

# **GREENCOAT UK WIND PLC**

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY (APRIL 2024)**

**GREENCOAT UK WIND PLC (THE “COMPANY”)**  
**ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**

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## **INTRODUCTION**

As a listed renewables infrastructure company investing in operational assets, Greencoat UK Wind PLC strongly believes in the link between good Environmental, Social & Governance (“**ESG**”) performance of our investment portfolio and our overall long-term business goals. We are, therefore, committed actively to identifying, mitigating and managing ESG related risks and opportunities throughout the lifecycle of our assets. We do this by firmly embedding the consideration of ESG issues into our pre-investment and ongoing asset management protocols and controls (as detailed below). We recognise the importance of engaging with all industry stakeholders to inform our knowledge and approach to ESG matters continuously and to champion responsible investment. Furthermore, we are committed to sharing our ESG approach with investors, and to providing transparent reporting on the ESG performance of our portfolio.

## **OUR ORGANISATION**

The Company is the leading listed renewable infrastructure fund, invested in operating UK wind farms. The Company is a constituent of the FTSE 250 and aims to provide investors with a sustainable annual dividend per ordinary share that increases in line with RPI inflation while preserving the portfolio's capital value, on a real basis, in the longer term through reinvestment of excess cashflow and the prudent use of portfolio gearing. The Board of Directors of the Company (the “**Board**”) comprises 5 independent UK non-executive directors from relevant complementary backgrounds and 60% of the Board is female. The Company has delegated day-to-day management of the business, including ESG, to Schroders Greencoat LLP (“Schroders **Greencoat**”).

## **SCOPE**

This Environmental, Social and Governance Policy (the “**Policy**”) sets out our approach to ESG and the ESG focus areas we consider key to investing in, and operating renewable power assets. The Policy has been adopted by the Board and will be updated from time to time to reflect our ESG approach as it evolves over time.

## **OVERSIGHT & GOVERNANCE**

At Greencoat UK Wind PLC, the Board oversees the management of the Company and its investments and includes individuals with diverse skill-sets and significant experience working in the renewable energy sector. The Board recognises the importance of creating a strong corporate governance culture throughout the Company from the Board level down to the investment and asset management teams. The Board has delegated day to day management of the Company to Schroders Greencoat, and the investment team at Schroders Greencoat Capital considers how ESG should be managed and integrated at the Company and the asset-level both pre-investment and on an ongoing basis. This is then reported to the Board on a regular basis. The Board also oversees performance by reviewing quarterly operation reports which include a section on Health and Safety and environmental issues, holding quarterly meetings and annual risk reviews. These meetings and reviews address ESG topics that might directly impact our activities or the communities in which we operate.

## OBJECTIVE

The Company will pursue its investment policy in accordance with this policy and Schroders Greencoat's ESG Policy.

The Company, via Schroders Greencoat, shall put and maintain resources and systems in place to ensure appropriate and effective identification, monitoring and management of ESG matters in its operations and in the assessment, selection and monitoring of its investments.

We are committed to promoting excellence on ESG topics throughout our portfolio, including through active engagement with our third party contractors. Our core commitments are set out below ("**ESG Standards**"):

### Environmental Standards

- Seek to comply with all applicable laws relating to the environment, climate change and planning (and make reasonable preparations to comply with such laws shortly due to come into force that will, when in force, be "**Applicable Laws**") as administered by the Environment Agency, Health Protection Agency, local authority, Ofgem, URENGI or any other relevant regulatory body;
- Have and maintain adequate management systems in place to evaluate the potential risks and impacts of our activities and avoid or mitigate environmental impacts on biodiversity, air quality, noise, and waste management where relevant for the type of project considered. Such systems may include environmental management systems, regular monitoring, risk assessments and/or environmental impact assessments;
- Manage our investments sustainably, including executing habitat management plans on each site;
- Seek to ensure material contractors or operators apply Good Industry Standards (as defined below); and
- Ensure that all data reported to Ofgem, URENGI or any other relevant regulatory body in accordance with the requirements of the Renewable Obligation Order 2009, complies with any quality assurance standards required by the relevant regulator and prevailing from time to time.

For the purposes of this policy "**Good Industry Standards**" means the exercise of the degree of skill, diligence and prudence which would reasonably and ordinarily be expected from a skilled and experienced construction contractor, owner or operator (as appropriate) engaged in the same type of undertaking under the same or similar circumstances and acting in accordance with Applicable Laws.

### Social Standards

- Seek to comply with all applicable laws relating to employment, occupational health and safety, human rights, prevention of human trafficking and modern slavery, public safety and security and community matters that are in force, including those included in planning permissions or administered by the Health and Safety Executive, Health Protection Agency or equivalent body for the jurisdiction in which investments are made, local authority or other relevant regulatory body;
- Evaluate the potential risks and impacts of our activities and identify appropriate mitigation measures through an assessment of social risks, with any necessary mitigation measures to be implemented as part of an environmental management plan;
- Implement health and safety best practices through project management, contractual arrangements, staff training and stakeholder education, reporting on key health and safety data and auditing by independent third party firms; and
- Engage with local communities, ensure that land and access rights are respected, and projects are managed in accordance with planning permissions.

## Governance Standards

- Comply with the Health and Safety standards adopted by Schroders Greencoat;
- Comply with all applicable anti-bribery and corruption, and anti-money laundering (“**AML**”) laws and regulations and, where possible, implement equivalent policies on anti-bribery and corruption, AML or conflicts of interest to the policies held by Schroders Greencoat;
- Identify and manage project and business risks and incorporate robust, transparent and timely reporting lines;
- Have at least one director from Schroders Greencoat appointed to the boards of the various portfolio companies (“**SPVs**”);
- Carry out appropriate due diligence to be comfortable that any new outsourced service providers engaged in the provision of any service material to the business of such SPV are reputable organisations in the field in which they operate;
- Where required, discuss environmental and social considerations with third party experts and make decisions on a case-by-case basis; and
- Uphold the good governance framework, and alignment with the Minimum Safeguards.

## MANAGEMENT & INTEGRATION

### Pre-investment Assessment

- ESG issues are considered in pre-investment analysis and addressed throughout the investment approval process. To achieve the highest standards of quality in ESG inclusion, the following process controls are present throughout the investment process:
- **Investment Screening: Schroders** Greencoat, as Investment Manager of the Company, will carry out an initial assessment of a potential acquisition against the Company’s investment restrictions, as set out in Appendix 1, and the Company’s investment policy. In addition, to the extent the information is available at this stage, Schroders Greencoat will assess the SPV’s ability to comply with the ESG Standards.
- **Detailed Due Diligence:** As part of the due diligence on the acquisition, Schroders Greencoat, as Investment Manager of the Company, will assess the landlord’s, subcontractors or other third parties’ (as appropriate) commitment, capacity and track record and analyse if there are any investment specific ESG considerations resulting from the nature of the investment, geographic location, community needs and environmental, biodiversity, air, noise or water pollution concerns. A list of transaction specific ESG issues forms the basis for this assessment and the assessment could include discussions with members of the local community or third party service providers, consultations with third party technical advisers and in-house knowledge. This assessment will be appropriately calibrated and proportionate to the nature and extent of the anticipated ESG risks.
- **Adjustment of Price & Mitigation Plans:** If a material ESG matter is identified, Schroders Greencoat, as Investment Manager of the Company, will evaluate the nature and extent of it to address the matter and to implement successfully an appropriate time-bound action plan (such as habitat management plans, turbine shutdown protocols, and shadow flicker management plans). If it is not possible to put in place an adequate remediation plan to minimise or mitigate the issue, the asset will generally not be purchased. Pricing and transfer considerations will be established at this stage and will take into account strategies and plans to address ESG risks.

- **Investment Committee Approval:** Following completion of the due diligence, an Investment Committee meeting will be held to discuss the findings of the due diligence process and to determine whether to recommend the acquisition, and if so, on what terms.

### **Ongoing Management**

Common ESG considerations post-acquisition include occupational Health and Safety, monitoring of compliance with environmental restrictions, community safety, community grievances, social risks, and audit processes. ESG considerations will vary greatly between each investment given its unique characteristics and the contractual arrangements between counterparties.

### ***Active Ownership***

The Company places a strong emphasis on the active management of its assets. Transparency on ESG performance is typically achieved through board representation, senior management dialogue, and strong relationships and contractual arrangements with third party operators. Each investment is assigned a dedicated asset manager within Schroders Greencoat, whose responsibilities include ESG monitoring and management. Third party operators are engaged to provide the day-to-day running of the projects and to undertake regular monitoring on behalf of the asset manager on an ongoing basis. The frequency of monitoring varies from site to site depending on the characteristics of the site.

### ***Third Party Operators***

The assets are acquired through SPVs which do not have any employees. Third party operators are engaged to provide operational support, maintenance and facilities management activities. We expect that our third party operators and suppliers comply with all legal and regulatory requirements in the countries in which they operate, including with respect to specific ESG related requirements. When we appoint a new third party operator, we conduct due diligence to assess their track record on relevant ESG topics, including, where appropriate, an assessment of their environmental, and Health and Safety performance. We are committed to working with our third party operators to foster best practice on these issues and work closely with them to outline our expectations and requirements. In addition to regular standardised reporting, where our third party operators identify ESG related issues, we encourage them to raise these issues with the relevant operational asset manager at Schroders Greencoat so that we can take a proactive approach to managing potential risks and achieve a positive outcome.

### ***ESG Implementation at SPV level***

The Company shall and shall procure that each SPV shall as soon as practicable following acquisition comply with the ESG standards or equivalent standards to the ESG standards outlined in this policy. To the extent that (i) the SPV's ESG policies and procedures materially address each of the standards set out in this policy and (ii) the relevant SPV is in compliance with those ESG policies and procedures, the Company will be deemed to have complied with this policy.

Prior to an acquisition of an interest in a SPV that is a jointly held SPV, the Company shall make an effort to ensure that the SPV adopts ESG standards aligned as closely as possible to those contemplated in this policy as soon as possible after investment.

### ***SPV board governance***

Board representation allows Schroders Greencoat to play a direct and active role in monitoring, assessing and influencing the financial and ESG performance of our investments and ensuring strong governance. Board members are responsible for ensuring ESG issues are considered in the context of the operational performance, corporate strategy and broader stakeholder relationships. Board representation also ensures strong governance, enforcement of legislative compliance and approval of risk management frameworks at the SPV level.

### ***Good Governance***

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

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

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

### ***Local community engagement***

We are committed to engaging actively with local communities on ESG topics that are important to the local community as well as to the safe and responsible operation of our projects. In addition to engaging with local communities on operational type matters, we also engage with and support local communities to ensure our projects have a positive impact in the local areas in which they operate. This can take various forms from providing financial contributions to local community funds which benefit the local community and wider area to social club initiatives and site visits from local schools and university students.

Each of the wind farms has a community fund in place. Where possible, the funds are managed by a third party which ensures independence into the process of selecting projects for funding. The third party provides an annual report on how money has been invested and is required to comply with the AML and anti-bribery and corruption laws.

The Company will also seek to be responsive to community concerns and, where concerns arise, arrange meetings with officials from the Company, Operations Manager (“**OM**”) or asset manager in order to address any issues promptly and effectively.

### ***Minimum Safeguards***

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

- the implementation of the following policies:
  - this Policy
  - the Company’s Modern Slavery Statement
  - Schroders Greencoat’s ESG Policy
  - Schroders Greencoat’s Supply Chain policy
- conducting due diligence and regular ongoing reviews on key service providers
- where possible, placing contractual obligations on key service providers to comply with the principles underlying the Minimum Safeguards and report any non-compliance to Schroders Greencoat, for example through Schroders Greencoat’s Code of Conduct Side Letter.

- Schroders' Global Norms Framework identifies activities which it deems a breach across different issue areas of human rights, labour, environment, and anti corruption. The ultimate output of this framework is the Global Norms list which comprises a list of companies that have: been identified as causing significant damage; not sufficiently addressed the issue in question through transparent communication and action; and not provided sufficient remedy for affected stakeholders. This list is then applied as an exclusion criteria for Article 9 funds to ensure that investments in scope adhere to the 'Do No Significant Harm' element of SFDR.

## MONITORING & REPORTING

ESG factors and management practices are appraised on an asset specific basis. Evaluation conclusions are incorporated into SPV dialogue and budgeting, valuation and asset management practices. While ESG appraisal outcomes are typically focused on improved transparency, compliance with planning requirements and risk management, strategic propositions may also be developed where opportunities exist to leverage ESG factors for improved profitability.

Schroders Greencoat will have weekly internal meetings with Health and Safety issues on the agenda, will receive a quarterly report on Health and Safety and will submit monthly operational reports to the Company which include relevant Health and Safety information. The Schroders Greencoat asset managers have monthly calls or meetings with the OM to ensure they comply with the operations plans. Moreover, the Health and Safety emergency escalation procedure will ensure that in case of a serious Health and Safety concern the Board is informed as soon as practicable. This regular reporting and monitoring and regular site visits to assess ESG performance communicates to the third party service providers the importance we attach to ESG and enables us to have regular dialogue on ESG aspects emphasising our belief that good ESG issue management is linked to good financial returns.

Health and Safety and other ESG considerations are also considered more formally at regular Board meetings and quarterly at the Board meetings of the PLC.

## KEY PERFORMANCE INDICATORS

In order to monitor, assess and benchmark our performance across our portfolio and the sector in which we operate in, we have identified the following ESG related key performance indicators ("KPIs"):

Environmental, Social & Governance Key Performance Indicators		
Environmental	Social	Governance
<ul style="list-style-type: none"> <li>○ CO<sub>2</sub> Savings</li> <li>○ Equivalent no. of homes powered</li> <li>○ Number of environmental habitat management plans</li> <li>○ Scope 1, 2 and 3 emissions</li> <li>○ Number of reportable environmental incidents</li> </ul>	<ul style="list-style-type: none"> <li>○ Health and Safety</li> <li>○ No. of internal and external Greencoat audit visits</li> <li>○ Number of reportable lost time Injuries / Incidents</li> <li>○ Community Engagement</li> <li>○ Amount invested in community funds or social projects in the reporting year</li> </ul>	<ul style="list-style-type: none"> <li>○ Appropriate internal controls/audit system/board level oversight at Fund level.</li> <li>○ Appropriate internal controls/audit system/board level oversight at SPV level.</li> </ul>

The Company's annual ESG report will publish these KPIs, likely in expanded form.

### ***Principle Adverse Impacts (PAIs)***

Alongside the KPIs, as an Article 9 product under SFDR, the Company is committed to monitoring and reporting its PAIs within its annual periodic disclosures. As the Company invests exclusively in renewable infrastructure, the PAIs that it focuses on include (but are not limited to) greenhouse gas emissions and health and safety incidents. These PAIs (amongst others) have been used to inform the long-term investment stewardship and engagement policies. In terms of actions planned, the Company may engage directly with the SPVs and/or third party service providers to investigate these impacts and/or take additional steps. For the full list of PAIs, please see the Investment Manager's ESG Policy.

### **TRANSPARENCY**

Greencoat UK Wind PLC is committed to providing transparent reporting on its approach to ESG as well as the ESG performance of its portfolio. We are committed to engaging actively with all stakeholders, from local communities to investors to regulatory bodies and industry experts. We believe working closely with stakeholders will further deepen our insights into potential ESG risks and opportunities thereby enabling us to better manage the ESG performance of our portfolio.

### **OTHER ESG RELATED POLICIES & DOCUMENTS**

Other key ESG related policies and documents that have been adopted by the Company and which sit alongside, and compliment this Environmental, Social and Governance Policy are: (i) the Company's Risk Register (this outlines all material risks to the Company including ESG related matters), (ii) the Company's Anti-Bribery & Corruption Policy and (iii) the Company's Health & Safety Policy.



*Appendix 1: Exclusion Criteria*

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

## Appendix 2: Good Governance

<b>Good Governance</b>	
<b>Sound management</b>	<p><b>The Company expects the boards of all SPV companies to promote the long-term success of each SPV and to act with integrity.</b></p> <p>The SPV board should demonstrate the following characteristics:</p> <ul style="list-style-type: none"> <li>• apply objective judgment and promote a culture of openness and integrity;</li> <li>• have the appropriate combination of skills, experience and knowledge;</li> <li>• understand the importance of the relationship between the company and stakeholders including the impact on the community and environment within which it operates; and</li> <li>• establish appropriate controls, audit functions and risk controls appropriate for the size of the company.</li> </ul>
<b>Tax compliance</b>	<p><b>SPVs, and the key service providers involved in the operations and management of the SPVs, are expected to adhere to local and international tax laws.</b></p>
<b>Employee relations including remuneration</b>	<p><b>Employees should be treated fairly with particular consideration given to the maintenance of proper working conditions.</b></p> <p>As SPVs typically do not have any employees, this applies mainly to the key service providers involved in the operation and management of the Fund's investments and includes having in place:</p> <ul style="list-style-type: none"> <li>• appropriate health and safety processes</li> <li>• proper remuneration practices in place whereby all employees are paid the minimum wage according to the region within which they are employed</li> <li>• policies ensuring adherence to all applicable labour laws (including, for the avoidance of child labour); and</li> <li>• a commitment to workforce diversity and inclusion</li> </ul>
<b>Anti-bribery and corruption</b>	<p><b>SPVs, and the key service providers involved in the operations and management of the SPVs, should work against bribery and corruption in undertaking their corporate activities and have appropriate policies in place (e.g.: Anti-Money Laundering, Bribery &amp; Corruption, and Conflicts of Interest policies)</b></p>