



**Greencoat UK Wind PLC**  
ESG Report 2019

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Visit [www.greencoat-ukwind.com](http://www.greencoat-ukwind.com) or call +44 (0)20 7832 9400 for more information. The Financial Conduct Authority (FCA) is the competent authority of Greencoat Capital LLP.

# 1 About Greencoat UK Wind PLC

## Who we are

### Greencoat UK Wind PLC is the leading renewable infrastructure company, invested in operating wind farms in the UK.

With 979MW of installed capacity across 35 onshore and offshore wind farms, and a market capitalisation of over £2.2 billion, it is the largest renewable infrastructure fund and one of the UK's largest owners of wind farms.

Greencoat UK Wind was the first renewable infrastructure fund to list on the London Stock Exchange Main Market in March 2013, pioneering the listed vehicle model and proving the viability of renewable infrastructure as a robust sector for private investment.

Since our IPO, six subsequent companies have followed us into the market, helping to attract over £8 billion of private capital into the UK's green generation sector. Greencoat UK Wind is a constituent of the FTSE250 index.

The Company is classified as a Green Economy Issuer by the London Stock Exchange.

## Investment objective

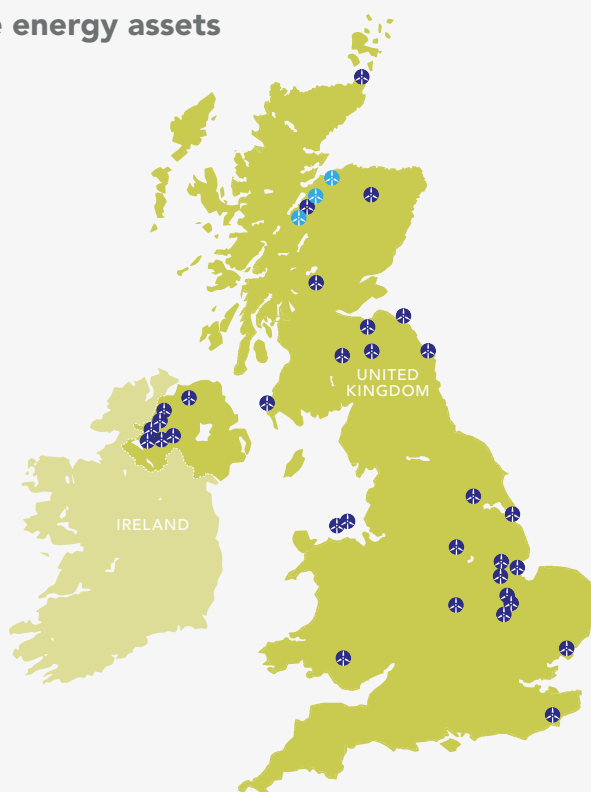
The Company's aim is to provide investors with an annual dividend that increases in line with RPI inflation while preserving the capital value of its investment portfolio on a real basis over the long term through reinvestment of excess cashflow and the prudent use of gearing.

The Company provides investors with the opportunity to participate directly in the ownership of UK wind farms, so increasing the resources dedicated to the deployment of renewable energy and the reduction of greenhouse gas emissions.

We have consistently delivered on this promise and as a result have helped accelerate the transition to a net zero carbon economy.

Since listing, the annual dividend has increased by RPI every year and in that time has grown from 6p per share in 2013 to the targeted 7.1p for 2020. The Net Asset Value has increased by 22.1% vs RPI growth of 17.4%.

## Our renewable energy assets

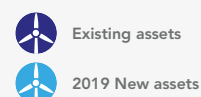


35\*

Renewable energy assets  
under management

979<sub>MW</sub>

Installed capacity  
under management  
(As of end of 2019)



\* The Douglas West wind farm is to begin construction in 2020, so it is excluded from the map and the ESG performance figures throughout the report.

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## Our governance and structure

The Board of Directors is responsible for the determination of the Company's investment objective and policy and has overall responsibility for the Company's activities including the review of investment activity and performance. As the only renewable infrastructure fund domiciled in London, Greencoat UK Wind has had access to a wide pool of experienced non-executive directors from which to recruit.

The Board is made up of six independent non-executive directors, all of whom bring significant and complementary experience in the investment management of listed funds, equity capital markets, as well as public policy, operations and finance in the energy sector.

Greencoat UK Wind is a member of the UK Association of Investment Companies and apply its Code of Corporate Governance to ensure best practice in governance.

### The Board of Directors



**Tim Ingram**



**William Rickett**



**Shonaid Jemmet-Page**



**Martin McAdam**



**Lucinda Riches**



**Caoimhe Giblin**

The Board delegates the day-to-day management of the business, including management of Environmental Social and Governance (ESG) matters to the investment manager, Greencoat Capital LLP. Greencoat Capital is a specialist in renewable energy investments with approximately £5 billion under management and a track record in the UK of delivering strong shareholder returns and robust ESG management.

Greencoat Capital has been a signatory to the United Nations backed Principles for Responsible Investment (PRI) since 2016. In the 2019 PRI assessment, Greencoat Capital achieved A scores in both the Strategy and Governance and Infrastructure reporting modules. The fund team has been led by Stephen Lilley and Laurence Fumagalli since IPO.

### Management Team



**Laurence Fumagalli**

**Stephen Lilley**

## 2 Our approach to responsible investment

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### Enhancing returns while creating long-term value for our stakeholders

**Careful consideration of ESG issues is important in delivering on our business objectives and maximising the range of positive socio-economic benefits wind energy provides.**

In 2019, our assets generated 2,384,771MWh of sustainable electricity, enough to power nearly 800,000 homes, and achieve savings of nearly a million tonnes of CO<sub>2</sub> by displacing thermal generation. At the beginning of 2020, our 979MW of capacity is sufficient to power nearly a million homes and save 1.2 million tonnes of CO<sub>2</sub>, all whilst helping secure energy supply for the UK and supporting rural communities.

We believe that managing ESG issues effectively produces the best results both for our shareholders and for stakeholders across society. Our environmental commitment extends beyond the clean energy we generate and includes habitat management around our assets.

As the leading UK listed renewable infrastructure fund, we believe we have an important role to play in championing both responsible investment and the development of the renewables industry. We achieve this through continuous engagement with all industry stakeholders and transparently sharing our ESG approach and results with investors. Greencoat UK Wind is also a member of Renewable UK, the UK's leading wind energy trade association, and is keen to work with other industry participants together developing the industry. The Company takes an active role in the Health and Safety Working Group, which provides feedback and recommendations directly to SafetyOn, the Health and Safety organization for the onshore wind sector.

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### ESG oversight and implementation

The day-to-day management of the business is delegated to our investment manager, Greencoat Capital LLP, who is also responsible for ESG matters. Greencoat Capital assesses how ESG should be managed and integrated at the Company and asset-level both pre-investment and on an ongoing basis, reporting ESG information pre-acquisition and quarterly to the Board.

Greencoat UK Wind has developed its ESG policy in accordance with Greencoat Capital's ESG Framework Policy<sup>1</sup>, and the approach has two streams: pre-investment, and ongoing management.

The Company ESG policy is approved and overseen by the Greencoat UK Wind Board.

Greencoat Capital has representation on the Boards of the operating asset companies which oversee performance, including on ESG matters, and meet quarterly. From these ongoing reviews, Greencoat Capital reports quarterly to the Company Board, with data on production, wind farm availability, key events and Health and Safety performance.

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<sup>1</sup> [www.greencoat-capital.com/about-us/esg](http://www.greencoat-capital.com/about-us/esg)

## Robust approach to ESG management

This robust management structure enables effective management of ESG issues throughout the lifecycle of our assets:



## 2019 update on our ESG KPIs

**953,908** tonnes  
of CO<sub>2</sub> savings

Implemented internal controls/audit system/Board level oversight at Company level

**All 3**  
operating assets that we bought in 2019 had relevant ESG assessment as part of their due diligence and investment decision

**2,385** GWh  
of renewable energy generated, enough to power 769,281 homes

**£2.7** million  
invested in community funds or social projects

**All 35**  
assets implemented internal controls/audit system/Board level oversight, and relevant ESG policies

**6**  
of our operating assets had an independent Health and Safety audit, and all operating assets underwent a Health and Safety audit by the Greencoat Capital team

**All 35**  
of our operating assets have a tailored environmental habitat management plan

## 3 Environment

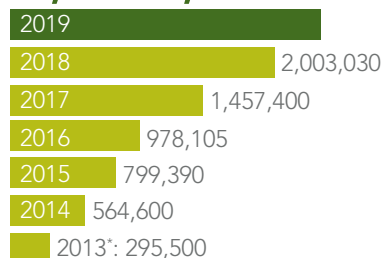
### The urgent need for energy transition and our contribution

As illustrated in the latest IPCC Special Report of October 2018, the climate challenges facing the world are significant. Accordingly, the UK Climate Change Act and the EU Renewable Energy Directive provide powerful, legally binding obligations for the UK to reduce radically the greenhouse gas emissions it produces, obligations that will require tens of billions of pounds of investment.

Greencoat UK Wind supports this investment by allowing developers and utilities to recycle their capital, and by demonstrating the attractive long term returns in the industry through our prudent management of assets, thereby reducing cost of capital. In 2019 our assets generated nearly 2,385GWh of sustainable electricity, demonstrating our continuous and significant growth since our inception in 2013.

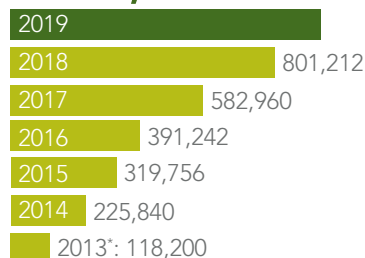
#### Electricity produced (MWh)

2,384,771



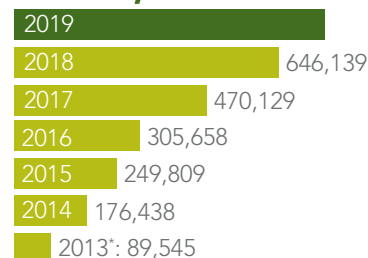
#### CO<sub>2</sub> savings (tonnes)<sup>1</sup>

953,908



#### Equivalent number of homes powered<sup>2</sup>

769,281



\* 1-Apr-2013 to 31-Dec-2013

### Supporting the local environment

We are also committed to protecting the local environment around our wind farms, recognising the potential impact that our assets can have on local terrestrial and aquatic wildlife and landscape. We also ensure compliance with all applicable laws, regulations and planning permissions as administered by the Environment Agency, Health Protection Agency, local authority, Ofgem, UREGNI or any other relevant regulatory body, including the data reporting obligations under Renewable Obligation Order 2009. Our activities include:

- Maintaining management systems to evaluate the potential risks and impacts of our activities and avoiding or mitigating environmental impacts on biodiversity, air quality, noise, and waste management where relevant.
- Running tailored habitat management plans (HMP) for each of the 35 assets.
- Undertaking additional environmental impact assessments or undergoing regular monitoring, as required.
- Seeking to work with partners who uphold good industry standards – from operational managers whose management systems comply with the requirements of ISO 14001:2015 (environmental management systems) to the material contractors we use.
- Regular reporting to our Board and the Boards of each of the operational asset companies.

### Looking ahead to 2020

In 2020, we plan to focus on bird surveys and hydrological monitoring, among other activities identified in each of our operating assets' HMP. In addition, during the construction of Douglas West wind farm, we have put plans in place to ensure that all ecological works, such as pollution prevention, waste management, and noise monitoring, amongst others, are carried out to the highest industry standards.

<sup>1</sup> Throughout this document, CO<sub>2</sub> savings are calculated based on a factor of 0.4 tonnes of CO<sub>2</sub>/MWh to reflect displaced thermal generation.

<sup>2</sup> Based on an estimated Typical Domestic Consumption value for medium profile Class 1: <https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values>





#### CASE STUDY

### **Corriegarth - restoring peat bog habitats**

Corriegarth is located in the Scottish Highlands and consists of 23 Enercon 3.02MW turbines with a total capacity of 69.5MW. The building of Corriegarth removed an estimated 24 hectares of peat bog, so working in partnership with Nevis Environmental, a comprehensive plan was designed to restore 60 hectares of blanket bog habitat. This involved the creation of over 3,000 peat dams over 5 habitat management areas, with work started in 2016. Habitat condition monitoring has been carried out twice a year since then and, though restoration of habitats is a long-term process, initial signs of bog restoration are very promising, with the spread of plants like cottongrass and sphagnum mosses and a resilient response to a relatively drier 2018.

#### CASE STUDY

### **Maerdy - improving diversity**

Maerdy is located in the Rhondda Valley, Glamorgan, Wales. It consists of eight Siemens 3.0MW turbines with a total capacity of 24MW. In 2019, together with a specialist consultant, we developed and began implementing a new Habitat Management Plan to increase biodiversity at the site with specific focus on restoring the bog habitat. We have already seen positive results in the reduction of purple moor grass, with the latest hydrological monitoring demonstrating how the wetter bog habitat is being restored.





### We are committed to ensuring safe workplaces and to supporting rural areas through the creation of jobs and our community fund investments.

It is important that the wind farm is thought of as part of the community. Our approach aids long term support for wind farms in the UK which helps the industry to continue its buildout.

#### Supporting worker safety and fair employment on our sites

We care that the workers on our sites are safe and are paid fairly for the work they do, helping sustain and grow the local communities they live and work in. We achieve this through a range of activities, including:

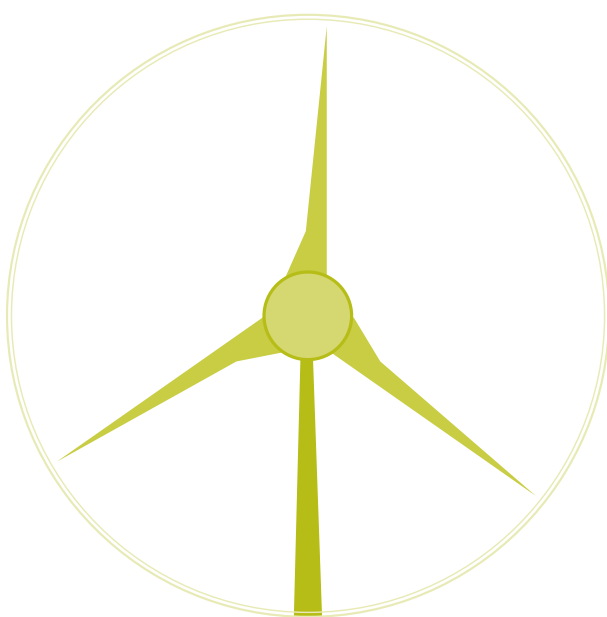
- Seeking to comply with all applicable laws relating to employment, occupational health and safety, human rights, prevention of human trafficking and modern slavery, public safety and security and community matters, including Wind Turbine Safety Rules.
- Implementing health and safety best practices through asset specific Health and Safety policies, project management, contractual arrangements, staff training and stakeholder education.
- Reporting on key health and safety data regularly to Greencoat Capital and onwards to the Board, with escalation and rapid-response procedures in place in case of emergency.

Number of operating wind farms that had an independent Health and Safety audit undertaken



2019 (recordable) Lost time Injuries

0 (2018: 2)



#### CASE STUDY

##### Douglas West – supporting the wellbeing of technicians

Douglas West, located seven miles south west of Lanark, Scotland, was acquired in 2019 with construction starting in 2020. We have improved the design of the facilities for the operations phase including certain upgrades from standard regulations. For instance, we are going to equip the substation with showering and kitchen facilities.

<sup>(\*)</sup> Note that on an annual basis at least 15% of the assets are assessed by an independent auditor. All the assets are visited by our operating managers at least one per month with a specific focus on Health and Safety.

## Supporting the communities around our wind farms

We care about the communities around our wind farms. We engage with local communities with a view to ensure respect for land and access rights and that projects are managed in accordance with planning permissions. We hold regular dialogue with community funds and provide financial support to local groups through community benefit schemes that fund local projects. These funds help deliver a range of services, from improving local amenities and infrastructure to aiding educational projects for local schools.

### Investment in community benefit funds and social projects

**£2.682 million**

2019

2018

£1.875 million

#### CASE STUDY

##### **Cotton Farm – reinvigorating a community hub**

We helped Offord upgrade its village hall with new, durable flooring, improving access and amenities for a wide variety of community activities. The local bowls team is very pleased to have a suitable location for indoor sports where they can host other teams, while the new floor has also been popular for children's birthday parties where the old floor would damage play equipment.



#### CASE STUDY

##### **Kildrummy – regenerating Lumsden Village**

We have helped fund a program to improve the green spaces of Lumsden village in Scotland, led by the Lumsden Community Association, where they have created a play park for local children, built a community garden using native species that support local wildlife and improve biodiversity, along with creating an improved sports pitch for use by the whole community. We also have a long-standing history of supporting the Lumsden school, which has suffered from low funding. Through the fund we have helped provide transport to swimming lessons, and iPads to help with classroom activities.

## 5 Governance

**We believe that having robust governance is fundamental to ensure we identify and manage risk and run the company in a way that will continue to deliver strong returns and protect the interests of our shareholders.**

To ensure strong performance we carry out a range of activities in addition to the specific oversight on environmental and social issues specifically, including:

- Appointing at least one director from Greencoat Capital to the Boards of the asset companies, to ensure monitoring and influence of both financial and ESG performance.
- Carrying out due diligence to ensure that any new outsourced service providers are reputable and responsible organisations.
- Carrying out due diligence during the acquisition of new assets in accordance with our established procedures and ESG policy, and in compliance with the Alternative Investment Fund Managers Directive Due Diligence policy.
- Complying with all applicable anti-bribery and corruption, and anti-money laundering laws and regulations and implementing policies to ensure this performance is in line with the policies of Greencoat Capital.

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