VICTORY HILL

UK Stewardship Code 2023 Report

Report by Victory Hill Capital Partners LLP
For the year ended 31 December 2023

Issued April 2024

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About Victory Hill

Founded in 2020, Victory Hill Capital Partners LLP (the "Firm" or "Victory Hill") is a specialist investment firm targeting direct investments in global energy infrastructure and investee companies that support the global Sustainable Development Goals ("SDGs"), with the aim of facilitating an orderly energy transition to a net zero carbon future.

For Victory Hill, a core component of our business is selecting investments, which meet not only the risk and returns criteria of the Firm and fund investors, but also importantly, with our sustainable development culture.

Victory Hill is VH Global Sustainable Energy Opportunities plc's ("GSEO" or the "Fund") AIFM. Under the AIFM agreement Victory Hill has agreed to provide GSEO with portfolio management, risk management, consultancy, advisory and general management services, and comply with the obligations and performing the duties and functions of an alternative investment fund manager contained in the UK AIFMD rules.

GSEO completed a successful IPO on 2 February 2021 and has a sustainable investment objective. The Fund's investment policy states that it aims to achieve diversification principally by making a range of sustainable energy infrastructure investments across distinct geographies and a mix of proven technologies that align with the SDGs, where the investments are a direct contributor to the acceleration of the energy transition towards a net zero carbon world.

The Fund's infrastructure investments contribute to reducing carbon emissions by generating renewable energy, avoiding greenhouse gas emissions and/or displacing harmful air emissions. The Fund's investments also seek to have significant impact on the local communities they serve.

The Fund's investments in proven technologies will include, but not limited to, exposure to power generation (renewable and conventional), biomass, transmission, distribution, storage, and waste-to-energy. These investments are made in operational, in construction or 'ready-to-build' assets. The Fund's energy transition pathways address climate change, energy access, energy efficiency and market liberalisation.

No investment is made in extraction projects involving fossil fuels or minerals.

The Firm supports and is signatories of:

PRI Principles for Responsible Investment

United Nations Global Compact

GIIN MEMBER

RACE TO ZERO

Foreword

Victory Hill recognises that stewardship is vital to responsible investment, and our sustainable development culture enables us to make and manage investments in a responsible manner. We are committed to incorporating best practice approaches at all stages of the investment lifecycle. We believe that our responsible investment practices represent an important part of our fiduciary responsibilities and our ability to deliver attractive risk-adjusted returns over the long term.

Victory Hill's asset management activities are focussed on both value preservation and sustainable value creation and optimisation, reflecting investors' long-term investment horizon. Responsible investment practices and comprehensive consideration of environmental, social and governance ("ESG") factors at all stages of the investment lifecycle are important aspects of this long-term approach. ESG issues present opportunities as well as risks and are therefore integrated into both value preservation and value creation initiatives.

Victory Hill recognises that the infrastructure investments we make and manage on behalf of our clients can have a material impact on the environment, societies and stakeholders associated with those assets. We are committed to conducting our business in a manner that protects the environment, health and safety of our employees, customers, and the international communities in which we operate. We operate on the principle that we can make quality business decisions while conserving and enhancing resources for future generations.

This report covers the Firm's stewardship activities for 2023, largely focused on the Fund.

We are pleased to provide our second stewardship report covering our first full year of GSEO operations, demonstrating our commitment to ambitious standards of corporate governance, the UK Stewardship Code principles and continuous performance improvement.

Chief Commercial Officer & Managing Partner

Navin Chauhan

Purpose and Governance

PRINCIPLE 1

Purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

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Victory Hill is a specialist investment firm targeting direct investment in global energy infrastructure and investee companies that support the United Nations ("UN") Sustainable Development Goals ("SDGs"), with the purpose of facilitating and accelerating an orderly energy transition to a net zero carbon future. Specifically, GSEO has a focus on trends that contribute to this acceleration including energy market liberalisation, energy access, addressing climate change and energy efficiency and resilience.

The energy transition is a global phenomenon that requires localised solutions. The investment strategy designed for GSEO seeks to take advantage of the energy transition by investing in a diverse portfolio of energy infrastructure assets. Diversification is a key part of the strategy. The ability to invest in EU, OECD countries and OECD Accession and Key Partner countries allow us to take advantage of reduced correlation in energy and power prices. Alongside the ability to invest in a range of technologies, this broad geographical scope also diversifies the influence of weather patterns and prevents reliance on any single regulatory regime. We aim to minimise concentration risk via investing across many projects.

Our focus supports the Firm's objective to create long-term value for GSEO investors while creating sustainability benefits for the environment and society. Investments must meet not only the strategy's risk and return criteria but importantly, be aligned with our sustainable development culture. Investing responsibly is critical to performance and longer-term growth.

Our values, listed on our website, confirm our commitment to honesty and integrity and the importance of investing and supporting our people in delivering the best solutions and decisions.

The investment beliefs and strategy described below covers GSEO, to which Victory Hill is the investment manager.

Investment Beliefs

Energy infrastructure as an asset class is one of the largest market segments, with the amount of global energy capital investment required rising. Energy demand is growing and is one of the key drivers for the growth in infrastructure capital spend. Global demand for reliable supplies of electricity is set to rise by 30% by 2040. This demand arises from the development and growth of modern economies, individual income growth and associated standard of living rises. Electricity and electrification are expected to play an increasingly vital role in achieving the Paris Agreement goals on decarbonisation.

With the improvement in cost-effective renewable sources of energy, led by solar and wind technologies, the world can target a 2/3rds contribution to net zero carbon energy by 2050. More specifically, the power sector can expect over 50 per cent. of its supply to stem from renewable sources, ending a dominance of fossil fuels in the power sector.

A structural shift in the orientation of capital deployment objectives in the period to 2050, combined with a retrenchment of traditional funding sources towards the energy sector, has created a significant investment opportunity for the investor community.

Investment Strategy

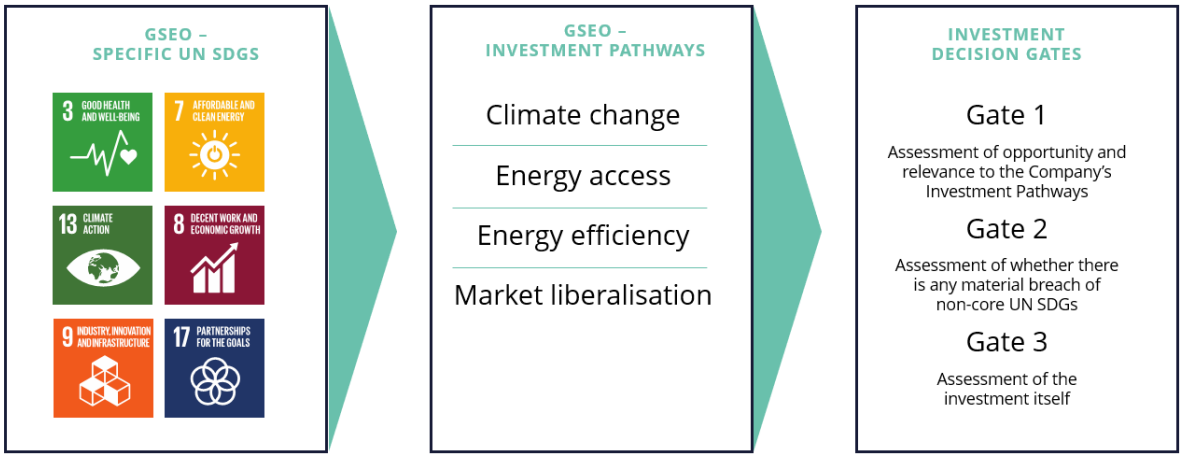
The SDGs are the blueprint for GSEO's sustainability-focused investment strategy. According to the International Energy Agency (IEA), the SDGs that are directly impacted by energy are: the achievement of universal access to energy (SDG 7), the reduction of the severe health impacts of air pollution (part of SDG 3) and tackling climate change (SDG 13).

Further SDGs have been identified by Victory Hill as having a connection with the impact of capital investment in developing sustainable energy globally. These are related to the promotion of decent working environments and economic growth, industry, innovation, and infrastructure, as well as partnerships for the goals (SDGs 8, 9 and 17).

The Firm sees opportunities post-investment to identify other SDG impacts, such as gender equality, reduced inequalities and responsible, consumption and production. The strategy post-investment looks beyond an asset's core energy transition activity to consider how the asset is operated. Managing practices should ensure that the asset contributes to a sustainable future by being inclusive, efficient, and clean. As a signatory to the UN Global Compact, the Firm takes a principles approach to managing asset impacts.

An external assurance provider is used to determine the compliance of our investments with the core SDG alignment, as well as whether the projects "do no harm" to the other SDGs.
There are four investment pathways the Firm categorises investments that relate directly to the acceleration and achievement of the energy transition.

Figure 1: Investment decision process
We do not aim to tie investments to sustainability, we start with sustainability and look for investments.



Addressing Climate Change

The issue of addressing climate change is clearly the challenge of our time. A key part of this challenge is the global community's ability to reduce greenhouse gas ("GHG") emissions in key facets of global economies and the daily lives of people.

The Fund's investment strategy focuses on themes that contribute to the reduction of GHGs. The most obvious objective is to reduce the impact of GHGs through investing in renewable energy technologies and fuel sources. As such, the Fund aims to invest a substantial portion of deployable capital into a pipeline of renewable energy infrastructure involved in power generation, energy storage, and alternative fuel sources. This also benefits energy access aims.

Energy Access

Energy is vital for our quality of life but unfortunately not all people in the global community can afford the costs or even have access to it. According to the UN, more than 700 million people are without electricity or power, and 2.4 billion people have no access to clean fuels for cooking.

According to the IEA, the growth of energy demand to 2040 will come predominantly from developing economies and renewable power has the potential to provide new access to energy at an affordable price. (For example, solar generation closer to load centres bringing energy to communities that are not connected to the grid.) This form of distributed energy is most likely to be developed by middle-market participants and home-grown businesses, and lead to a reduction in reliance on fossil fuels.

Energy Efficiency

Energy efficiency implies using less energy to perform the same task and, by doing so, eliminating energy waste. Energy efficiency at a household and localised level can be achieved through the utilisation of more efficient technology or processes. For example, energy efficient buildings, industrial processes and transportation could reduce the world's energy needs in 2050 by one third, and therefore help control global emissions of GHGs.

Energy efficiency may also be achieved at the grid and national levels through investment in some of the following areas, which the Firm may consider as part of its investment focus:

Electricity interconnectors – Power interconnectors increase the efficiency of the electricity systems by reducing the costs of meeting electricity demand and, in parallel, improving security of supply and facilitating the cost-effective integration of the growing share of renewable energy sources - (Report of the EU Commission Expert Group, November 2017).

Grid Resilience and Frequency Response - Power outages in power networks not only occur in emerging energy markets, but also in developed ones too, thereby disrupting energy efficiency on the grid. It is not uncommon for developed economies such as the UK to experience power outages because of this issue (such as in 2019, when a total of 1.13GW of generation came offline and triggered a disconnection on the system). One key identified approach to help solve frequency response (i.e., to ensure that there is sufficient source of power capacity which can be brought online quickly to help stabilise frequency on the grid and prevent outages) is energy storage.

Power storage also solves the issue of renewable power intermittency as it can play a vital role in grid stabilisation where renewable power sources co-exist with traditional power sources. For example, baseload power generation in Australia has been reliant on coal power generation and is increasingly seeing new developments in renewable power generation compete due to the ability to store power and sell at more opportune times into the grid.

Investment in ageing grid systems which were developed as one-way transmission systems (i.e., sourcing power from larger traditional generators), as opposed to handling the growing number of independent sources of distributed power back into the grid (multi-directional grid system). The advent of 'smart grids' improves the distribution and breadth of the power generation base, allowing consumers to become prosumers and contribute back into the grid system. This materially reduces energy loss and promotes efficiency of usage.

Market Liberalisation

Market Liberalisation speaks of ensuring universal access to affordable, reliable, and modern energy supply. The liberalisation of energy markets is the first stage in the development and modernisation process of an energy market.

Broadly speaking, energy market liberalisation aims to (i) facilitate the reduction of state-ownership of key energy infrastructure and sources of energy production and supply, (ii) allow for competition and choice across the energy value chain, and (iii) facilitate the participation of private investors and capital. The goals of market liberalisation are typically favourable to consumers, as competition helps drive down household energy costs. Another effect is the attraction of new investment into the energy sector, which improves resilience, efficiency, and access.

These markets usually experience high growth from the point of liberalisation, and this helps create new, typically domestic, energy market participants that have the potential to capture significant market share. We see that market liberalisation may occur in both developed and developing economies.

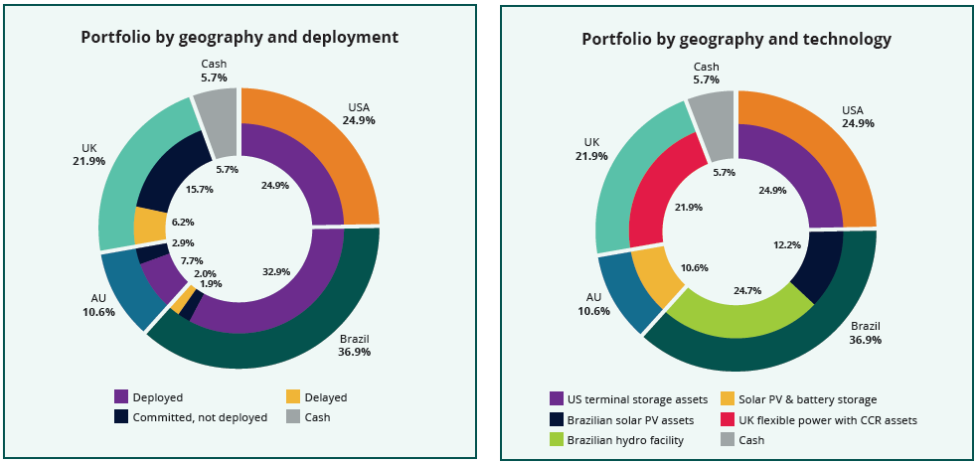
Activity & Outcomes

A challenging market backdrop in 2023 reinforced the diversification attributes of GSEO. During the year under review the Firm successfully continued investment activities for a range of sustainable energy infrastructure assets for GSEO aligned with the Fund's sustainable investment strategy. As of 31 December 2023, GSEO had £483.8 million of sustainable energy assets under management, meeting clients' interests and contributing to the energy transition, sustainable development, and climate goals.

GSEO Portfolio Update

During the year under review, the Fund investment activities and updates included:

Figure 2: GSEO portfolio composition as of 31 December 2023



Investment activity for GSEO during the year included:

Australian solar and battery storage programme:

- The completion of the construction of the first solar and storage hybrid system in Australia, through the addition of a two hour 4.95MW battery energy storage system ("BESS").
- The commissioning of the solar farm component of the three New South Wales sites. Installation works for the co-located BESS have commenced and the sites are expected to be hybridised in 2024.

Brazilian solar PV assets:

- The completion of the tenth solar site, which brought the total operational capacity of the Brazilian sites to 27.3 MW.
- The construction of three of the remaining six sites is progressing well, with commissioning expected within H1 2024.

United Kingdom flexible power and carbon capture and reuse programme

- Works advanced on site during 2023, following issues faced by the projects incumbent EPC contractor in Q2 2023. Commissioning expected in summer 2024.

Figure 3: Summary of operating and financial performance

31 December 2023					
Programme:	**Brazilian hydro facility**	**Brazilian solar PV assets**	**Australian solar PV with battery storage assets**	**US terminal storage assets**	**UK flexible power with CCR assets**
Number of operational assets	1	10	2	2	0
Number of assets under construction	0	6	3	0	1
Production/throughput	789,654 MWh	41,602 MWh	19,227 MWh	12,831,553 bbls	N/A
Revenues (GBPm)	28.59	2.07	1.46	18.64	N/A
Average revenue per production unit (expressed in GBP)	36.20	49.65	75.79	1.45	N/A

Note: The production, revenues, and average revenue per production unit reflect assets under operation as at 31 December 2023 only. The FX rate used for revenues is as at 31 December 2023. The energy production figure for the Brazilian solar PV assets represents the total generation that was invoiced to the clients; it is directly related to the revenue generated by the assets. The energy production figure for the Brazilian hydro facility represents the total gross generation.

Figure 4: Sustainability impact data

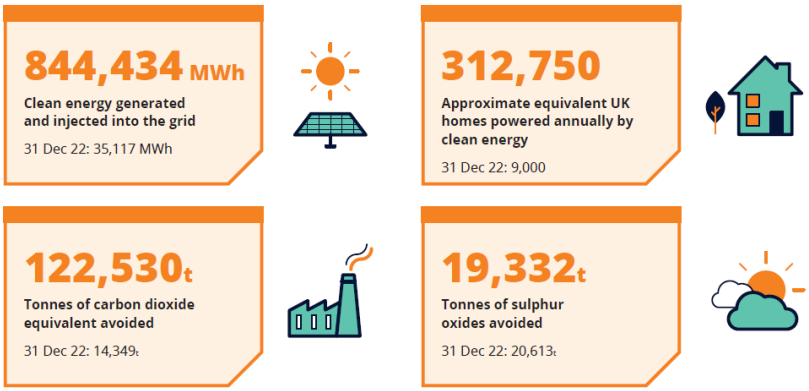
Sustainable Development Goal	Indicator	2022 Portfolio Performance	2023 Portfolio Performance	
7 AFFORDABLE AND CLEAN ENERGY	MWh of clean energy generated	35,117 MWh	844,434 MWh	▲
	Tonnes of CO_2e avoided	14,349 tCO_2e	122,530 tCO_2e[1]	▲
13 CLIMATE ACTION	Carbon footprint (Scope 1 & 2)	4,420[2] tCO_2e	3,789 tCO_2e	▼
	Weighted Average Carbon Intensity (WACI)	65[3] tCO_2/$M	42 tCO_2/$M	▼
	Embodied emissions pay back	4 years[4]	3 years	▼
3 GOOD HEALTH AND WELL-BEING	Tonnes of pollutive compounds avoided	Sox: 20,613 t PM10: 1,049 t NOX: 2,048 t	Sox: 19,332 t PM10: 984 t NOX: 1,921 t	-
	Total case injury rate	Zero	Zero	-

In addition to GSEO investment management activities, aligned with the sustainability investment strategy, and efforts to collect and measure data to capture investment impact, the Firm continued to work to meet new regulatory and voluntary framework requirements, such as those under

[1] Equivalent of powering approximately 312,750 average UK homes with clean energy based on average electricity usage reported by Ofgem Ofgem https://www.ofgem.gov.uk/information-consumers/energy-advice-households/average-gas-and-electricity-use-explained
[2] Restated from 2022 as error discovered in terminal storage electricity reporting leading to overstatement of electricity consumed.
[3] Restated from 2022 as error discovered in terminal storage electricity reporting leading to overstatement of electricity consumed.
[4] Calculated from predicted generation from construction assets and avoided emission calculations from life cycle analysis.

Article 9 of the European Union's Sustainable Finance Disclosure Regulation ("SFDR"), commitments as supporters to the Taskforce on Climate Related Financial Disclosures ("TCFD") as well as published a target under the net zero asset managers initiative ("NZAMI") to which the firm became a signatory in 2022.

Figure 5: 2023 portfolio highlights



PRINCIPLE 2

Governance, resources, and incentives support stewardship

Victory Hill Governance Structure

The Firm has five founding partners, who have built a strong and established professional networks in both OECD and developing economies, reflecting the global approach of Victory Hill.

Victory Hill's partnership committee oversees the implementation of the responsible investment policy. This committee includes the Co-Chief Investment Officers ("CIO"), Chief Financial Officer ("CFO"), General Counsel and Chief Compliance Officer, and Chief Commercial Officer ("CCO").

Figure 6: Victory Hill governance structure

Every member of the investment and asset management team is responsible for implementation of Victory Hill's responsible investment policy and stewardship of assets during the investment evaluation, execution, and asset management phases of the investment lifecycle. Team training is undertaken to ensure that team members have the appropriate knowledge to carry out their responsibilities. Victory Hill has a dedicated Head of Sustainability to support investment and asset management teams in embedding ESG policy and strategy.

The portfolio managers have a responsibility for ensuring that Victory Hill's stewardship priorities are adhered to at an asset level. The investment committee therefore plays a key role in overseeing stewardship activities.

Victory Hill has a sustainability working group that advises the Firm on ESG strategy and monitors and tracks investment ESG performance. This group provides input into the Firm committees,

including the partnership committee, risk, operations and compliance committee and investment committee.

An external assurance firm is used to verify that investments are aligned with the core SDGs and the energy transition and whether the project also "does no harm" to the other 11 SDGs. This process includes reviewing material issues, including potential supply chain risks. We are continually improving our due diligence processes to understand impacts and risks better. Our process takes a dual approach to understand both the operational impact on stakeholders and external ESG risk on operations such as climate risk.

Adherence to the investment policy and sustainability policy and contributions to initiatives that support sustainability are considered in individual staff member's performance assessments, which directly impacts overall remuneration. Individuals' participation in professional development and training is provided and encouraged to continually enhance ESG capabilities. Additionally, all members of staff are expected to contribute to the implementation of a sustainable development culture at Victory Hill that takes a principles approach to the economic, social, and environmental considerations of their work. This culture recognises that sustainable development means promoting good governance principles, transparency, health living, innovation and lifelong learning in their work and stakeholder engagements.

Diversity, equality, and inclusion are crucial elements of governance and resourcing of stewardship activities. The Firm recognises that a diverse workforce brings diverse backgrounds and ideas and strengthens decision-making. This is a focus area for the Firm.

Activity & Outcomes

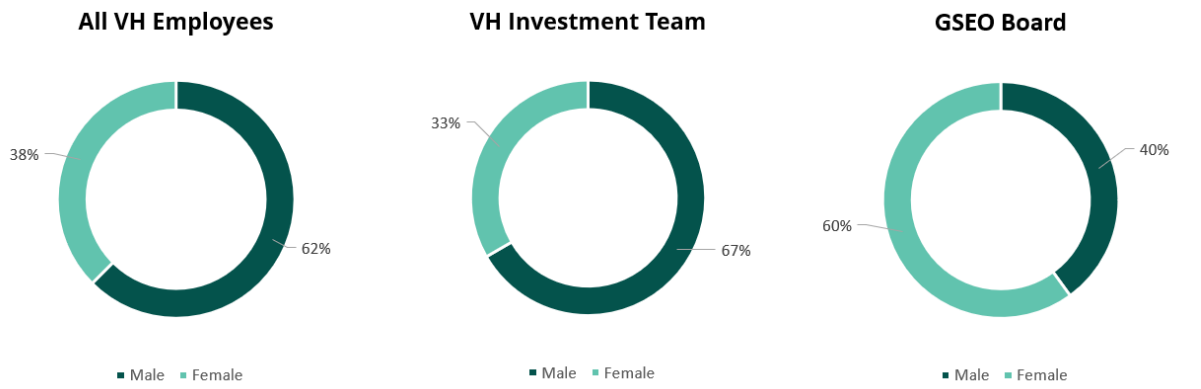
The success of the Firm and its investments are naturally linked to the SDG strategy and energy transition focus. ESG and stewardship are therefore embedded in the Firm's incentive structures to deliver the strategy. The Firm had 16 direct employees at the end of 2023. It is important that our staff are fully aligned with Victory Hill's sustainable development culture. As part of the annual performance objectives all partners and employees are set a sustainability objective reflective of their role.

As an example, Victory Hill's senior management team (CCO, CFO, Co-CIOs and General Counsel) have a shared objective to develop and implement the sustainability programme as defined in the sustainability policy. This is separate from the role of the investment committee, whose members have an objective to challenge sustainability aspects as part of investment committee processes to ensure that sustainability has been adequately considered in the request presented for approval.

Training on sustainable development as well as specific strategy aspects such as energy transition, sustainable development goals and active asset management was delivered for new hires and interns during 2023.

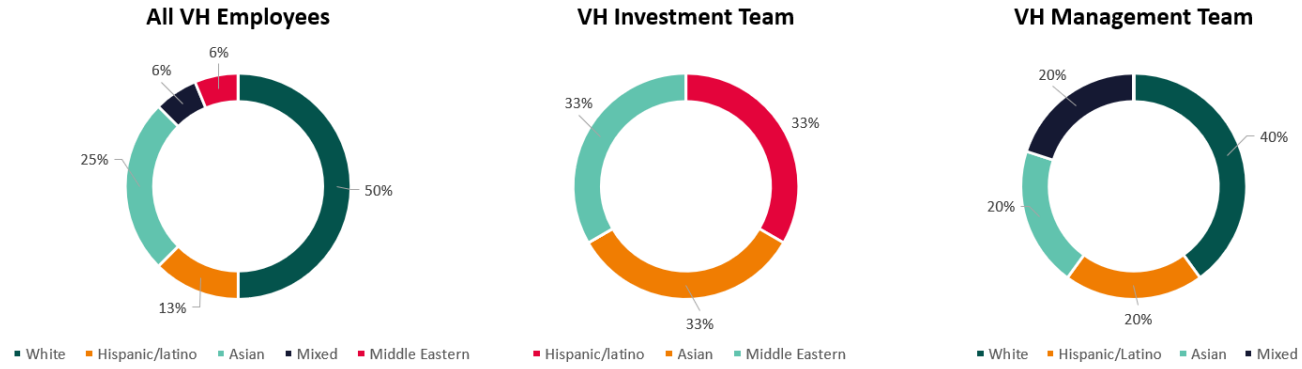
Diversity, equality, and inclusion are important stewardship aspects and in 2023 the GSEO board of directors had a 60:40 split in gender representation with a female majority. 38% of Victory Hill staff in 2023 were female (55% excluding partners). 50% of the Firm's staff came from a non-white background at year-end. Employees come from a diverse range of multicultural backgrounds including South America, South Africa, Europe, USA, Middle East and Asia with 14 different languages spoken.

Figure 7: Gender diversity at Victory Hill and the Fund Board



As at 31st December 2023

Figure 8: Victory Hill ethnicity data for 2023 [5]



[5] Institutional Limited Partners Association (ILPA) Diversity Definitions accessed Institutional Limited Partners Association - ILPA.

PRINCIPLE 3

Manage conflicts of interest to put the best interests of clients and beneficiaries first

Victory Hill recognises the importance of managing potential conflicts of interest. Victory Hill has a group-wide conflicts of interest policy stipulating that Victory Hill has a duty to act in the best interests of its clients and investors. Should a conflict arise, Victory Hill's senior management will take appropriate steps to ensure fair treatment of all clients, including disclosure of the conflict to affected clients.

All staff are responsible for identifying actual, potential, or perceived conflicts of interest through Victory Hill's conflicts management processes and reporting the same to the Chief Compliance Officer. Victory Hill maintains a register of all conflicts which constitute, or may give rise to, a conflict of interest that may adversely affect the interests of its clients. Victory Hill documents the controls it deploys to manage such conflicts of interest. The policy is reviewed at least annually and is accessible to all staff. A dedicated governance portal – My Compliance Centre - is used to capture staff compliance with policies and submission of gift, outside business interests and other personal disclosures.

Victory Hill is owned fully by its managing partners, and therefore the Firm's senior management are aligned with the Firm's interests and its commitments to its clients.

Activity & Outcomes

There were no identified conflicts of interest in 2023. The Firm strengthened its governance processes in 2023 by upgrading the governance app "My Compliance Centre" which included roll out of automated staff training. The Firm also updated its compliance manual. In early 2023 the Firm hired additional compliance staff to strengthen the Firm's approach. Victory Hill requires complete transparency on interests held by Firm partners and staff in other companies. Currently any outside interests are minor in nature and do not conflict with the interests of the Firm and/or its clients (including investment targets or activities). If a conflict were to arise, the Firm's conflicts identification and management processes would require that it be assessed and reviewed by the Chief Compliance Officer and the Risk, Operation and Compliance Committee. If there were any adverse impact on the interests of the Firm and/or any of its clients, the conflict would need to be removed or disclosed and any adverse impact remedied. As well as Victory Hill staff, the conflicts of interest policy is imposed on client funds and their service providers, as well as applying to existing business relationships of asset operating partners of a client fund.

Other potential conflicts such as bribery are clearly prohibited by the Firm's anti-bribery and anti-corruption policy, which includes refusing gifts which could influence employees to make decisions against the interests of our clients.

Victory Hill also considers potential conflicts in the appointments to GSEO's board of directors, for example working for competing firms or potential investee companies. Listed and unlisted fund board members are required to declare any conflict of interests that arise during their term.

PRINCIPLE 4

Identify and respond to market-wide and systemic risks to promote a well-functioning financial system

The Firm has internal controls in place to manage risks to its business objectives. The Firm has an operational risk policy to ensure appropriate governance and risk management processes are in place and emerging risks are identified. A key component is the maintenance of a risk register.

The Firm has identified several market and systemic risks to its investments as part of its risk identification and management process. Some of the principal risks are provided below. These are reviewed several times a year and updated, as necessary.

Market Risks

Risk	Description of Risk	Risk Impact	Mitigation
Currency risks	The Company will make investments which are based in countries whose local currency may not be Sterling and the Company may make and/or receive payments that are denominated in currencies other than Sterling.	When foreign currencies are translated into Sterling there could be a material adverse effect on the Company's profitability, the NAV and the price of the shares.	Investments are held for the long-term. The Company enters into hedging arrangements for periods up to 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at time of investment. The movement in NAV attributable to currency movements is disclosed to investors each quarter with the NAV update.
Commodity price risks	The operation and cash flows of certain investments may depend prevailing market prices for electricity and fuel, and particularly natural gas.	The actual return to shareholders may be materially lower than the target total return.	The Company mitigates these risks by entering into (i) hedging arrangements; (ii) extendable short, medium and long-term contracts; and (iii) fixed price or availability based asset-level commercial contracts.
Regulation	The Company is exposed to the risk that the competent authorities may pass legislation that might hinder or invalidate rights under existing contracts as well as hinder or impair the obtaining of the necessary permits or licences necessary for Sustainable Energy Infrastructure Investments in the construction phase.	The actual return to shareholders may be lower than the target total return.	The Company aims to hold a diversified portfolio of Sustainable Energy Infrastructure Investments and so it is unlikely that all assets will be impacted equally by a single change in legislation. The Investment Manager ensures that contracts are not exposed to government subsidies, thus mitigating exposure to policy risks linked to contract pricing. There is also strong public demand for support of the renewables market to hit 'net zero' carbon emission targets. The Investment Manager monitors the position and provides regular reports to the Board on the wider macro environment.
Curtailment risks	Investments may be subject to the risk of interruption in grid connection or irregularities in overall power supply.	In such cases, affected investments may not receive any compensation or only limited compensation.	Extensive due diligence is performed on each project before investment. The Investment Manager constantly reviews curtailment risks.

Systemic Risks

Risk	Description of Risk	Risk Impact	Mitigation
Climate-related risks			
Physical risks	Longer-term changes in climate patterns, e.g., reduction or increase in wind levels, decrease solar optimal days in impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding, droughts and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	These factors could result in the reduction of output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation.	The Company is investing in a diversified portfolio of energy transition infrastructure by geography, technology and capability. These investments are targeted at the energy transition to net zero. This will provide a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium and long term. At the asset level, weather conditions are monitored and many of the renewable projects have battery storage capabilities to optimise energy input to the grid. Meteorology and feedback due diligence is undertaken before investment and reviewed regularly. All assets have crisis management and business continuity plans to respond to disruptions. The assets are also required to have continuous improvement management systems to build capability and capacity in the local teams and operations.
	Abrupt disruptive climate impacts such as impacts from flooding, wildfire, drought, extreme heat, or sudden regulatory actions increasing over time.	Increase operating expenditure to recover asset damage caused by natural disasters and increase insurance premium for assets in high-risk locations.	Throughout the investment decision-making process, the due diligence process accounts for climate change risk and impacts. The Investment Manager employs an insurance specialist when making investments and seeks to have appropriate contractual warranties, indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.
	Uncertainty in market signals take forms in lower-than-expected power price reflected from imbalance in abundant intermittent power supply and market demand as well as lower than expected volume throughput for conventional fuel storage assets with increased demand for alternative fuels.	Increase in market volatility and abrupt and unexpected shifts in power prices make financial forecasts less reliable on intermittent renewable energy solutions. Reduced throughput for conventional fuels longer-term with expected shifts to cleaner and alternative fuels impacting existing fuel storage asset revenue flows.	The Company manages this risk through its diverse portfolio of energy transition infrastructure assets such as the battery energy storage systems and its enduring hydro facility, as well as signing fixed price offtaker agreements. The Company is assessing its longer-term strategy to adapt storage assets to accommodate alternative fuels required for hard to abate transportation including sustainable aviation fuel, renewable diesel, marine e-methanol and hydrogen as the market shifts.
Transition risks	Market shifts such as changing customer behaviour and substitution of existing products and services with lower emissions options or new technologies may dampen ability to engage investors on a broader portfolio of energy transition projects than a traditional renewable focus including different geographies. The Investment Manager monitors changes in climate change policy and assesses the potential impact and mitigation strategies.	Increase costs to adopt/ deploy new practices to transition to lower emissions technologies, reduction in the availability of market capital to invest in some local energy transition projects.	There is strong public demand for support of the renewables market towards net zero carbon emission targets. The Company is expected to hold most of its investments on a long term basis and the Board and Investment Manager monitor the position on a regular basis. The senior management team at the Investment Manager has extensive experience in executing a wide range of strategies in the energy sector, the team monitors market shifts and tailor investment strategies accordingly.

Risk	Description of Risk	Risk Impact	Mitigation
Climate-related risks			
	Policy shift may introduce regulation around climate change, e.g., increased disclosure, taxes etc. Stakeholders' increasing concerns on business practice (e.g., supply chain management, workforce management and planning) need to be addressed.	This could increase cost of doing business (e.g., higher compliance costs, increased insurance premiums, workforce management and planning), and result in reduction in the availability of capital to invest in energy transition projects.	The Company is supportive of the policy aims of the Disclosure Regulation and will comply and monitor changes. The Investment Manager engages with partners and stakeholders on behalf of the Company to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate related KPIs, including energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. The Company's investment strategy targeting the energy transition is aligned with global policy movements on climate change which would limit impact.
Uninsured loss and damage	The risk that an investment may be destroyed or suffer material damage, and the existing insurances may not be sufficient to cover all the losses and damages.	The actual return to shareholders may be materially lower than the target total returns.	An independent insurance adviser is appointed for each project to review project risks in conjunction with the Investment Manager and to ensure that appropriate insurance arrangements are in place. Insurance requirements are reviewed on an ongoing basis.

Climate Related Risks & Opportunities

GSEO's principal risk management process, as well as the risk and opportunity-based approach to ESG management, is how the relevant climate risks and opportunities are identified. These risks are outlined in the table below. This is considered within the selection and screening of energy infrastructure investments. The risk management process considers type of infrastructure and geographic risks. Local partners are engaged to assess environmental management practices and processes, and to broaden understanding of stakeholder perspectives.

Under TCFD recommendations, scenario analysis was completed for GSEO's strategy taking into consideration the current geographic locations of assets and critical Tier 1 supply chain companies such as solar panel manufacturers. The strategy supports a transition scenario. Commitments made internationally at the UN climate change conferences and nationally demonstrate policy and market momentum, towards energy transition and in support of the Fund's investment policy.

Scenario analysis takes a bottom-up approach given the portfolio's diversified geographic locations and technologies. Investments were considered under the following scenarios:

- Network for Greening the Financial System (NGFS) climate scenarios
- IPCC Representative Concentration Pathways (RCP)

The financial impact and resilience of the Fund's investment business strategy to different climate scenarios is inherent in the Investment Manager's financial modelling processes. It is the Fund's objective to accelerate an orderly transition via its investments. It is also expected that the investments would be resilient in case of a failure to achieve the energy transition.

Scenario analysis produced a range of possible financial impacts to operational assts under three different scenarios. Scenario analysis is split into physical and transition risks and quantifies the resilience of the portfolio to climate-related risks by assessing the impact on the Net Asset Value ("NAV") per share.

Climate-related Risk	Risk Assessment and Mitigation
Risk category: Physical risk – Chronic Longer term gradual changes in climate patterns, e.g., reduction or increase in wind levels, decrease in solar optimal days impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding, and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** reduction in output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation. **Risk mitigation:** The Company invests in a portfolio of energy transition infrastructure assets, diversified by geography, technology, and capability. These investments follow the thesis of energy transition to achieve net zero goals. Such diversification provides a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium- and long-term. At the asset level, meteorology due diligence is undertaken before investment, weather conditions are monitored and some of the assets have battery storage capabilities to optimise energy input to the grid. All assets have crisis management and business continuity plans to respond to disruptions. The assets are required to have continuous improvement management systems to build capability and capacity in local teams and operations.
Risk category: Physical risk – Acute Abrupt disruptive climate impacts such as impacts from flooding, wildfire, drought, extreme heat, or sudden regulatory actions increasing over time.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, financial planning **Potential impact:** Increase operating expenditure to recover asset damage caused by natural disasters and increase insurance premium for assets in high-risk locations. **Risk mitigation:** Throughout the investment decision-making process, the due diligence process accounts for climate change risk and impacts. The Investment Manager employs an insurance specialist when making investments and seeks to have appropriate contractual warranties, indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.
Risk category: Transition risks – Market Uncertainty in market signals manifests as lower-than-expected power prices, driven by an imbalance between an abundant intermittent power supply and market demand. Lower than expected volume throughput for conventional fuel storage asset driven by increased demand for alternative fuels.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** Increase in market volatility and abrupt and unexpected shifts in power prices make financial forecasts less reliable on intermittent renewable energy solutions. Reduced throughput for conventional fuels longer-term with expected shift to clearer and alternative fuels impacting existing fuel storage asset revenue flows. **Risk mitigation:** The Company manages this risk through its diverse portfolio of energy transition infrastructure assets such as the battery energy storage systems and enduring hydro facility, as well as signing fixed price offtaker agreements. The Company is assessing its longer-term strategy to invest in storage assets to accommodate alternative fuels required for hard to abate transportation including sustainable aviation fuel, renewable diesel, marine e-methanol and hydrogen as the market shifts.
Risk category: Transition risks – Technology, Market Market shifts such as changing customer behaviour and substitution of existing products and services with lower emissions options or new technologies may dampen ability to engage European investors on a traditional European focused renewable portfolio and often shift strategy towards a broader portfolio of energy transition projects that cover various regions and include new technologies such as biofuel, carbon capture and reuse, and etc.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** Increase costs to adopt/deploy new practices to transition to lower emissions technologies, reduction in the availability of capital to invest in some local and/or mature technology energy transition projects. **Risk mitigation:** There is strong public demand for support of the renewable energy market towards net zero carbon emission targets. The senior management team of the Investment Manager has extensive experience in executing a wide variety of strategies in the energy sector, the team monitors market shifts and tailor investment strategies accordingly. The Company is expected to hold most of its investments on a long-term basis and the Board and the Investment Manager monitor the position on a regular basis.

Climate-related Risk	Risk Assessment and Mitigation
Risk category: Transition risks – policy and legal, reputation Policy shift may introduce regulation around climate change e.g., increased disclosure, taxes etc. Stakeholders' increasing concerns on business practice (e.g. supply chain management, workforce management and planning) need to be addressed.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, and financial planning **Potential impact:** Increase cost of doing business (e.g., higher compliance costs, increased insurance premiums, workforce management and planning). Reduction in the availability of capital to invest in energy transition projects. **Risk mitigation:** The Company is supportive of the policy aims of the Disclosure Regulation and will comply with it and monitor changes. The Company, via the Investment Manager, engages with partners and stakeholders to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate related KPIs such as energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. The Company investment strategy targeting the energy transition is aligned with global policy movements on climate change.

Climate-related Opportunities	Opportunity Assessment and Response
Opportunity category: Energy Source, Resilience Decarbonisation policy and market shifts will drive new renewable energy, new fuels and energy storage opportunities. This is aligned with the Company's strategy to invest in energy transition infrastructure. Increased need for global energy access from a mix of sources as developing countries expand grid access to populations.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** • Creates more deal origination opportunities in support of energy transition which aligns with Company's investment strategy. • Increases capital availability as more investors favour lower-emissions programs.
Opportunity category: Resource Efficiency, Energy Source, and Products and Services Volatile power price movements support an increase in energy efficiency grid infrastructure investing which leads to increased source of revenue.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, strategy **Potential impact:** • Provides additional revenue sources in marketplaces with abundant intermittent power supply through harvesting merchant pricing. • Supports in energy efficiency and energy security reinforces intangible benefits such as reputation, brand and goodwill, together with employee, partner and stakeholder engagement.
Opportunity category: Energy Source, Markets, and Resilience Market liberalisation in developed and developing economies is creating opportunity for market share in renewable and alternative energy opportunities in new geographies.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** • Access to new markets leads to an enhanced competitive position through addressing shifting consumer preferences, resulting in increased revenues. • Increases availability and diversification of financial assets such as green bonds. • Improves resource efficiency and reduces operating costs. • The Investment Manager has engaged and will continue to reach out globally with various companies and investors to support expansion of the Company and sustainable energy infrastructure investments.

Climate-related Opportunities	Opportunity Assessment and Response
Opportunity category: Resource Efficiency, Markets, and Resilience Decentralisation of energy generation creating new opportunities for investment in renewable and other sustainable energy infrastructure.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** • Enhances competitiveness and increases revenues through new solutions, access to new markets, diversification, resilience planning and relationships. • Increases reliability of supply chain and ability to operate under various conditions. • A pipeline of investments is constantly being identified, with the Investment Manager regularly reporting to the Board on this pipeline.

The Firm has reported climate related data based on the TCFD framework recommendations considering the risks and opportunities to its portfolio and strategy.

Activity & Outcomes

In 2023 the Firm continued to develop its approach to climate risk managed through third party physical climate risk and vulnerability assessments (CRVA) for newly acquired and commissioned investments. The CRVA was conducted in accordance with the criteria of the EU Commission Delegated Regulation (EU) 2021/2139 which form the Technical Screening Criteria of the EU Taxonomy. Specifically, to accord with the requirements of Appendix A of the above regulation, the Generic Criteria for Do No Significant Harm to Climate Change Adaptation.

The CRVA was carried out using climate projections across different Representative Concentrations Pathways used by the Intergovernmental Panel on Climate Change (IPCC) fifth assessment report (AR5) and/or sixth assessment report (AR6) as appropriate.

Climate modelling of regional impacts on the locations where each of the assets are situated was used. The impacts of these changes were interpreted to understand the physical hazards the assets might experience over their lifetime. The sustainable energy infrastructure investments considered under the CRVA have expected lifespans greater than 10 years.

Vulnerability of the assets to projected climate-related hazards was considered based on asset design standards, site locations and risk to climate-related impacts as well as historic climate-related issues which may have been experienced in the region. The process also considers the type of asset and whether it will be impacted by changes in weather (e.g., wind, drought, flood, and irradiance), supply chain disruption (e.g., energy supply), and market demands.

Adaptation solutions were identified based on the outputs of the CRVA. These adaptations show how the resilience of the asset is improved to withstand such vulnerabilities. The most common hazards identified was the potential for wildfire or flood. All assets have appropriate drainage designed and, in some cases, such as in the Brazil solar PV assets they were enhanced to move excess water away from sites. All sites also have appropriate firefighting equipment installed.

In 2023 the resilience of the Fund's strategy was also assessed quantitatively under different climate related scenarios taking into consideration both physical and transition risks as described above.

Using the Global Change Analysis Model (GCAM), part of the NGFS, transition risk was quantified under the following scenarios.

- Current Policies/BAU: Current Policies, Nationally Determined Contributions (NDCs)
- Paris Aligned Well-Below 2C: Below 2C, Delayed Transition
- Paris Ambitious 1.5C: Net Zero 2050, Low Demand

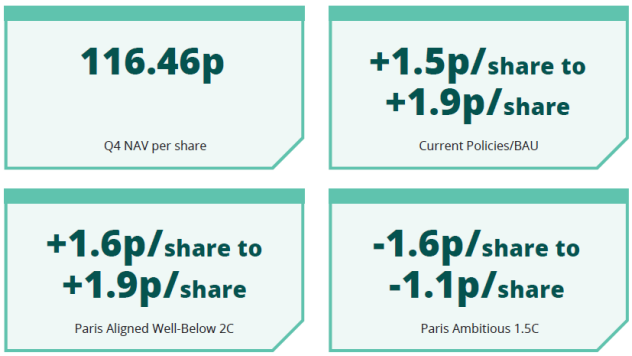
One key variable was identified as the main driver for each programme to assess the impact of transition risk on the value of the portfolio. Power price was selected as the main driver for the Brazilian hydro facility, the Australian solar PV with battery storage assets, and the Brazilian solar PV assets. For the US terminal storage assets, volume throughput was selected, accounting for the change in demand for oil and the transition to alternative fuel sources such as hydrogen and biofuels.

Country and market specific scenario data was used when available. Particularly when considering Latin American markets, scenario results varied significantly between countries in the region, so local predictions were used for Brazil and Mexico. Similarly, Australia/New Zealand region was used for the scenario analysis of the Australian solar PV with battery storage assets.

By considering a bottom-up approach to conduct scenario analysis, the factors were shocked in the asset valuation models and the impact on the life-time dividends assessed by discounting them to present value. Valuation impact was assessed at both programme level and portfolio level.

The portfolio level results are highlighted below in a NAV per share impact range. The Fund benefits from both technology and geography diversification, demonstrating the inherent focus on the energy transition in the investment strategy.

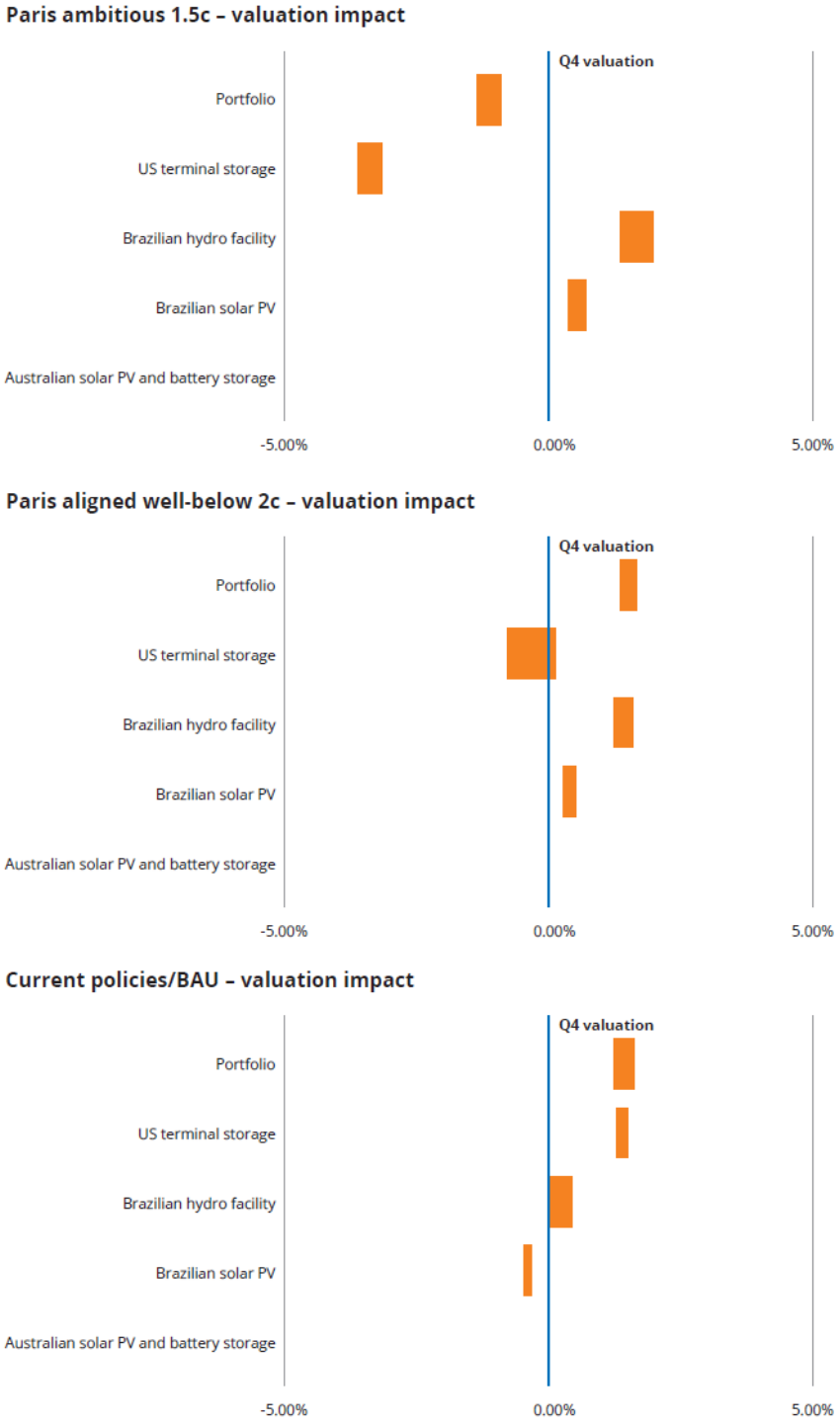
Figure 9: Estimated NAV per share impact under transition risk scenarios



Among the operational programmes, the US terminal storage programme show the highest impact to transition risk. This is driven by the change in oil demand and the transition to other fuels such as biofuels and hydrogen observed in Mexico. The Brazilian hydro facility and the Brazilian solar PV assets benefit from higher power prices in the Paris Ambitious 1.5C and Paris Aligned Well-Below 2C scenarios. The Australian solar PV with battery storage assets experiences minimal impact which does not register on the impact graphs given power price assumptions in the Australian/New Zealand region as well as the portfolio composition of which the Australian programme contributes 3%.

The Firm is committed in developing and employing the best available data, scenarios and methodology and for the Fund selected the most relevant variable when performing the scenario analysis. However, the Firm recognises there are high levels of uncertainty and limitations as described in the climate models, scenarios and methodology. Therefore, the figures reported should be seen as indicative of potential impact and not performance forecasts.

Figure 10: Portfolio and programme valuation impact under transition risk scenarios



Note: the blue line represents the portfolio valuation as at 31st December 2023. The orange boxes represent the % range of impact on the portfolio and programme valuation under the different scenarios.

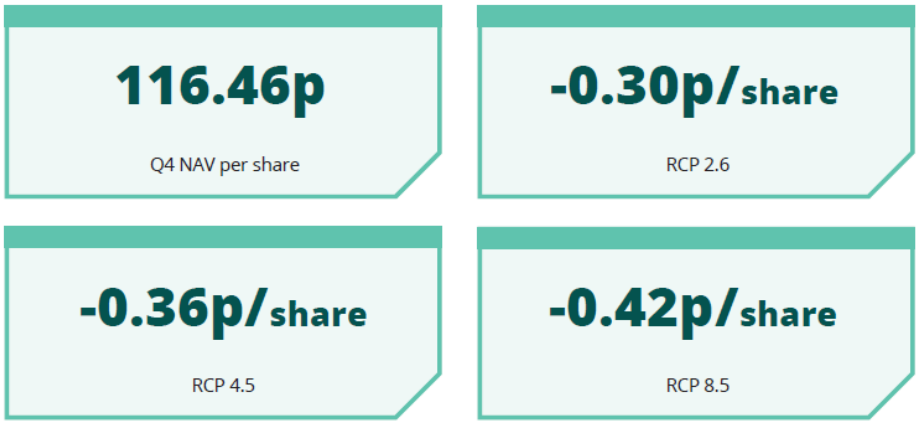
GSEO identifies physical risks in the asset specific CRVAs and proactively takes steps to mitigate climate-related risks and build asset resilience. Acute physical risks including but not limited to hurricanes, wildfires, floods and heatwaves are mitigated through insurance policies, while chronic physical risks such as higher average temperatures and changes in precipitation patterns are mitigated through the asset design and operational management.

The IPCC AR6 report quantifies the insured damages projected impact under the RCP 2.6 scenario and RCP 8.5 scenario for Australasia.[6] GSEO uses the percentage increase in insurance premiums as a proxy for the insured damages projected impact. GSEO applies this shock to assess the impact on the programme level and portfolio level valuations as follows: 7% under RCP 2.6 scenario, 7.5% under RCP 4.5 scenario, 8% under RCP 8.5 scenario. The shocks are applied across the three operational programmes: US terminal storage assets, Brazilian solar PV assets, and Australian solar PV with battery storage assets. In the case of the Brazilian hydro facility, performing a hydrological risk assessment that estimates the capital expenditures required to build additional measures to cater for an increased maximum river flow was considered more relevant and appropriate.

Under the RCP 2.6 scenario, the NAV per share impact is -0.30p/share, while under the RCP 8.5 scenario the NAV/share impact is -0.42p/share. The subdued impact highlights the inherent risk analysis and considerations that GSEO uses in its investment strategy.
GSEO focused on one key variable or factor when performing the physical risk scenario analysis, while keeping all other model inputs constant. Due to the complexity of variable interactions and model impacts, GSEO is aware that limitations to the scenario analysis remain and is fully committed to develop the methodology further. Therefore, the figures reported should be seen as indicative of potential impact and not performance forecasts.

Given that the energy transition is the focus of GSEO's investment strategy, the Fund inherently considers both transition and physical risks and opportunities in its investment decision process and asset life cycle management. Thus, the results and scenario analysis are in line with GSEO's strategy.

Figure 11: Estimated NAV per share impact under physical risk scenarios



[6] https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter11.pdf

Collaboration with Other Stakeholders

Collaboration with investors within formal or informal forums is part of the engagement considered by the Firm. We believe that this will allow us to achieve common goals, particularly regarding mitigating systemic risks. Victory Hill is a signatory to the UN PRI and works with other industry participants to promote the continued improvement of the infrastructure market.

As an asset manager of sustainable energy infrastructure, we recognise that some macro changes are shaping the present and future of our industry. This is particularly the case with climate change, on which we have implemented processes to ensure that climate-related risks and opportunities are considered as per of the investment due diligence process. We actively engage with the management teams of our assets on the topic of climate change to improve the climate resilience of our fund portfolios. At an industry level, we believe that climate-related disclosures can help drive more informed investment decision-making for long-term assets. For that reason, Victory Hill officially supports the recommendations of the Task Force on Climate Related Financial Disclosures ("TCFD") and reports under the framework.

SDG 17 is included in the Firm's investment process. 'Partnership for the Goals' recognises that the SDGs can only be met if all stakeholders work together to mobilise financial resources globally. This is the Firm's approach to its investments. The values of honesty, integrity, transparency, and partnership are integral to the Firm's stakeholder engagement.

PRINCIPLE 5

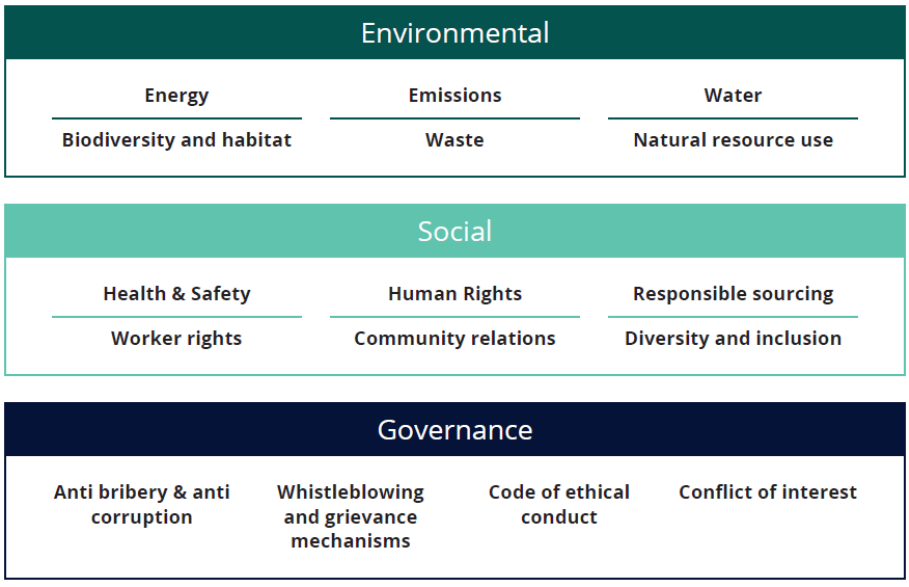
Review policies, assure processes and assess the effectiveness of activities

Since inception in 2020, the Firm has maintained a robust governance framework which oversees the Firms comprehensive suite of policies, procedures, systems, and controls. Policies have been approved at the highest level of the Firm and are reviewed at least annually to ensure compliance with regulatory requirements and voluntary commitments.

Policies related to stewardship are listed in figure 8 below. These include, but are not limited to, commitments on health and safety, anti-bribery and anti-corruption, anti-bullying and harassment, equality, diversity and inclusion, whistleblowing, and anti-modern slavery and trafficking, responsible procurement, and codes of conduct.

The health and safety policies cover expectations for risk-based management systems for asset partners as well as occupational health. The Firm's stewardship policy commits the Firm to the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The Firm's objectives and overall governance enable the Firm to comply with this approach.

Figure 12: ESG policies to support the Firm's sustainable development culture



Victory Hill also has oversight of the development and implementation of ESG policies, processes, and resourcing to support the Fund investment process and asset management. Operating partners are expected to have corresponding commitments tailored to their business activities. The Firm assists partners in developing these and identifying material issues for management.
The Firm's sustainability policy and investment policy underpin delivery of commitments to sustainable investments. The policies set out commitments to track environmental and social performance of investments.

Processes defined within policies, such as the investment policy SDG assessment, make use of external verification to give the Firm a third-party opinion on investments to ensure a consistent approach and alignment with stewardship commitments. The external assurance firm verifies that investments are aligned with the core SDGs and the energy transition and whether the project also "does no significant harm" to the other 11 SDGs. This process includes reviewing material issues and potential supply chain risks. Other supporting processes such as the ESG materiality, risk management and due diligence processes identify ESG issues and incorporate actions into the assets and operating partners' business practices through a continuous improvement management cycle.

Operating partners are required to have SPE-level ESG processes to manage and mitigate asset associated environmental and social issues. This is identified in an asset-specific sustainable action plan (SAP) which includes expectations for dedicated resourcing for ESG issues, management systems such as ISO 14001 and 4500, key performance indicator reporting and target setting.

Adherence to the investment policy and sustainability policy, and contributions to initiatives that support sustainability are considered in individual staff members' performance assessments, which directly impact overall remuneration. Individuals' participation in professional development and training is provided and encouraged to enhance our ESG capabilities continually.

Oversight of policies and processes and their effectiveness is accomplished through several Firm administered committees. The Investment Committee ensures inclusion of ESG due diligence in the investment process and plays a key role in overseeing stewardship activities and ensuring stewardship priorities are adhered to at an asset level.

Principal ESG risks, including climate related physical and transition risks, are identified and controls implemented. This process is administered in the Firm's and Fund's committees as described in figure 6.

The Sustainability Committee advises on ESG strategy and monitors and tracks the ESG performance of the Firm. The Investment Committee monitors and tracks ESG performance of the investments and operating partners. The Sustainability Committee provides input as required into other Firm committees including the Partnership Committee, Risk, Operations and Compliance Committee and Investment Committee.

Activity & Outcomes

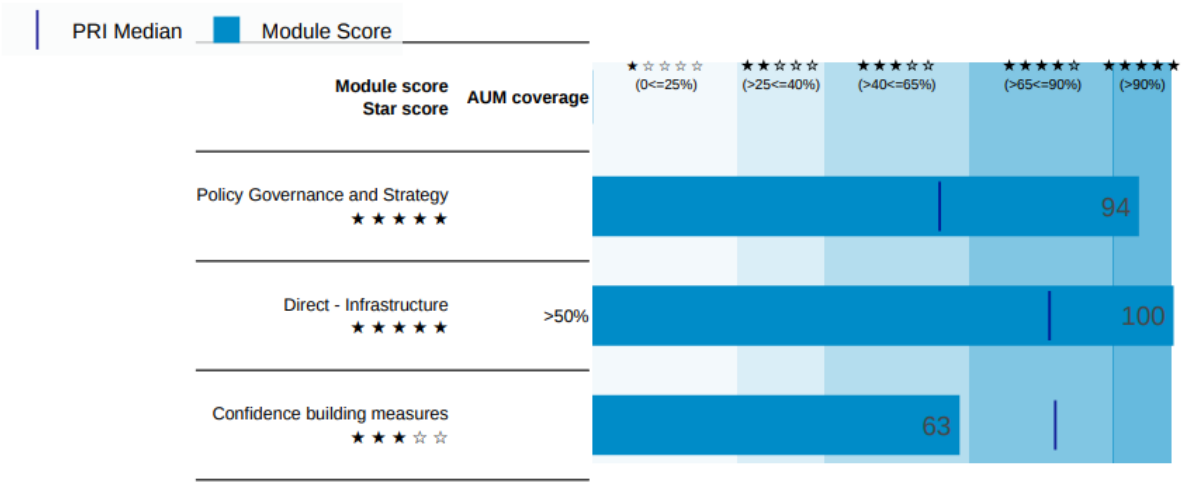
A Sustainability Action Plan ("SAP") was implemented for all operational assets in 2023. These SAPs were based upon a materiality and risk assessment process outlined in the investment approach (Principle 7) below. Actions identified include ensuring a complete set of policies and processes to address systemic and material ESG risks to the business. The Firm worked with the operating partners to identify and close gaps. The Brazilian Hydro Facility and US terminal storage assets achieved ISO 14001 and ISO 45001 certification under these action plans in 2023. The Hydro facility also undertook a gap analysis under the hydropower sustainability standard and started closing gaps identified in 2023. The Australian solar PV operating partner completed enhanced due diligence for the solar supply chain for construction assets in 2023 particularly focussed on potential human rights and labour rights issues.

Limited assurance was obtained on core ESG data submitted by operating partners in 2023. This process delved into operating partner data management and source documentation with recommendations from the assurers on how to strengthen processes.

The Firm updated its sustainability policy and published it on the Firm website. Diversity and inclusion and supplier policies and due diligence processes were also refreshed in 2023. On an annual basis, responsible investment and stewardship policies are reviewed and updated (if required) and objectives are set for the year ahead by the CEO and Victory Hill's partnership committee.

The Firm reported to the UNPRI for the first time in 2023 achieving the following scores for policy governance and strategy. The full summary scorecard can be found on the Firm website.

Figure 13: UNPRI summary scorecard 2023



Investment Approach

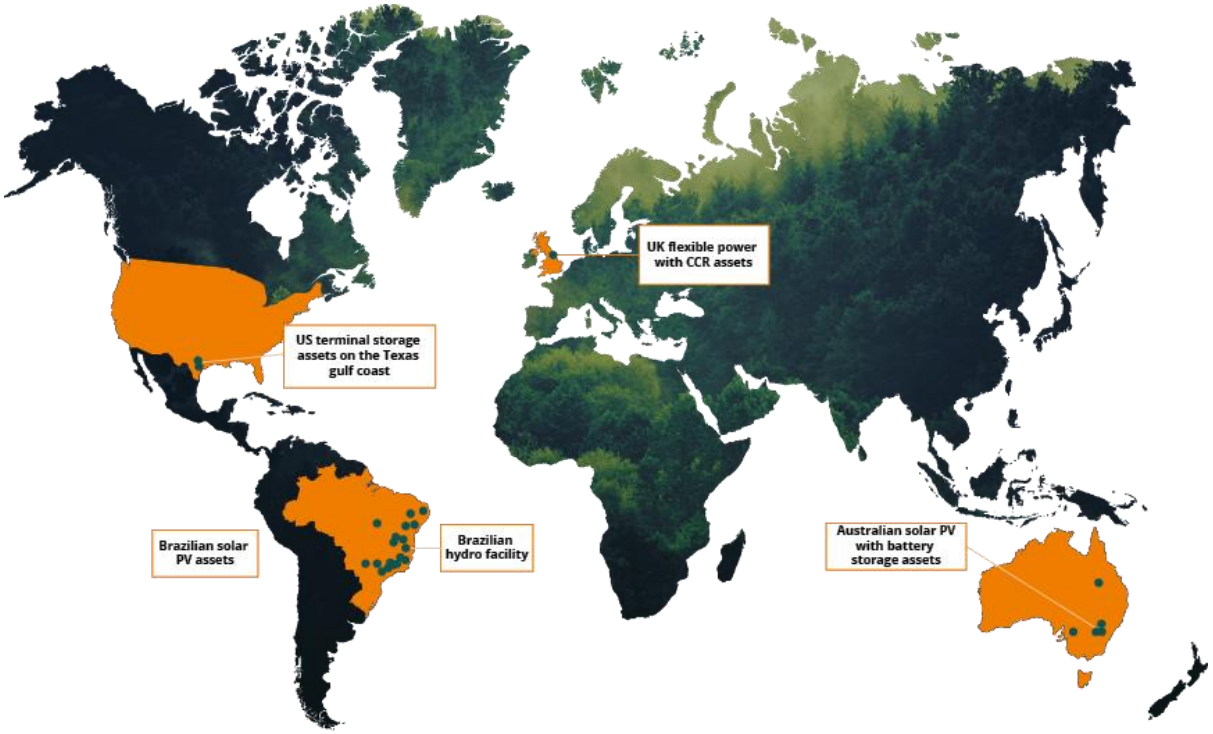
PRINCIPLE 6

Take account of client and beneficiary needs and communicate the activities and outcomes of stewardship and investment to them

As stated above, Victory Hill is a specialist investment firm targeting direct investment in global energy infrastructure that supports SDGs, with the purpose of facilitating and accelerating an orderly energy transition to a net zero carbon future. Victory Hill makes such investments available to professional investors through its funds. The Firm invests in energy infrastructure assets globally. Due to the long-term nature of these infrastructure assets, the Firm's investment time horizon for GSEO is medium to long-term, with some assets having a life span of over 25 years.

Victory Hill recognises that its funds' investors invest, in part, due to the sustainability objective of the Firm and its funds, and therefore transparency on our investments and their impact is imperative. We disclose to fund investors our due diligence on ESG factors and the impact data from the investments. Our investment policy and approach aim to ensure that projects are aligned with our strategy and deliver on the statements made to investors.

Figure 14: Investment locations



Victory Hill's sustainability policy outlines how we discharge our responsibilities to create a positive impact creating sustainability value beyond commercial objectives and recognises that our investment and management decisions impact our funds and investors clients, the end-users of our assets and the communities in which those assets are located.

We recognise that delivering success over the long-term requires not only identification of clear market opportunities but also investment in stakeholder relationships and alignment of objectives. As part of our stewardship approach, we implement a clear line of sight from the corporate to the project level.

Activity & Outcomes

A comprehensive ESG section is included in the GSEO annual report covering activities and outcomes of the investments. An ESG section is also included in the Fund interim report. Investor meetings are held biannually to present these results and Fund performance including stewardship activities and impact data after report release. Ad hoc investor meetings are also held during the year, both in person and virtually, to promote and discuss the Fund which includes its sustainability objective and performance.

During the year in review **98 meetings** were held by the investor relations team with investors.

In addition, the Firm regularly responds to due diligence questions from investors on our ESG policies and processes and material risks. These questionnaires have been focussed on specific ESG themes such as reporting under the TCFD or the EU Sustainable Finance Disclosure Regulation ("SFDR").

The Firm has also reported under SFDR article 9 annexes and will report under UNPRI in 2023. Key ESG metrics shared with investors are provided below. Metrics annotated with a ‡ symbol have been independently assured through a limited assurance engagement conducted in accordance with the International Standard on Assurance 3000 (ISAE 3000) and International Standard on Assurance 3410 "Assurance engagements on greenhouse gas statements" (ISAE 3410).

Figure 15: TCFD carbon footprint and exposure metrics[7]

TCFD carbon footprinting and exposure metrics[8, 9]	Unit	2022[10]	2023
Portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/$M revenue	t CO_2e/$M	65	42‡
The absolute greenhouse gas emissions associated with a portfolio, expressed in tonnes CO_2e	t CO_2e	3,636	3,199‡
Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tonnes CO_2e/$M invested	t CO_2e/$M	6	5‡
Volume of carbon emissions by million dollar of revenues	t CO_2e/$M	273	192‡

[7] Carbon footprinting and exposure metrics for the portfolio operating assets were calculated using formula recommended by the TCFD for asset owners and asset managers published in 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures,' June 2017, section D supplemental guidance for the financial sector. 8 The underlying revenue metrics are unaudited. Figures may change once metrics are audited in 2024. 9 Market Capitalisation calculated using profit rather than equity share to more accurately reflect value of investments. 10 2022 figures restated per updated methodology and restated scope 2 emissions.

Figure 16: GSEO environmental performance metrics for 2023

Environmental metrics (strategic impact)	Unit	2022	2023	% Change
Renewable energy generated*	MWh	35,117	844,434‡	-
Renewable energy generated (solar only)	MWh	35,117	62,952	79% ▲
Nitrous Oxides (NOx) avoided	Tonnes	2,048	1,921‡	
Sulfur Oxides (SOx) avoided	Tonnes	20,613	19,332‡	-6% ▼
Particulate Matter (PM) 10 avoided	Tonnes	1,049	984‡	
Particulate Matter (PM) 2.5 avoided	Tonnes	770	722‡	
GHG emissions avoided (Solar only)	Tonnes CO_2e	14,349	17,663	21% ▲
GHG emissions avoided	Tonnes CO_2e	14,349	122,530‡	

Environmental metrics (operational impact)	Unit	2022	2023	% Change
Water use including consumed	Litres	44,793,795	24,274,056	-46% ▼
Water consumed	Litres	No data	15,700	
Water quality (BOD)	kg/litre		0.000002‡	
Waste produced	Tonnes	31	75	141% ▲
Renewable energy consumed	MWh	0	8,172	

Pollutant emission factors published by 'European Monitoring and Evaluation Programme/European Environment Agency Air Pollutant Emission Inventory Guidebook 2019' for both HSFO and ULSD are used to calculated avoided NOx, SOx and PM emissions, using 'Heavy Fuel Oil' as the base fuel for HSFO and emissions through 'Diesel Large SUV Euro 6' as the based fuel for ULSD.

Figure 17: GSEO social performance metrics 2023

Employee metrics		2022	2023	% Change
Total number of employees	FTE	22.5	58	158%
Gender diversity	Male	93%	98%‡	5%
	Female	7%	2%‡	-5%
	Other	0%	0%‡	-
Employee turnover	%	27%	14%‡	-13%

The assets do not employ site workers, however the operating partner does. The social data reported and assured includes operating partner contracted workers who interact with site operations and work directly on site. This is reported as full time equivalent ("FTE") for the financial year 2023. This excludes temporary workers and managerial employees working elsewhere not involved in day-to-day operations.

Health and safety metrics	2022	2023
Total number of incidents	1	4
Total number of injuries	0	0
Total case injury rate	0	0[‡]

Operations: policy and procedures	2023
Operating partners with H&S safety policy	100%
ISO 45001 certified	50%
Environmental management policy and system	75%
ISO 14001 certified	50%
ILO aligned employee handbook	100%
Supplier code of conduct or equivalent	100%
Non compliance with environmental regulations	0

PRINCIPLE 7

Systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil responsibilities

Victory Hill's sustainability policy sets the Firm's values and goals in terms of ESG. It details the Firm's commitments including to *"continue to incorporate sustainability into our investment decision making and on-going management of our assets."* In addition, the Fund investment strategy focus on SDG alignment and the energy transition means that identification of ESG issues is inherently included in investment processes, and all investments are sustainability impact orientated.

To support implementation of these commitments Victory Hill maintains a comprehensive management system. The ESG risk identification and management system (figure 17) integrates sustainability into each stage of the investment process through identifying material opportunities, risks, and impacts.

There is a wide range of potential ESG issues which can impact infrastructure investments. Relevant issues will vary from asset to asset depending on variables including the size and type of asset and its geographic location. As a result, we believe that it is not effective to take a 'one-size-fits-all' checklist approach to identifying, assessing, managing, and monitoring material ESG risks and that each process must be tailored to each asset. This is also true more broadly for the investment process in determining energy transition projects that best meet the needs of that geography, market demands and country's climate action plans.

Methodology

An independent third-party assessment of whether we cause harm to non-core SDGs is implemented. This assessment forms part of our due diligence and helps us determine the eligibility of an investment candidate. Key performance indicators under core SDGs are also assessed and scored to inform investment decisions.

Risks and impacts identified at the investment stage and through independent assurance are fed into an asset level materiality assessment which is informed by engagement with operating partners, local regulations, external frameworks, and benchmarks, as well as local impact assessments and stakeholder engagement where applicable.

Where ESG risks are identified, the relevant mitigation measures to be implemented post-investment are documented as part of the asset specific sustainability action plan. This may include policy, processes, or project plans to address ESG risks and impacts, as well as maximise opportunities.

ESG aspects will be monitored on all projects throughout the ownership period. This includes, but is not limited to, active management through project board representation and an annual ESG questionnaire as well as monthly data package shared by operating partners and investee companies with Victory Hill, to support ongoing portfolio management. These processes allow us to assess the outcomes of our stewardship objectives.

Data has been collected throughout 2022 and 2023 with the baseline reset as new assets were acquired or commissioned. The baseline year is used for setting targets and goals at the portfolio and asset-level to drive continuous ESG performance improvements.

Figure 18: Sustainability and ESG risk analysis and management process

Investment strategy: All investments are sustainability focused. Energy infrastructure investments must align with the SDGs and accelerate the energy transition towards a net zero carbon world and follow the four investment pathways. If a project does not align with the Firm's investment strategy or is found to do significant harm to the other SDGs, then the Firm does not invest

SDG analysis: Investments must pass sustainability eligibility criteria – part of project due diligence. An external assurance firm assesses the investment against the SDGs.

Materiality analysis: The International Finance Corporation performance standards, the Global ESG Benchmark for Real Assets and the Sustainability Accounting Standards Board, have identified material energy sector and infrastructure risks and impacts. The Firm assesses each investment against these specific risks and impacts, as well as regional and geographic risks to identify the environmental, social and governance (ESG) issues most relevant for the investment.

Risk assessment: Material and systemic issues are assessed to prioritize ESG risks and impacts related to:

- The sector of operation.
- The region and country of operation such as those identified by Transparency International, Freedom House, country climate pledges, Global Slavery Index, and International Labour Organization ("ILO") Labour Rights.
- The operational proximity to local communities, indigenous peoples, cultural heritage, and ecological and biodiversity habitats.
- The operational activities such as noise, light, water use, discharge, and waste.
- The stakeholders interacting with the operation including employees, contractors, and customers.
- The operating partner resourcing and policies for ESG management.

The asset is risk assessed on this basis, accounting for the probability of impacts and the quality of controls that operator has in place.

Action planning: Taking a Global Compact principles-based approach gaps in management practices and opportunities for improvement are identified. Actions to manage and mitigate impacts, implement changes, and close gaps are included in an asset specific SAP Operating partners will be self-assessed and audited by priority to assess strength of management practices.

Monitoring: Key performance indicators are reported by the asset monthly to track progress against impact management and the action plan, and to identify requirements for intervention. Performance targets are set on key metrics to support this effort and drive continuous environmental and social improvement at the asset level.

The external SDG analysis, materiality and risk assessments ensures action plans and monitoring are tailored to each geography and asset type.

Activity & Outcomes

Aligned with Victory Hill's investment policy and analysis, in 2023 the Firm's investment activities to achieve sustainability objectives included:

- The completion of the construction of the first solar and storage hybrid system in Australia, through the addition of a two hour 4.95MW battery energy storage system ("BESS").
- The commissioning of the solar farm component of the three New South Wales sites. Installation works for the co-located BESS have commenced.
- The completion of the tenth solar PV site in Brazil, which brought the total operational capacity of the Brazilian PV sites to 27.3 MW.
- The construction of three of the remaining six Brazilian solar PV sites progressing.
- Successful transition of Brazilian hydro facility operations from the vendor to operating partner Paraty with additional focus on hydropower sustainability standard achievement
- Successful certification of the US terminal storage assets to ISO 45001 and ISO 14001 reflecting their health, safety and environmental management ethos

As of 31 December 2023, the portfolio spans 25 assets (15 operational: 10 construction) in 5 programmes across four countries – USA, UK, Australia, and Brazil – and includes technologies such as liquid storage, solar PV, solar PV with battery storage, hydro and flexible power with carbon capture and reuse.

If a project does not align with the Firm's investment strategy or is found to do significant harm to the other SDGs, then the Firm does not invest. Several opportunities were not pursued in 2023 that did not meet the Firm sustainability criteria including gas peaking plants, and waste-to-fuel opportunities.
The table below highlights the indicators and data calculated to demonstrate sustainability outcomes of investments determined by the different ESG risks, impacts, and opportunities.

Figure 19: GSEO core sustainability indicators

Indicator	Explanation
Capital investment into energy transition focused assets (£) since IPO	The Firm intends that all GSEO investments are aligned with the energy transition.
Return on embodied carbon through renewable and net zero energy generation (tCO2e)	This is calculated using the embodied carbon identified through a life cycle analysis of the asset as a baseline. Actual or predicted carbon avoided through energy generation is subtracted annually.
MWh of renewable and low carbon energy produced	The figure represents the renewable and low carbon electricity generation which displaces carbon intensive generation demonstrating contribution to SDG 13.
Carbon dioxide equivalent avoided (tCO2e)	This figure accounts for renewable energy generation and renewable fuels use displacing fossil fuel generation.
Tonnes of nitrous oxide (NOx) avoided	These figures demonstrate the impact of renewable and cleaner fuels produced by an asset with a pollution reduction environmental objective, by reporting the tonnes of pollutive compounds removed through use of cleaner fuels. Demonstrating contribution to SDG 3.
Tonnes of particulate matter (PM10) avoided	
Tonnes of sulfur oxides (SOx) avoided	

The table below demonstrated impact investments had during the year in review meeting expectations and comparatively to year previously.

Figure 20: GSEO sustainability indicator performance

Indicator	2022 Portfolio Performance	2023 Portfolio Performance
Capital investment into energy transition assets since IPO (Net Asset Value as at year end)	£457.2 million[8]	£483.8 million
MWh of clean energy generated	35,117MWh	844,434 MWh
Tonnes of CO_2e avoided	14,349 tCO_2e	122,530 tCO_2e
Embodied emissions pay back	4 years	3 years

[8] Since IPO (February 2021)

Tonnes of pollutive compounds avoided	SOx: 20,613 t PM10: 1,049 t NOx: 2,048 t	Sox: 19,332 t PM10: 984 t NOX: 1,921 t

Figure 21: Portfolio carbon footprint

	2022		2023	
GHG emission	**Emissions**	**% Total**	**Emissions**	**% Total**
Scope 1				
Subtotal	3,950	35%	3,271±	10%
Mobile Combustion – Owned Fleet	28	0.2%	50	0.2%
Stationary Combustion (natural gas, diesel, propane)	3,922	34%	3,220	10%
Fugitive Emissions	-	-	0.52	0.002%
Scope 2				
Subtotal	470[4]	4%	518±	1.7%
Purchased and Used Electricity	470	4%	518	1.7%
Scope 3				
Subtotal	6,967	61%	29,013±	88%
Category 1: Purchased goods and services	7	0.1%	4	0.0%
Category 3: Fuel- and Energy-Related Activities	838[4]	7%	739	2%
Category 4: Upstream Transport and Distribution	6,121	54%	6,853	22%
Category 5: Waste	0.03	0%	3	0.01%
Category 7: Employee Commuting	-	-	19	0.06%
Category 9: Downstream Transport and Distribution	-	-	21,395	65%
Total Emissions	**11,387**		**32,802±**	

[4] 2022 scope 2 and scope 3 emissions have been restated following correction of electricity use reporting at the US terminal storage asset.

Figure 22: Portfolio energy use and GHG emissions

	Energy use (MWh)			GHG emissions (tonnes CO_2e)			
Year	**2022**	**2023**	**Energy % change**	**2022**	**2023**	**GHG % change**	
Scope 1	21,729	17,905	-18%	3,950	3,271	-17%	▼
Scope 2 (location)	1,436	1,783	24%	470[3]	518	10%	▲
Scope 2 (market) – onsite generation	-	8,172		-	0	-	
Total Scope 1 & 2	23,165	27,860	20%	4,420	3,789	-14%	▼
Scope 3 (all logistics)				6,967	29,013	316%	▲
Scope 3 (2022 logistics)				6,967	7,618	9%	▲
Avoided emissions (without hydro)				14,349	17,663	23%	▲
Avoided emissions				14,349	122,530	754%	▲

The portfolio has a science-based target calculated under the requirements of the net zero asset managers initiative (NZAMI) which was published in 2023 on the NZAMI website and shown below. Performance against this target (baseline 2023) will be disclosed.

The target covers 100% of the portfolio including assets under construction. The target will be recalculated replacing estimated emission data with actual once the construction assets are operational. The underlying science-based net zero pathway from which the targets are derived is the Sectoral Decarbonisation approach methodology and largely based on 'Power' sector for most of the assets. This requires a 65% reduction within a maximum 10-year time frame of Scope 1 and 2 emissions as the near-term target which includes Scope 3 emissions. The long-term target will see emissions. An external adviser has developed a road map towards 2050 with the target and actions for the underlying assets included in the asset specific SAP.

Figure 23: Portfolio science based target

Methodology	Year	Target
Science Based Target initiative for Financial Institutions: Sectoral Decarbonisation approach	Baseline 2023	0.0710229 tonnes CO_2e / MWh
	Near term 2030	0.0260654 tonnes CO_2e / MWh
	Long term 2050	0.0035511 tonnes CO_2e / MWh

Figure 24: Victory Hill GHG emissions (tonnes CO2e)

	2022	2023
Scope 2	2.1t	2.6t
Scope 3	116.5t	161.6t

The Firm also tracked its own carbon footprint from energy use in the leased London office and employee business travel. 2022 again is the baseline year with the office opening in January 2022.

Most emissions originate from employee travel to investment locations for audit and board meeting purposes. In 2022 the 120 tonnes emissions were offset through investment in carbon avoidance and removal projects through Ecologi. The projects included forest protection activities in South America and carbon removal through reforestation in Brazil. These projects are science based and verified by carbon certification bodies including Verra, VCS and Gold standard with proof of credit retirement publicly available. Victory Hill is committed to offset emissions it cannot currently reduce directly through offset and will make similar investments in 2024 to cover 2023 emissions.

PRINCIPLE 8

Monitor and hold to account managers and/or service providers

The Firm considers that effective governance is key to long-term value creation. The governance structure for the Firm described in principle 2 is an example of this.

Victory Hill appoints directors to the boards of project operating partner companies who have an active role in monitoring the performance of each asset and any contracted service provider. We promote an open and collaborative environment to ensure the soundness of the decision-making process and conduct a systemic annual assessment of each operating partner's sustainability performance.

To ensure alignment with Victory Hill's values and strategies, all Fund assets are required to have equivalent to Victory Hill's key policies as outlined in Principle 5. Operating partners are also given objectives and targets that are aligned with Victory Hill's overall corporate policies.

We take a hands-on approach to monitoring the performance of our Funds' operating partners as part of our ongoing asset management practices, with biweekly interaction being the norm for assets in the portfolio. We will revisit relationships with service providers if they fail to meet ESG expectations.

Activity & Outcomes

In 2023 the Victory Hill partners, and asset management team conducted several active visits and face-to-face engagement with partners this included several site visits to the flexible power and carbon capture construction site in the UK, terminal storage assets in the USA, solar PV and battery storage sites in Australia, solar PV sites in Brazil and the hydro facility in Brazil. This included in person board meetings with the asset operating partners. Weekly meetings and quarterly board meetings were maintained throughout the year. In addition, the Firm collects monthly ESG data covering material issues from operating partners such as energy use, emissions, water, waste employee diversity, job creation, health and safety, supply chain engagement to keep track of performance and identify potential anomalies and problems. Performance data for material issues is reported on a six-monthly basis to investors (or as requested) and was independently assured at the end of 2023 through a limited assurance engagement.

Risks in the supply chain are mitigated by selecting reputable suppliers, requesting prequalification due diligence questionnaires, and using appropriate contract language in service and supplier contracts. For potentially high-risk suppliers, for example PV panel manufacturers operating in China, Victory Hill engaged with operators and suppliers to understand any exposure to human rights issues, such as child labour. In 2023 our operating partner in Australia conducted enhanced due diligence into the solar PV supply chain for three construction assets to identify and mitigate risk of labour rights abuses.

Engagement

PRINCIPLE 9

Engage with issuers to maintain or enhance the value of assets

Through the appointment of senior asset management professionals and their representation on the boards of project companies, Victory Hill can ensure that issues, including ESG issues, which protect and enhance shareholder value are actively considered on an ongoing basis.

Victory Hill seeks to actively engage with our clients, service provider's and our funds' investors to coordinate approaches and align views to maximise the performance of our assets under management. This includes, as previously explained, the adoption of ESG policies and development of sustainability action plan (SAP) to ensure any risks, impact, opportunities are acted upon, and process gaps closed.

The Fund's investment strategy includes alignment with SDG 17 'Partnership for the Goals' recognising that the SDGs can only be met if all stakeholders work together to mobilise financial resources globally. This is the Fund's approach to investment. The values of honesty and integrity, transparency and partnership are integral to stakeholder engagements.

Applying a value chain view to investment impacts on the Fund's stakeholders is an essential element of Victory Hill's ESG risk identification and management process. ESG opportunities, risks, and impacts on both the assets and from asset activities on stakeholders are in scope.
The Firm's client relationship management tool is also used by the business to ensure stakeholder engagement activities are recorded so that the business can measure the level of engagement.

We have also met with individual investors to discuss performance and strategy of different assets when applicable and requested.

Activity & Outcomes

As of 31 December 2023, the Firm had successfully deployed funds into a sustainable energy infrastructure portfolio in GSEO as described in Principle 1 above. The Firm deployed capital aligned with the Fund's sustainable investment strategy and a successful capital raise in July 2022 also enabled further deployment into a pipeline of assets. As of 31 December 2023, GSEO had £483.8 millions of sustainable energy assets under management, meeting client's interests and contributing to energy transition, sustainable development, and climate goals.

This followed external due diligence by a third party on alignment with the SDGs. This analysis and subsequent engagement with operating partners and service providers determine sustainable action plans (SAP) for each asset aligned with risks, impacts, and opportunities.

Key performance indicators and the requisite focus on sustainable value creation are communicated to operating partners through contractual requirements and instructed in the asset agreed SAP. The SAP is based on the external SDG assessment, due diligence, and materiality analysis.

Strengthening operating partners' governance frameworks, implementing management systems including local stakeholder engagement, and enhancing data reporting processes were identified in the asset SAPs for 2023.

Through our engagement with potential partners and our associated due diligence as described, the investment team has rejected opportunities that did not meet our requirements for assets and our commitment to investors. For example, during 2023, several potential investments were rejected. Rejection was due to a range of issues, including not meeting financial criteria, governance issues such as ongoing litigation and not meeting sustainability criteria where a renewable project was linked to, and promoted, fossil fuel extraction or fossil fuel combustion with no emissions abatement.

We have also had some successful engagement on specific issues with operating partners. For example, in Brazil the hydro facility has initiated a certification process with the hydropower sustainability standard and the terminal storage assets have initiated an ISO certification process for 45001 and 14001. The latter was initiated after gaps were found in the assets management systems.

The Firm also strengthened data collection and analysis to drive continuous improvement by deploying dedicated ESG software. The ESG assurance process also produced some recommendations to strengthen processes such as caretaker arrangements and engagements in the remote Australian solar PV assets.

PRINCIPLE 10

Participate in collaborative engagement to influence issuers

Integrity and honesty are core values of our business, and this is reflected in how we collaborate with our clients, the end-users of our assets, our investors, our operating partners, and our staff.

In circumstances where Victory Hill has majority control of a project company on behalf of a client fund, we will use this influence to promote good sustainability and stewardship practices. In circumstances where Victory Hill has a minority interest or where outside minority consent is required, we will engage with fellow investors and other financiers to promote good practice.

GSEO holds majority ownership interests in its assets and the Firm uses this influence to engage with operating partners on asset management. For example, as described in Principle 5 operating partners are expected to have ESG commitments, policies and procedures tailored to their business activities. The Firm assists partners in developing these and identifying material issues for management. This engagement is also described in Principles 8 and 9.

Victory Hill believes collaboration with other organisations, industry peers and stakeholders is crucial to achieving sustainability aims and therefore is a signatory, supporter and member of organisations that seek to drive change through disclosure and partnership.

Figure 25: Associations and memberships

Activity & Outcomes

Victory Hill participates in collaborative engagement as signatories to UNPRI and supporters of TCFD. We are also signatories to the UN Global Compact and through this and our investment strategy, supporters of the SDGs. Our focus within this is on energy transition themes.

We became signatories to the UNPRI in 2021 and our first report was 2023. We are actively engaging in their conferences and seminars, and we are exploring ways to work more closely with other signatories in this forum. The Firm engages investors and operating partners on asset performance individually. The Firm joined the global impact investors network (GIIN) in 2022 with the objective to connect and collaborate on key energy transition themes.

The Firm committed to the Net Zero Asset Manager Initiative in 2022 and published its roadmap to net zero for GSEO in 2023. The asset operators have been engaged through the asset specific SAP on actions to achieve these aims. Performance is assessed annually.

Engagement in these initiatives has informed the scope of investment due diligence and asset management, for example the SDG analysis, principles-based approach to asset management and targets for net zero.

PRINCIPLE 11

Escalate stewardship activities to influence issuers

Through its representation on the boards of fund project companies, Victory Hill can promote stewardship by ensuring that sustainability priorities are actively considered in both our investment decision-making and on a continuing basis.

With the use of our ESG management system (figure 18) and independent third-party sustainability consultant, operating partners are tasked with sustainability objectives through the asset specific SAP, or these goals may feature in the project's business plan – also promoting ongoing accountability and independent challenge of progress made. In parallel to this, Victory Hill's asset management and risk & compliance policies require the prompt escalation of material events which impact Victory Hill's stewardship of investments.

Victory Hill oversees the implementation of responsible investment policies and practices at the portfolio company or asset operating partner level which are appropriate to each portfolio company's or asset operating partner specific circumstances, and which specifically address any material ESG issues identified in the pre-investment phase. Topics to be covered by appropriate policies include, but are not limited to, ESG, human resources, adherence to SDGs and responsible contractor and supplier requirements.

Activity & Outcomes

In 2023 the Firm worked with our operating partners to support policy and process implementation, data collection and target setting aligned with our materiality assessments. These actions were outlined in an agreed SAP. For example, all asset operators have been engaged on their health and safety practices and policies. We have engaged with the US terminal storage asset operator on health, environment and safety practices, and our Australian asset operator on supply chain management practices.

Activities in 2023 include:

- ISO 45001health and safety management system and 14001 environmental management system certification at the US terminal storage facility
- ISO 45001, 14001 and 9001 quality management certification at the Brazilian hydro facility
- Completion of hydropower sustainability standard gap analysis at the Brazilian hydro facility which led to enhanced community engagement. Community engagement activities included educational visits to the plant, dam safety simulation and communication network roll out for the nearby town. Other activities included fish monitoring and transportation seminar, environmental education events.
- Enhanced due diligence completed of solar and BESS supply chain for Australian construction assets which included engaging engineering, procurement and construction (EPC) contractors, solar panel and equipment suppliers in approaches to labour, social responsibility, supply chain audits and sustainability more generally.
- Renovation of the steam generation system at the US terminal storage asset enabling better energy efficiency and condensate capture allowing water to be recycled and reused decreasing water use.

The Firm takes a life cycle approach to understand carbon impact and footprint of each of the renewable power generation investments and the future carbon capture project. As previously reported a life cycle assessment (LCA) is completed of embodied emissions for all the energy generation assets in the portfolio. This data was first published in the 2021 report. This analysis was updated with the acquisition of the Mascarenhas Brazilian hydro facility at the end of 2022 and the commissioning of the BESS system in the Australian solar PV sites.

The avoided emissions calculations within the LCA take into account local factors such as carbon intensity of the energy type being replaced at a local level and local irradiance levels. The expected decarbonisation of traditional baseload energy supply aligned with country commitments towards net zero by 2050 was also factored in.

GSEO is tracking progress on carbon emission "payback" as calculated in the LCA, considering the estimated and actual energy generation and associated avoided emission calculations the 'payback' period for the assets. The clean electricity generated is starting to payback that emitted and estimated in their lifetime. The Brazilian hydro facility was commissioned in 1974 and has a short 'payback' period for its embodied emissions which means the facility is notionally providing zero emission electricity into the grid.

Figure 26: GSEO carbon life cycle analysis for energy generation

	Units	Australia	Brazil (hydro)	Brazil (solar)	UK	Portfolio
Life time embodied emissions	kg CO_2e	132,871,331	175,381,510	114,276,353	1,321,045	423,850,239
Life time operational emissions	kg CO_2e	6,560,974	1,865,990	12,867,804	93,210,017	114,504,785
Total life cycle emissions	kg CO_2e	141,307,607	177,247,500	127,144,157	94,531,062	540,230,326
Life time emissions avoided	kg CO_2e	637,651,331	9,157,834,560	197,048,974	246,557,717	10,239,092,582
Life time net emissions avoided	kg CO_2e	241,208,451	8,980,587,060	69,904,817	152,026,655	9,698,862,256
Average emissions avoided per annum	kg CO_2e	25,506,053	91,578,346	7,881,959	9,862,309	134,828,667
Emissions payback	years	5.5	1.9	16.1	9.6	4.0
Avoided emissions since GSEO acquisition	kg CO_2e	25,035,373	104,866,963	6,976,839	In construction	134,453,031
Remaining emissions	kg CO_2e	116,272,234	Complete*	120,167,318		409,777,295
Remaining payback	Years	4.6	Complete*	15.2	-	3 ▼

The Firm continued to actively monitor and engage with investments. Other environmental and social performance data is provided in this report in figures 15,16,17,20, 21 and 22.

Exercising Rights and Responsibilities

PRINCIPLE 12

Actively exercise their rights and responsibilities

Victory Hill's representatives, in their capacity as directors of project companies, will actively consider the interests of fund stakeholders when voting on any resolution that is proposed. Any decision will be made after consideration of the facts. Victory Hill representatives will not actively seek to disclose the voting activity of its representatives except when required by law, due to commercial sensitivities that exist at the project company level.

To date, Victory Hill has not invested in listed companies and therefore has no voting history to disclose. However, as discussed in Principle 11, though our board seat influence of project companies we promote stewardship of our client's assets.