creation, ORIT is helping the country to meet its long-term international climate targets in a way that also benefits wider society.

In addition to this, biodiversity enhancement measures are proposed on ORIT sites. Alongside the broader benefits of biodiversity, undisturbed grasslands and high biodiversity levels have been shown to correlate with the lands' ability to absorb carbon into its soil. Wind and solar farms have long life spans, and often provide habitat management strategies which help to enable this land management, further increasing ORIT's ability to accelerate net zero emissions.

SUGi planting day

Addressing and reporting on biodiversity risks in line with the Task Force on Nature-related Financial Disclosures recommendations

Nature and the ecosystem service it provides are essential inputs to businesses across the economy. Indeed, it has been found that more than half of global GDP depends on nature. Whilst this has fuelled society ambition to protect the planet's natural habitats, business activity and financial services that support it continue to degrade nature.

Loss and/or depletion of biodiversity is increasingly being recognised as an issue of risk rather than corporate responsibility. Frameworks, such as the Taskforce of Nature-related Financial Disclosures ("TNFD"), which encourage the disclosure of biodiversity risk for investors, are expected to form part of a new wave of regulations aimed at reorientating capital flow towards nature positive solutions. ORIT's 'Planet' objective already aims to consider and mitigate biodiversity risks associated with the construction and operation of assets.

> ***The business and financial world's race towards net zero emissions will only succeed if they simultaneously race equally fast towards nature-positive, with the importance of biodiversity front and centre.***
>
> *Emily McKenzie, Technical Director of TNFD*

What is biodiversity risk?

Biodiversity risk is informed by '**dependencies**' and '**impacts**':

> **Dependency on biodiversity:** A decline in ecosystem services (e.g. pollination) can create physical risk to businesses that depend on them, leading to cost increases or loss of revenue.
>
> **Impact on biodiversity:** Negative impacts on biodiversity caused by a business's activities can create regulatory risk (e.g. environmental non-compliance leading to fines) or reputational risks (e.g. environmental misconduct leading to decreased brand value).

ORIT already mitigates its '**impact on biodiversity**' risk by:

- Ensuring a robust HSE management system is in place across its assets and associated third parties, monitoring environmental incidents, and sharing learnings where appropriate to minimise frequency of future incidents.
- Managing assets in line with the Investment Manager's **Biodiversity Mission Statement** and policies, ensuring environmental impacts are assessed by ecologists, and implementing site-specific mitigation measures as part of normal land-management services.
- Implementing additional biodiversity initiatives at the sites that support local ecosystem services, such as beehives and wildflower meadows.

Measuring 'dependency on biodiversity'

Measuring '**dependency on biodiversity**' is not a new concept, but the systematic approach to quantifying and assessing these dependencies has gained prominence in recent years due to the increasing recognition of the importance of biodiversity conservation and sustainable development. Frameworks like TNFD and supporting tools (such as WWF's Biodiversity Risk Filter and ENCORE) have been developed to help institutions measure these dependencies. Sectors differ in their dependencies due to their different business activities. For example, an agricultural business will have a dependency on pollination ecosystem services whereas a telecommunications business might not.

An initial analysis was undertaken to explore the potential dependencies that renewable energy technologies in ORIT's portfolio face.

The WWF and Encore tools have highlighted climate regulation, flood and storm protection and mass stabilisation and erosion control as high materiality dependencies for solar and wind assets. This suggests that the degree of protection offered by these ecosystem services are critical and irreplaceable for the continued generation of wind and solar energy. Whilst the degree of protection offered will vary based on the exact location of the assets, the Investment Manager is confident that these risks are reflected in their current risk mitigation strategy, with mitigation measures already considered.

Biodiversity dependency	Existing consideration
Climate regulation	
Nature regulates the climate through mechanisms like carbon sequestration, ocean circulation, and the water cycle, which help maintain a stable environment for life. The impact of these processes on renewable energy production can be significant, as wind and solar rely on specific weather patterns and climatic conditions.	ORIT's sustainable objective is to accelerate the transition to a net zero future, mitigating the effects of climate change. ORIT considers the impacts of climate change as part of normal risk management, as outlined in ORIT's TCFD disclosure in the latest Annual Report.
Flood and storm protection	
Natural and planted vegetation offer flood and storm protection by providing shelter and reducing or weakening the intensity and impact of floods and storms.	Flood risk is usually assessed as part of the site's feasibility assessment and permitting process. Mitigation measures implemented where necessary and insurance cover secured.
Mass stabilisation and erosion control	
Ground movement, landslides and subsidence could damage solar and wind sites, impact the longevity of the site, equipment alignment, and have health and safety implications.	For solar, spot inspections would be included in site visits to identify any movement to panel structures. If there is movement the structures can be re-enforced. Wind farms with potential subsidence risk undergo stability assessments. For instance, wind sites on peatland conduct annual peat slide assessments to identify areas of concern. Risk assessment and monitoring plans are established during the early phases of the wind project. In the UK, these assessments follow guidelines outlined by SEPA and EA, while other EU countries comply with regulations from their local authorities.

The Investment Manager remains committed to evaluating the biodiversity risks connected with ORIT's assets, with a focus on aligning these assessments with the guidelines outlined by the TNFD. Initial analysis suggests that the primary dependencies that may significantly impact the portfolio are accounted for in current risk management processes. More analysis is required to better understand risks in relation to ORIT's supply chain.

While ORIT's annual reports do not currently align fully with all the recommendations of the TNFD,the Investment Manager plans to progressively address some of these recommendations in future reports. Following TNFD guidelines for additional disclosures is expected to improve transparency, standardization, and facilitate a better understanding of the portfolio's biodiversity risk exposure.

People

Impact objective:
Evaluate social considerations to mitigate risks and promote a 'Just Transition' to clean energy

Managing impact on society

Investing in renewable energy has natural positive impacts on people and for the wider society by benefitting the economy. By channelling capital towards 'homegrown renewables' ORIT is also contributing to energy security, preventing future energy crises resulting from reliance on unsustainable global fossil fuel markets.

It is also vital the Company mitigates any possible negative impacts and risks to people as the Company invests, constructs, and operates its portfolio of renewable assets. ORIT has clear policies and governance structures to achieve this. Social factors that ORIT and our Investment Manager consider to be the most important during due diligence and ongoing monitoring of assets include:

- Health and safety
- Diversity and inclusion
- Promoting a Just Transition (workers, community, and customers)
- Human rights in the supply chain

Cumberhead wind farm opening ceremony

[4] https://safetyon.com/

Health and Safety

ORIT recognises its health and safety responsibilities and keeping people safe remains its highest priority. ORIT has put arrangements in place with its Investment Manager to ensure that health and safety risks are managed effectively.

Our Investment Manager employs specialist HSE consultants and additionally has employed a Head of Health and Safety to ensure that health and safety procedures are embedded into our model of investing and managing assets.

This integration is achieved through:

Technical compliance standards: The Investment Manager sets the highest standards for ORIT's assets and have bolstered the standard industry scopes for wind and solar by developing bespoke compliance standards that are issued to the technical advisors during the investment due diligence process. The standards set surpass regulatory expectations and are used by the Investment Manager to set a precedent for the entire industry. In wind these reflect the guidance of Safety On[4], the health and safety organisation for the onshore wind sector. In solar they reflect the extensive expertise of the internal team. These standards include the wider knowledge base to provide leading insight into all aspects of risk and technology, not just safety. Expertise from international and UK based health and safety consultants also helps to ensure that international perspectives, regional regulations and cultural differences are considered when implementing safety solutions or standards. Sharing these insights and best practices with peers, not only helps the Investment Manager to raise the industry's collective standards but fosters a collaborative approach to new HSE challenges.

Diligence and benchmarking of contractors: Integral to the Investment Manager's asset management function is the diligence and benchmarking of the contractors engaged. All the contractors are subjected to a pre-qualification questionnaire (PQQ) process based on PAS91, the UK Government Publicly Available Specification for prequalification questionnaires in construction related procurement. This tool enables us to gauge a contractor's history, expertise, competency, financial stability, and HSE track record before engaging in any contractual relationship. Any high voltage ("HV") operators are subjected to further qualification and interview. The Investment Manager is knowledgeable of the requirements for clarity and controls of boundary management on high voltage systems and insists on HV switching being undertaken by professionals.

Audits and ongoing oversight: The Investment Manager conducts ongoing checks, external audits and self-cleansing audits to ensure compliance with the standards established and to ensure the contractor is performing in accordance with their approved systems. The outcomes and any issues highlighted are reviewed monthly by the Investment Manager' s Asset Board, responsible for ongoing oversight and management of the portfolio of assets. Every incident, regardless of its magnitude, is encouraged to be logged in the centralised system without fear of reprisal. This emphasis on transparency ensures that potential issues are flagged early, allowing for timely intervention. Every six months, contractor score cards are prepared and reviewed.

Continuous Improvement: A further critical function of the Investment Manager is striving for improvement. Alongside the specialist HSE consultants, the Investor Manager manages, generates, and disseminates safety alerts and practice guidance across the full range of technologies and where improvements are made, ensures the knowledge is shared across the portfolios. For example, post-incident reviews are conducted organisation wide. This is part of the Investor Manager's feedback mechanism that ensures continuous identification of areas for improvement and a proactive approach (rather than a reactive one) to HSE.

Where minority stakes in businesses are held, the Investment Manager still tracks performance via Board meeting attendance.

The Investment Manager actively tracks and monitors various accident and incident classifications from events where there is a statutory requirement to report to the UK Health & Safety Executive (RIDDORs) or other local government bodies. This includes incidents classified as accidents, near misses, dangerous occurrences, and general safety observations. Where accidents occur on overseas assets that would merit reporting as a RIDDOR if they were to occur in the UK, we flag them as "RIDDOR-like" events. All notifications of HSE incidents are investigated by the Investment Manager's in-house asset management team and where necessary the 3rd-party HSE advisor and the Investment Manager ensure that out-sourced HSE managers close out all incidents with root cause analysis and establish lessons learned and where necessary change processes and procedures. Where weaknesses in underlying procedures and systems are identified, the HSE advisor works with businesses to implement appropriate remedies.

ORIT's Annual Report will present relevant health and safety metrics.

Diversity and Inclusion

Equality and wellbeing are fundamental to ORIT's impact ambitions. This is reflected in our Company policies and in the way that the Company operates externally, through understanding the approach that our third party providers take to diversity and inclusion, and suggesting ways to improve this wherever possible.

The Company's Board is made up of a complementary mixture of social backgrounds, gender diversity and ethnicity. The Company complies with the FCA's diversity targets on the representation of women and ethnic minorities:

- At least 40% of the board should be women.
- At least one of the senior board positions or Senior Independent Director (SID) should be a woman.
- At least one member of the board should be from an ethnic minority background, excluding white ethnic groups (as set out in categories used by the Office for National Statistics).

The Investment Manager shares ORIT's values and places diversity and inclusion at the heart of them, which is demonstrated through initiatives implemented. These initiatives include:

- **Recruitment enhancements:** Established hiring guidelines and unconscious bias training; diversified candidate pools through broader job advertising and inclusive job descriptions.
- **Workplace attractiveness:** Updated parental leave policies for diverse family structures; proactive monitoring of gender pay gaps.
- **Promotion process reforms:** Revised promotion process for greater transparency and decision-making diversity at the team level.
- **Workplace adjustments:** Implemented necessary adjustments and encouraged open communication for supporting diverse workplace needs.
- **Focus on neurodiversity:** Established a neurodiversity group.
- **Internship programs:** Successful continued participation in the Octopus Energy Equality Internship, leading to full-time roles for several interns.

The Investment Manager provides directors to the underlying subsidiary companies and ensures diversity is considered when appointing them.

Cumberhead wind farm opening ceremony

Promoting a "Just Transition"

A "Just Transition" refers to the equitable distribution of benefits in the shift to clean energy. ORIT actively engages with workers, local communities and customers, focusing on job creation, community benefits and fair access to green energy.

Just Transition Element:	Strategy's aim:	Performance KPIs:
Workers – Job Creation	Enhance socio-economic distribution and equity by supporting the creation of decent jobs through ORIT's partners and subcontractors. This is achieved by their commitment to adhere to standards of equal opportunities, workplace best practices, diversity, and inclusion, coupled with a focus on promoting local employment opportunities.	Number of estimated FTE jobs supported[5], % of which are local.
Community – Engagement, Voice and Benefit	Empower local communities by establishing avenues for benefits such as through community benefit schemes, educational engagement with local schools via workshops and site visits, and support of local charities. As ORIT's portfolio expands, these impact partnerships are designed to create a more significant and lasting impact across a diverse range of beneficiaries. Applicability of community initiatives will be determined on a portfolio-by-portfolio basis. Proactively engaging with communities and stakeholders from the outset, ORIT aims to secure social license for its investments, particularly in extending the operational lifespan of its assets.	£ in yearly of community benefit funds, Number of students benefitting from social initiatives, Number of direct beneficiaries from the projects funded through the BizGive platform.
Customers – Affordable Green Energy	Deliver societal benefits by supplying affordable, clean energy to the grid. This not only aims to lower energy bills but also to enhance energy security in regions with ORIT's assets.	Number of Equivalent number of homes powered by ORIT's assets[6].

Example beneficiary: Supported by ORIT's impact contribution of £5,800 in 2023, Cambridge Hands On Science Summer Roadshow volunteers engaged over 7,000 UK children and youths in hands-on science experiments, promoting interest in STEM subjects

[5] Estimated FTE jobs supported based on an average of 230 eight-hour days worked per year.
[6] Metric based on actual production generated by ORIT's assets during the year.

Human rights in the supply chain

Although ORIT has no employees, ORIT is committed to respecting human rights in its broader relationships. ORIT recognises its responsibility specifically with regard to its supply chain and the Investment Manager is dedicated to taking the necessary steps to engage with and influence its supply chain to prevent any potential risks relating to human rights.

ORIT engages closely with its Tier 1 suppliers to ensure that they have the required policies and procedures in place to mitigate the risk of modern slavery. This includes requiring suppliers to have a modern slavery statement or requiring them sign onto OEGEN's Supplier Code of Conduct if they do not already have a code of conduct that is equally robust. This helps to create visibility of ORIT's supply chain beyond the first tier. If the Investment Manager discovers that one of ORIT's suppliers was accepting modern slavery in its business or supply chain, the Investment Manger would engage with the supplier to encourage the removal of such practices and, if necessary, terminate the business relationship with that supplier.

Addressing supply chain risks in the solar sector

The solar sector could present a significant risk due to its connections to forced labour violations at the polysilicon level of its supply chain. The lack of traceability and transparency at this level of the global supply chain and the surrounding geopolitical challenges has led the Investment Manager to develop a tailored risk management strategy to mitigate risks and build a more resilient supply chain for ORIT. The Investment Manager's goal is to eliminate this risk through increased transparency in the supply chain enabling evidence-based purchasing decisions and through actively engaging, lobbying, and driving change in the solar industry. As an investor and working with development and construction partners, ORIT believes that this approach will help influence what is considered acceptable in the industry and lead to meaningful improvements in global solar supply chain sustainability.

Investment Manager actions for mitigating human right risks:

- The Investment Manager has put in place a strengthened due diligence framework made up of ESG-related policies, supplier code of conducts and due diligence questionnaires to help ensure all activities and business conducted in ORIT's supply chain seek to be in line with international labour standards
- The Investment Manager has worked with an external auditing partner to develop a new procurement policy and an allow/deny list for equipment suppliers. The policy requires suppliers to provide written confirmations statements as well as evidence (for example through audits) that their business practices do not support forced labour.
- The Investment Manager is working to promote collective action from the industry by working on collaborative initiatives to increase traceability and responsible production of solar products. Given the systemic nature of the issue, efforts from industry bodies, regulators, expert advisors, NGOs as well as from ORIT's suppliers will be required to fully address the risks. The Investment Manager has been a long-term supporter of and sponsor of Solar Energy UK's and Solar Power Europe's Solar Stewardship Initiative, formally launched to the public in October 2022. This initiative works with stakeholder input from across the sector to establish new and improved standards for the solar supply chain.

Addressing supply chain risks in the BESS sector

Similarly, the extraction and refining of raw materials needed for battery applications has been connected to adverse impacts, such as biodiversity loss, pollution, forced labour, violations of Indigenous rights, and corruption, while the manufacturing and operation of BESS raises concerns around climate change and safety. Moreover, poor visibility and lack of transparency within battery supply chains makes it a challenge to address these issues.

The presence of these impacts and the risk that ORIT's activities may be contributing to them has led the Investment Manager to develop and implement a tailored BESS Procurement Policy. The Investment Manager is working in collaboration with Infyos, an ESG technology company specialising in battery supply chains and sustainability, and will use Infyos's software platform to manage, monitor and improve ORIT's BESS ESG performance.

The policy ensures:

- responsible sourcing principles are firmly integrated into all investment decisions,
- assets are operated to reduce their impact on biodiversity and climate,
- the Investment Manager is able to enact positive change across the industry on behalf of ORIT through wider industry collaboration and engagement.

As part of the BESS Procurement Policy, the Investment Manager has;

- conducted a detailed risk assessment of its BESS assets and their supply chain using Infyos's proprietary risk and supply chain models to identify the most significant ESG risks on an ongoing basis;
- strengthened its due diligence framework in line with industry best practice, including the OECD Guidelines for Multinational Enterprises and Guidance for Responsible Business Conduct, to address and mitigate the most significant risks identified above; and
- incorporated an in-depth assessment of supplier risk and ESG performance, as well as bespoke mitigation actions plans, into the project procurement and supplier management process via the Infyos Platform to ensure all potential and actual impacts are identified, avoided and/or addressed on an ongoing basis.

In addition the Investment Manager will;

- develop controls to ensure the assets are managed in a safe and efficient manner to reduce their impact on biodiversity and the environment, including at the end of life;
- digitally map its high-risk material supply chains using the Infyos Platform to ensure more accurate and granular data related to potential and actual impacts; and
- engage with industry bodies and suppliers to promote greater transparency in the battery supply chain and integrate best practice across the industry.

For more information on how ORIT is addressing Human Rights risks, including modern slavery and human trafficking, please refer to ORIT's statement on its **website.**

Ongoing management

The Investment Manager's Asset Board is responsible for ensuring that each investment adheres to ORIT's ESG policy and ESG & Impact Strategy. Should any material risks in the portfolio be identified by the Asset Board, a mitigation strategy would be agreed, and the Investment Manager's Asset Management team would be responsible to oversee the implementation of the strategy by our third-party asset managers. Asset management plans are created to meet/exceed ESG requirements, and the Investment Manager commits to regularly reviewing and monitoring ORIT's external service providers.

ORIT will continue to refine its approach to maximising the positive impact it creates, whilst minimising the negative impacts. ORIT intends to report on impact in relation to the Performance, Planet and People lenses in its Interim and Annual Reports. This will include case studies of initiatives for each lens, presented in a way that demonstrates transparent and progressive actions with quantifiable impact.

The Board welcomes feedback from investors on the Company's approach to driving and reporting impact.

Ballymacarney solar farm

Glossary

AIFM	Alternative Investment Fund Manager
BESS	Battery Energy Storage System
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FSB	Financial Stability Board
FTE	Full-time equivalent
GHG	Greenhouse gases
GWh	Gigawatt hour
HSE	Health, Safety and Environmental
HV	High voltage
IC	Investment Committee
KPI	Key performance indicator
kWh	Kilowatt hour
LSE	London Stock Exchange
MW	Megawatt
MWh	Megawatt hour
OAIFM	Octopus AIF Management
O&M	Operations and Maintenance
OECD	The Organisation for Economic Cooperation and Development
OEGEN	Octopus Energy Generation (trading name of Octopus Renewables Limited), the Investment Manager of ORIT delegated by the AIFM
PIU	Pending Issuance Unit
PQQ	Pre-qualification questionnaire
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
SDG	Sustainable Development Goals
SDR	Sustainable Disclosure Requirements
SFDR	Sustainable Finance Disclosure Regulation
SID	Senior Independent Director
STEM	Science, Technology, Engineering and Maths
TCFD	Task Force on Climate-related Financial Disclosures
tCO2e	Tonnes of carbon dioxide equivalent
the Company or ORIT	Octopus Renewables Infrastructure Trust plc
TNFD	Taskforce on Nature-related Financial Disclosures
UK	United Kingdom
UN	United Nations
WACI	Weighted average carbon intensity
WCU	Woodland Carbon Unit
WWF	World Wide Fund for Nature

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