




Victory Hill Capital Partners LLP

SUSTAINABILITY POLICY

Energy Transition • Infrastructure • Sustainability

September 2023



Version Control:

Version History	Date Approved	Approval
September 2023	14 September 2023	VHCP Executive Committee

Commitment

Victory Hill Capital Partners LLP (“Victory Hill” or the “Firm”) is committed to sustainable development, responsible investment and ethical business practices. This means taking a sustainability goals and principles-based approach to our operations and our decision-making processes.

This policy outlines our commitment and approach to building a sustainable development culture that is integrated into everything we do.

The Firm has an overarching mission to support and accelerate the energy transition towards a net zero carbon world through the investments the Firm makes on behalf of the funds it manages. The Firm targets investments in sustainable energy infrastructure assets and companies that serve and create additional value for communities and the environment around the world. The Firm recognises that to achieve its missions it needs to invest in a sustainable and responsible way.

The UN Sustainable Development Goals (SDGs) recognise that social and environmental sustainability are interconnected and mutually reinforcing. The goals provide a 'shared blueprint' for a global partnership including business. Victory Hill has built its business approach on this framework. Our investment policies align investments with the SDGs and we seek to address fundamental gaps in energy markets to support energy security, access and economic growth. We have also committed to managing our investments in accordance with the UN Global Compact principles.

An important facet of our principles-based approach is understanding the positive and negative changes that result from our investments on our stakeholders. At Victory Hill, we believe that the long-term success of our business, clients, assets and investors can only be achieved by taking ownership and responsibility for our environmental, social and governance (“ESG”) impact on our core stakeholders.

Our stakeholders include:

Investors who provide capital to deliver projects that facilitate the energy transition to net zero.

Operating partners and suppliers who we collaborate with to ensure quality, reliable and sustainable assets that deliver on the energy transition to net zero.

Investee companies who we work with to address sustainability challenges and deliver products and projects that facilitate the energy transition to net zero.

Communities and customers who may be affected by our investments. We commit to acting with cultural and local awareness and integrity, managing adverse economic, environmental and social impact and enhancing positive such as enabling affordable energy access.

Employees whose commitment, quality and integrity drives our success. We are committed to a sustainable development culture that delivers a diverse and inclusive workplace focused on health and wellbeing and a continual investment in capabilities through training, learning and development.

Environmental capital which we are committed to protecting and enhancing through responsible business practices across our operating and investment regions. We recognise environmental sustainability, social sustainability and economic sustainability are interlinked. We seek to address climate and pollution challenges through our investments.

Scope

This policy applies to Victory Hill employees and activities and outlines our approach to incorporating sustainability considerations into our investments and on-going fund and firm management processes to ensure we meet our sustainability commitments. This is achieved through aligning investments with global sustainability frameworks and taking an environmental, social and governance risk and opportunity management approach to operation and activity management.

The Firm has external assurance processes, internal tools and procedures to support achieving policy aims and commitments.

The Firm invests in diverse geographies and technologies resulting in a range of operational priorities. The Firm is committed to using several approaches to align investment priorities and identify and prioritise ESG issue management.

Our Approach to Managing Investments

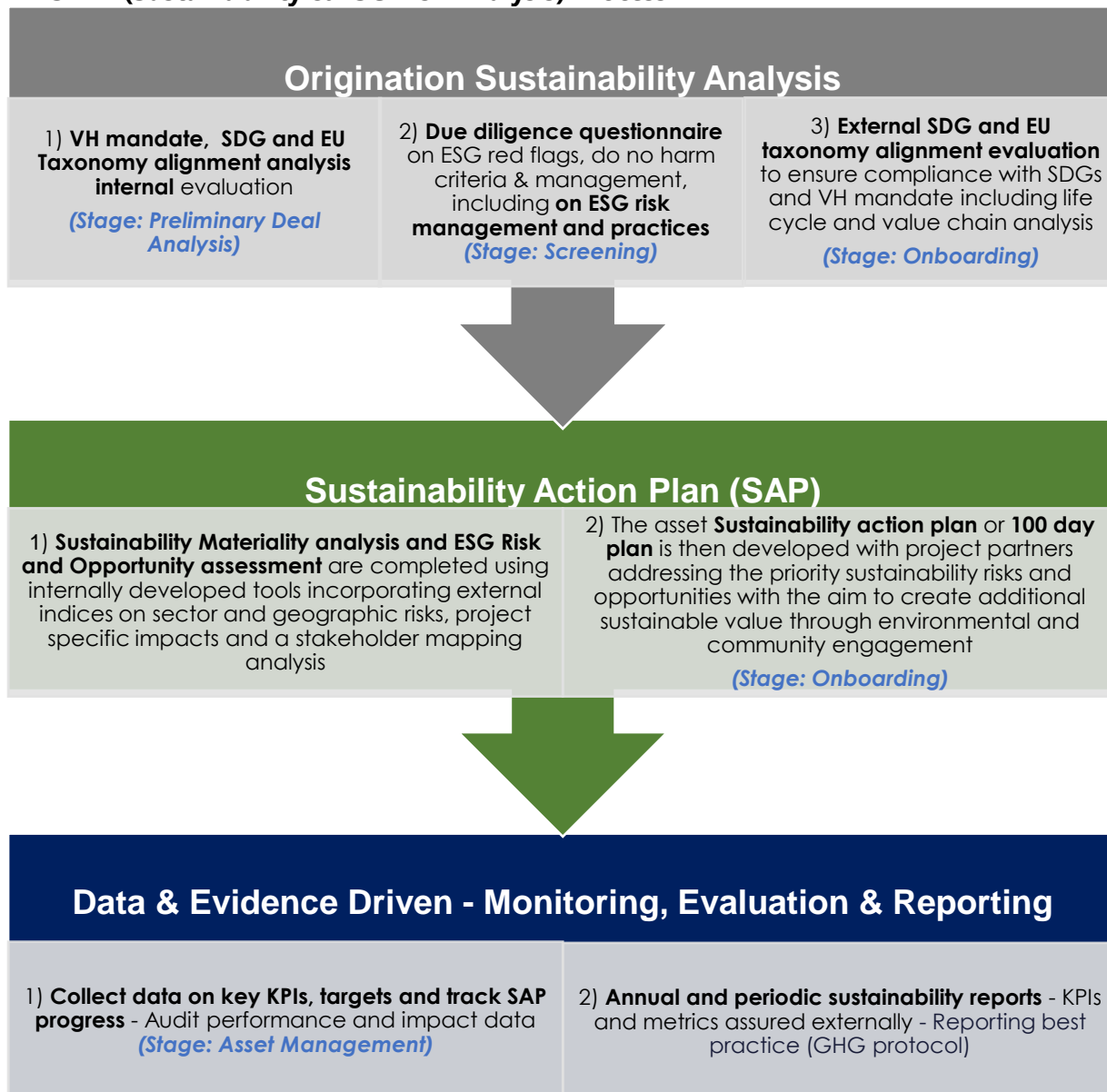
A 'Plan-Do-Check-Act' management approach of continuous performance improvement is implemented.



Victory Hill's internal sustainability process is embedded through the investment life cycle. It is focussed on delivering SDG impact and creating additional sustainability value. It incorporates the UN Principles of Responsible Investment, the UN Global Compact and the UK Stewardship Code.

The diagram below summarises this process with examples of outputs included.

VH SERA (Sustainability & ESG Risk Analysis) Process



The Firm will consider a wide range of ESG issues commensurate with the investment sector, geography and project / company attributes. Material issues will be monitored. Examples of issues include:

Environment	Social	Governance
Greenhouse gas emissions (life cycle)	Health and safety	Cybersecurity and data protection
Climate risk	Employment rights	Whistle-blower protection
Energy	Human rights	Anti-bribery and anti-corruption
Air pollution	Community engagement & development	ESG oversight and resourcing

Hazardous substances use and production	Inclusion equality, and diversity	
Water use and discharges	Forced or compulsory labour	
Waste production and disposal	Responsible procurement	
Material sourcing and efficiency		
End of life management		
Biodiversity and habitat		
Natural resource consumption		

The Firm, following investment, also expects its investee companies and operating partners to follow the VH sustainability criteria for investments. This means taking a risk-based approach to manage and mitigate material environmental and social issues.

Sustainability Criteria for Investments

The Victory Hill sustainability criteria are requirements to align investee business strategies and operations with universal principles on human rights, environment and anti-corruption that advance action on global sustainability goals as described in the UN Global Compact.

Specifically:

1. Operating partners and investee companies should support and respect the protection of internationally proclaimed [human rights](#). In particular, they should:
 - ensure appropriate policy and due diligence, and address any adverse human rights impacts associated with their business activities on Victory Hill's behalf in their capacity as service provider, employer and neighbour.
 - ensure their relationships with governments, business partners, suppliers, communities and other actors do not pose a risk of complicity in human rights abuse for example the provision or contracting of goods.
 - ensure appropriate stakeholder engagement on business activities and seek to create additional societal value through community engagement in their locations of operations.

For additional guidance see the [UN Guiding Principles on Business and Human Rights](#)

Example monitoring KPIs:

Indicator	Potential Answers
A policy statement that includes commitment to respect human rights	Yes/no
% of suppliers screened on human rights performance and related risk profile	Up to 100%
Number human rights grievances reported by stakeholder	0 upwards

Number of violations reported against business norms e.g., OECD guidelines for multinational behaviour	0 upwards
Number of community engagements Percentage of local suppliers and local employment £ spent in the community/ local suppliers/local employment	0 upwards % £0 upwards

2. Operating partners and investee companies should support and respect the protection of internationally recognised **labour standards**. They should ensure appropriate policy and processes that:

- provide for the health and safety of workers, users, communities and other relevant stakeholders.
- respect the right of workers to join trade unions without discrimination.
- commit not to use, be complicit in, or benefit from forced labour or child labour.
- monitor supply chains and subcontracting arrangements.
- take action to address discrimination and eliminate it in the workplace and community engagements.

Example KPIs for performance monitoring:

Indicator	Potential Answers
A policy statement that includes commitment to adhering to labour standards	Yes/no
Anti-slave labour, child labour and anti-trafficking policy and statement	Yes/no
Anti-discrimination and equal opportunity policy	Yes/no
Grievance procedures in place	Yes/no
Number of labour related grievances reported by stakeholders	0 upwards
Diversity metrics e.g., % gender, ethnicity, pay gap	%
% of employees receiving relevant training	%

3. Operating partners and investee companies should not contribute to **environmental** degradation and should take proactive measures to improve the environment around their operations, including reducing direct and indirect emissions to achieve a net zero target aligned with the Paris Agreement goal. They should have a vision, policy and strategy towards sustainable development with associated targets and indicators that:

- commit to environmental and social impact assessments for new construction.
- take a life cycle and value chain approach to responsible consumption and production.
- commit to no reduction in species or negative changes to local ecological processes from operations.
- commit to no land use change away from productive food crops where that would be detrimental to local food security and/or that would lower the carbon sink attributes of the land.
- commit to responsible water use and does not contribution to local water stress.
- implement a robust and appropriate environmental management system for operations e.g., ISO 14001.

- seek to create additional environmental value in locations of operation e.g., improving carbon sink of soil through agri-voltaics.
- achieve net zero for the business through achievable emission reductions that consider scope 1, 2 and 3 emissions.

Example KPIs for performance monitoring

Indicator	Potential Answers
A policy statement that includes a commitment to environmental conservation and enhancement	Yes/no
A management system certified to ISO 14001 or equivalent	Yes/no
A carbon life cycle assessment of technology/ operations including supply chain, land use, feedstock and end of life management	Yes/no
Location relative to protected areas	0 Km/miles distance
No of acres of habitat or ecosystem protected/conserved	0 upwards
A validated net zero target and roadmap	Yes/no

4. Operating partners and investee companies should work against corruption in all its forms, including extortion and bribery. They should implement an anti-bribery and anti-corruption (ABAC) policy and compliance process in concert with a whistleblowing process, ensuring all employees sign up to an ethical code of conduct.

Example KPIs for performance monitoring

Indicator	Potential Answers
Anti-bribery and anti- corruption (ABAC) policy	Yes/no
Code of business ethics for employees	Yes/no
Code of business ethics for third parties e.g. suppliers, business partners	Yes/no
Whistleblowing ethics hotline	Yes/no
Number of reports on ethics hotline	0 upwards
% employees with anticorruption training	%
Subject and outcome of investigations	Text description

The Firm invests in diverse geographies and technologies resulting in a range of operational priorities. The Firm expects asset operating partners and investee companies to have an appropriate and auditable due diligence, materiality and risk assessment covering all aspects above to identify material issues for action.

Measuring Investment Impact

Victory Hill will externally disclose investment performance on achieving its energy transition and sustainable development mission. Independent third-party assurance will be obtained on

key metrics including energy generated, emissions avoided, energy used, scopes 1,2 and 3 emissions, air pollutant emissions, health and safety metrics and employee metrics as required.

Specifically, third party analysis is also undertaken to understand:

- performance against net zero targets for each investment.
- payback on investment lifecycle embodied emissions.
- regulatory alignment to meet 'green' fund labels.
- impact against SDG indicators.

Investment Compliance

In cases where investment activities are geographically located within a regulatory sustainable taxonomy area, the Firm is committed to disclosing transparently its requirements to demonstrate the sustainability and impact attributes of its investments and activities as required.

Our Approach to Managing Firm Sustainability

ESG management within the Firm is focussed on creating a sustainable development culture where material sustainability issues are considered in all Firm activities. This includes:

- compliance with all relevant ESG regulations to demonstrate leadership amongst our peers.
- living our value of transparency by disclosing all relevant sustainability data to our investors and stakeholders.
- collaboration and partnership to develop our and the sector understanding and practice through membership and signatory to industry frameworks and initiatives including:
 - o UN Global Compact 10 principles
 - o UN Principles on Responsible Investment
 - o Task force on Climate-Related Financial Disclosures
 - o Net Zero Asset Managers Initiative
 - o Global Impact Investment Network.
- employee engagement through:
 - o training, development and support
 - o embedding sustainability into performance assessments and remuneration through objective setting
 - o offering staff time for volunteering activities.
- we seek to lead by example and minimise the negative environmental and social impact of our own operations taking a similar materiality approach to our investments.
- Victory Hill will quantify, reduce and offset our emissions as part of our overall commitment to minimise our corporate carbon footprint including:
 - o reducing carbon emissions from office activities.

- reducing business travel emissions, through using alternative technology, lowest carbon option for travel and offsetting when necessary.
- waste and water management.
- considering the environmental impact of stakeholder engagement e.g., hospitality.
- encouraging employees to reduce individual environmental impacts.

Roles & Responsibilities

Sustainability Committee

This policy is administered by the Firm's Sustainability Committee which has the objective to ensure that the activities of the Firm are aligned with, and do no harm to, the SDGs.

Sustainability Team

The Firm has a dedicated Head of Sustainability to implement this policy, drive sustainable value creation and steer internal strategy navigating sustainability challenges and competing stakeholder interests.

Victory Hill Staff

Victory Hill staff are responsible and ethical investors. It is the responsibility of all Victory Hill staff to ensure that sustainability factors are considered in all investments, management, divestments and corporate decision-making processes.

The Sustainability Committee is responsible for arranging periodic reviews of this policy to ensure it remains current and fit for purpose and reporting periodically on the policy and sustainability-related matters to the Firm's Executive Committee. Our processes are reviewed and updated periodically as part of our commitment to continuous improvement and strengthening our due diligence process.