

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Legal entity identifier:** 213800B81BFJKWM2JV13

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



| Yes                                                                                                                                                                                                                                                                                                                                                                                                                     | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 90%</b></p> <p><input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> | <p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> |
| <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ____%</b></p>                                                                                                                                                                                                                                                                                                 | <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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, consistent with the long-term temperature goal of the Paris Agreement through the avoidance of greenhouse gas emissions.

The Investment Manager places environmental, social and governance ("ESG") considerations at the core of the Company's investment focus. In addition to having a no fossil fuel investments policy, ESG

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risk management is ingrained in the way the Investment Manager seeks to originate and execute investment decisions, as well as in ongoing portfolio and asset management.

The Investment Manager's approach is based around three fundamental stakeholder lenses: Performance, Planet and People. This framework embeds ESG risk factors and considerations alongside measuring and tracking the positive impact that the Company's investments have on its investors, the environment and society. These measures enable the Company to responsibly achieve its mission to promote the transition to a future powered by renewable energy.

A key performance indicator for the Company is tonnes of CO<sub>2</sub>e avoided. The only appropriate EU Climate Transition Benchmark or EU Paris aligned Benchmark in accordance with Regulation (EU) 2016/1011 is Carbon Intensity.

Alongside calculating the Company's own carbon emissions and resulting carbon intensity, the carbon emissions avoided through investments in renewable energy compared to the same energy produced from non-renewable sources is calculated.

When calculating the carbon emissions, the Company adopts the methodological requirements set out in the Commission Delegated Regulation (EU) 2020/1818 in so far as possible with respect to GHG Intensity / Absolute GHG emissions with any deviations explicitly highlighted. In calculating emissions, the Investment Manager is transparent where estimations have been necessary. Intensity is presented as tonnes CO<sub>2</sub>e/£M revenue.

Carbon avoided is calculated using the International Financial Institution's approach for harmonised GHG accounting.

### ● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The indicators used are:

1. Capital invested into renewable energy assets
2. GWh of renewable energy produced
3. Number of homes powered by clean energy
4. Tonnes of Carbon avoided alongside carbon avoided equivalents (number of trees required to avoid same carbon, number of cars off the road to avoid the same carbon)
5. CO<sub>2</sub>e per MW estimated carbon intensity
6. EU Taxonomy aligned %

### ● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

All investments are screened as part of the ESG Risk Matrix assessment described below against areas that could significantly harm.

Evaluation of investments into renewable energy assets are assessed at investment through the ESG Risk Matrix to confirm that investment does not significantly harm any of the environmental objectives set out in the EU Taxonomy and compliance with the minimum safeguards are adhered to. All proposed investments must meet the minimum sustainability criteria, as determined by the ESG Risk Matrix, completed during the investment process. The ESG Risk Matrix has a total score of 15. A minimum score of 9 must be achieved and is equivalent to "do not significantly harm" with a target score of 10.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Investment Manager also undertakes a review of the specific renewable energy asset in relation to the EU Taxonomy technical screening criteria to confirm whether it meets the qualification criteria. Whilst the Investment Manager expects all investments to meet the "Do not significantly harm" ("DNSH") criteria, there is further consideration required on how to conduct analysis on the DNSH Climate Change Adaptation, in particular conducting climate scenario analysis for these assets and this continues to be an evolving area.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

During the acquisition process and over the life of an investment, adverse impacts on sustainability factors are assessed. During the investment cycle, the ESG Risk Matrix assesses indicators that would indicate presence or absence of a principal adverse impact. These indicators include those relating to environmental damage (carbon, biodiversity, water and waste) through environmental impact assessment, habitat management plans, resource minimisation strategies, carbon reduction and measuring, alongside assessing policies for social and employee matters (anti-bribery, corruption, human slavery, equality, diversity and opportunity), unfair advantage and community relations (engagement and community benefit initiatives).

The Investment Manager works with a range of external service providers to manage the Company's portfolio of investments, for example construction managers, operations and maintenance providers, and external asset managers. To address any adverse impacts on a continuous basis, the Investment Manager is committed to carrying out an annual ESG review on each of the Company's material third-party service providers and this includes reviewing policies in relation to human rights, anti-corruption and anti-bribery. This seeks to ensure that strategies to reduce any new adverse impacts are put in place in a timely manner.

Adverse impacts associated with health and safety are assessed and monitored continuously by the directors of the project companies and/or Health and Safety Executive ("HSE") consultants with indicators such as rate of accidents and days lost metrics. No investment can be made without an appropriate HSE sign off and quality and competency reviews are periodically conducted by the HSE consultants.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The renewables sector (like every other sector) could be subject to human rights abuse that needs to be mitigated and the Investment Manager ensures appropriate due diligence is performed, and that human rights, equality and anti-bribery and corruption policies are in place for service providers alongside the Investment Manager's own policies. This ensures that investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. This is primarily achieved by only working with suppliers who align to a supplier code of conduct. In particular, the Investment Manager has a solar panel procurement policy to minimise the forced labour risks associated with the supply chain.



## Does this financial product consider principal adverse impacts on sustainability factors?



Yes



No

ESG risks are considered at all stages of the Company's investment process, in respect to each individual investment opportunity. The ESG Risk Matrix is completed as part of the investment process and is considered by the Investment Committee ("IC"). This is to ensure that ESG risks are identified and mitigated as soon as possible in the investment process and ensures that appropriate consideration is given to principle adverse impacts on sustainability factors. The ESG Risk Matrix comprises of approximately 30 questions and assesses an investment opportunity three times during the investment process: at "Approval in Principle", "Final Investment Committee" and at the "Pre-Completion Stage". The ESG Risk Matrix has a total score of 15, with a score of 9 or more required to indicate compliance with the ESG Policy and "Do no significant harm".

The Company's ESG Policy seeks to implement the principals contained in the Investment Manager's "Responsible Investment Policy". The "Responsible Investment Policy" sets out the approach to identifying and managing ESG matters. These principles are in line with the UN Principles for Responsible Investment ("UN PRI") to which the Investment Manager is a signatory. The ESG Policy is reviewed annually by the Company's board in relation to the Company, and the Investment Manager is responsible for implementing the ESG Policy.

Sustainability KPIs and Indicators are published in the Company's Interim and Annual Report alongside the Impact Strategy which is available on the Company website.



## What investment strategy does this financial product follow?

The investment strategy of the Company is to make investments in renewable energy assets in Europe and Australia, comprising:

- (i) predominantly assets which generate electricity from renewable energy sources, with a particular focus on onshore wind farms and photovoltaic solar ("solar PV") parks, and
- (ii) non-generation renewable energy related assets and businesses (together "Renewable Energy Assets").

The Company may invest in operational, in construction, construction ready or development Renewable Energy Assets. In construction or construction ready Renewable Energy Assets are assets that have in place the required grid access rights, land consents, planning and regulatory consents. Development Renewable Energy Assets comprise projects that do not yet have in place the required grid access rights, land consents, planning and regulatory consents, as well as investments into development pipelines and developers ("Development Renewable Energy Assets").

The Company aims to achieve diversification principally through investing in a range of portfolio assets across a number of distinct geographies and a mix of wind, solar and other technologies.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

As an impact fund the Company ensures that social and environmental benefits are considered and maximised alongside financial returns, both at the time of initial investment and throughout the ongoing management of the portfolio.

The Company seeks to achieve its sustainable investment objective based on the following responsible investing stakeholder lenses: Performance, Planet and People.

**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.

**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.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Company observes the following investment restrictions when making investments:

- the Company may only invest into Renewable Energy Assets;
- the Company may invest up to 32.5 per cent. of Gross Asset Value (as defined in the Company's investment policy) in one single asset, up to 27.5 per cent. of Gross Asset Value in a second single asset, and the Company's investment in any other single asset shall not exceed 20 per cent. of Gross Asset Value; and, in each case calculated immediately following each investment;
- the Company's portfolio will comprise no fewer than ten Renewable Energy Assets;
- no more than 20 per cent. of Gross Asset Value, calculated immediately following each investment, will be invested in Renewable Energy Assets which are not onshore wind farms and solar PV parks;
- no more than 25 per cent. of Gross Asset Value, calculated immediately following each investment, will be invested in assets in relation to which the Company does not have a controlling interest;
- no more than 5 per cent. of Gross Asset Value, calculated immediately following each investment, will be invested in Development Renewable Energy Assets;
- the Company will not invest in other UK listed closed-ended investment companies;
- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole; and
- no investments will be made in fossil fuel assets.

Compliance with the above restrictions will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment restrictions.

In addition to the above investment restrictions, following the Company becoming fully invested and substantially fully geared (meaning for this purpose borrowings by way of long-term structural debt of 35 per cent. of Gross Asset Value) at the time of an investment or entry into an agreement with an offtaker, the aggregate value of the Company's

investments in Renewable Energy Assets under contract to any single Offtaker will not exceed 40 per cent. of Gross Asset Value.

Further information on the investment strategy can be found on the Company's website [www.octopusrenewablesinfrastructure.com](http://www.octopusrenewablesinfrastructure.com)

### ● **What is the policy to assess good governance practices of the investee companies?**

Where project companies that own Renewable Energy Assets are direct or indirect wholly owned subsidiaries of the Company, directorship services are provided by the Investment Manager ensuring consistency in governance and in the application of the ESG Policy to those project companies.

In circumstances where the Company does not hold a controlling interest in a project company, the Company secures its shareholder rights through contractual and other arrangements, to, inter alia, ensure that the renewable energy asset is operated and managed in a manner that is consistent with the Company's investment policy and ESG Policy.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



### **What is the asset allocation and the minimum share of sustainable investments?**

The Company is targeting investment in renewable energy assets or associated energy infrastructure assets and businesses, and expects at least 90% of investments to be sustainable, contributing or enabling a reduction in carbon emissions and is aiming for 85% of all investments to be Taxonomy - aligned.

Note, the Company does not consider cash which is instantly accessible to be an investment. If cash is not instantly accessible (i.e. it is held in a money market account or fixed-term deposit account) this would be considered an investment. Cash may be placed in these types of accounts to facilitate capital recycling programmes of buying and selling assets and / or share buy backs. As a result, up to 10% of the Company's investments may not be classified as sustainable due to the inclusion of cash holdings that are not instantly accessible.

At least 85% of all investments are expected to be Taxonomy-eligible through the technical screening, contributing to Climate Mitigation. To be Taxonomy-aligned, assets would also need to meet the DNSH criteria set out in the EU Taxonomy. The Company has adjusted its EU Taxonomy alignment target from 100% to 85% to account for any potential cash holdings that are classified as an investment and consequently may be considered ineligible for EU Taxonomy alignment (following a clarification made by the EU Commission in July 2024) and for investments that may be ineligible, partially eligible, or not yet aligned due to unmet DNSH criteria. For example, recently acquired development platforms with limited employees may lack required policies or processes to meet DNSH but will implement them over time. Additionally, some development platforms providing certain development services on renewable energy projects may align with sustainability objectives but remain ineligible under the EU Taxonomy.

**Asset allocation** describes the share of investments in specific assets.

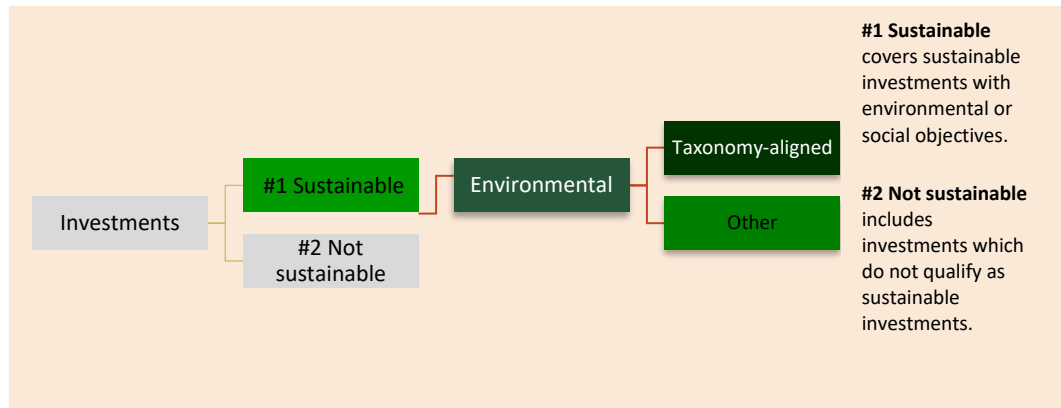
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



- **How does the use of derivatives attain the sustainable investment objective?**  
Derivatives, such as FX hedges, are only used for the purpose of efficient portfolio management, not specifically to attain the sustainable investment objective.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

### All investments

The Company expects at least 85% of all investments (including both sustainable and not sustainable investments) to be aligned with the EU Taxonomy, significantly contributing to climate change mitigation. Within this, sustainable investments with an environmental objective are also expected to meet a minimum threshold of 85% alignment with the EU Taxonomy. For example, if the cash holdings of the Company at any one time are at 0%, then the share of sustainable investments with an environmental objective aligned with the EU Taxonomy will also be at least 85% aligned to maintain the overall 85% alignment threshold for all investments.

### Sustainable investments with an environmental objective

The minimum extent to which sustainable investments with an environmental objective must be aligned with the EU Taxonomy is 85%. This means that at least 85% of investments classified as "sustainable" with an environmental objective are expected to meet the EU Taxonomy criteria.

The Investment Manager appoints Technical Due Diligence Advisors where appropriate to validate and assess eligibility of investments with the EU Taxonomy.

The fund has no sovereign exposures.

The Company will assess % of Taxonomy-aligned activities through turnover reflecting the share of revenue from green activities of investee companies.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?



Yes:



In fossil gas

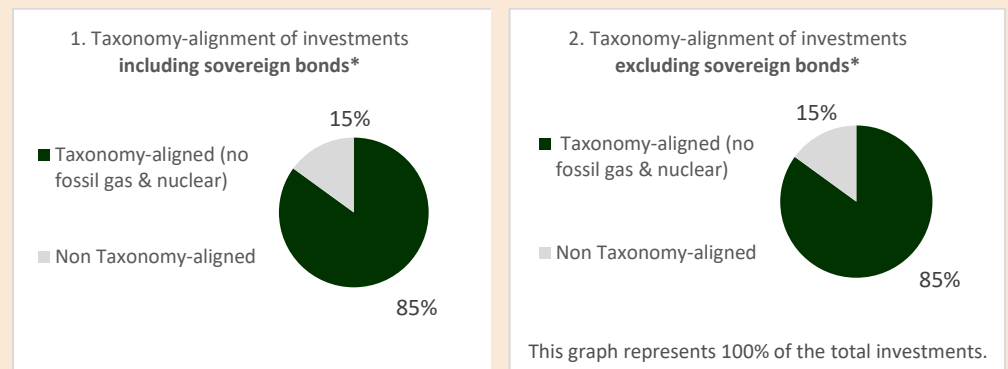


In nuclear energy



No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- What is the minimum share of investments in transitional and enabling activities?

The investment strategy allows for investment into Development Renewable Energy Assets, and Developers. Accordingly, this may be classified as an enabling activity under Article 16 of Regulation (EU) 2019/2088. The investments strategy allows no more than 5 per cent. of Gross Asset Value, calculated immediately following each investment, will be invested in Development Renewable Energy Assets.



## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Overall, at least 85% of all investments are expected to be Taxonomy-eligible through the technical screening, contributing to Climate Change Mitigation objective, with the result that up to 15% of all investments may not be Taxonomy-aligned. Therefore the minimum share of investments (including

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

those that are sustainable with an environmental objective) that are not aligned with the EU Taxonomy is 0%, with a maximum threshold of 15%.



**What is the minimum share of sustainable investments with a social objective?**

All sustainable investments have an environmental objective rather than a social objective.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

The Company targets investment in renewable energy assets and associated energy infrastructure businesses, with at least 90% of its investments classified as sustainable. The remaining proportion, up to 10%, could be classified as “#2 Not Sustainable” and would be solely due to cash holdings in non-instantly accessible accounts (e.g., money market accounts or fixed-term deposit accounts). These holdings are expected to be invested in line with the Company’s investment strategy over time, into assets that meet the sustainability criteria. As such, they do not hinder the Company’s ability to deliver on its sustainable investment objective on a continuous basis.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

No. A key performance indicator for the Company is tonnes of CO2e avoided. The only appropriate EU Climate Transition Benchmark or EU Paris aligned Benchmark in accordance with Regulation (EU) 2016/1011 is Carbon Intensity.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.



**Where can I find more product specific information online?**

More product-specific information can be found on the website:  
<https://octopusrenewablesinfrastructure.com/esg/>