



Glennmont Partners

Environmental, Social, and Governance Report 2021

Alternative energy
investment
Absolute Returns

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Glennmont
Partners is
one of Europe's
largest fund
managers focusing
exclusively on
investment
in clean energy
infrastructure



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Piiparinmäki, Fund III
211 MW wind farm, Finland

Margam, Fund II
40 MWe biomass plant, Wales

> €3.0_{bn}

Glennmont has managed
over €3.0bn of clean energy
investments (by EV) to date

> 1.5_{GW}

Glennmont has invested equity
in assets with an installed
capacity of over 1.5 GW

> 30_{deals}

Glennmont has made over 30
investments across Europe

> 50_{sites}

Glennmont's investments
have been based in over
50 different sites

> 15_{years}

Glennmont has been investing
exclusively in clean energy
infrastructure for over 15 years

1 Foreword: Glennmont Partners and ESG

This report sets out Glennmont's work on ESG in 2021, across both our team and the assets that we manage.

The easing of the COVID-19 pandemic led to anticipation that 2022 would be an important year for climate change mitigation. This has been exacerbated by the war in Ukraine which has meant that the importance of a secure, independent energy supply has become a focal point for many governments. We are encouraged to see European governments accelerating the energy transition as a consequence, with clean energy being prioritised due to its cost effectiveness, ease of rapid deployment, and resulting reduction in fossil fuel imports.

The focus for governments should now be on shortening and streamlining project development processes, improving transmission and interconnection across national and regional grids, defining a European-wide approach to clean energy, and supporting the roll-out of storage. Governments are already investigating this: the Government of the United Kingdom's latest plans entail up to 50 GW of offshore wind by 2050, including 5 GW of floating offshore wind in deeper seas, and a potential five-fold increase to total solar capacity by 2035.

In parallel to these developments, Glennmont is continuing to do more work to enhance the integration of ESG into our practices, in part to ensure that we continue to lead by example in respect of the responsible management of infrastructure funds and assets. While this report sets out our activities over 2021, we expect 2022 to be defined by further work on:

1. the implementation of the EU SFDR and Taxonomy regulation;
2. greater scrutiny over our supply chains;
3. the further development of community funding initiatives at our assets;
4. extensive investigation into our carbon footprints, both at asset- and at firm-level; and
5. refinement of our methodology for key ESG metrics, as well as extending the scope of data captured.

We hope that you find this report informative and welcome any inquiries that you may have.

Joost Bergsma
CEO and Managing Partner

2 An Introduction to Glennmont Partners

Glennmont is one of the world's largest fund managers focusing exclusively on clean energy infrastructure investing.

We have raised over €2.5 billion towards investing in clean energy, and have invested in projects with a total enterprise value over €3.0 billion. To date we have made investments in Finland, France, Germany, Ireland, Italy, Portugal, Spain, and the UK - with a cumulative installed capacity exceeding 1.5 GW across over 30 investments and 50 sites. Of these projects, one is currently under construction while the rest are operational, with 24 successfully divested. This does not include an additional 1 GW of solar PV projects that the Glennmont team is developing across southern Europe.

Our specialist and international team has been working together since 2007. It comprises around sixty people based across Europe, the USA and APAC. The team has established a reputation for making intelligent, long-term investments that deliver absolute returns. We have market-leading experience in the development, construction, and operation of clean energy generation projects.

Over 2021 Glennmont continued its steady growth. We signed further investments for Fund III, continued the deployment of REBS I ("Renewable Energy Backed Securities", a secondary debt fund), and divested the majority of our Fund II portfolio, with only two bioenergy assets remaining to be divested. Sibelius remains under construction, as Finland's largest onshore wind farm development, with 211 MW under construction.

Gode Wind 1, Fund III
330 MW wind farm, Germany

Margam, Fund II
40 MWe biomass plant, Wales



3 Reporting against the UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all UN member states in 2015, calls for action on 17 SDGs, composed of 169 specific targets. The UN Principles for Responsible Investment in turn has recognised that the SDGs represent the largest, globally-agreed sustainability framework and that PRI signatories should align their responsible investment practices with the SDGs; using the SDGs as a proxy for society's broader sustainable objectives.

Glennmont has selected the four goals which are most relevant to our work, and reports our work towards them on an annual basis. This will be the third annual report to comment on these goals.

The four goals, as outlined below, are Goal 7, Affordable and Clean Energy; Goal 8, Decent Work and Economic Growth; Goal 12, Responsible Consumption and Production; and Goal 13, Climate Action.

Glennmont's work supports other goals as well; we have chosen to map our activities against these four in particular, so as to sharpen our focus.

Glennmont's four target Goals



The UN has produced targets for each SDG to check progress in 2030.
Glennmont has selected the following targets as especially relevant to our work:

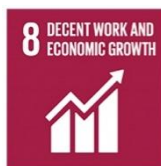


Goal 7 - Targets

By 2030, ensure universal access to affordable, reliable and modern energy services

By 2030, increase substantially the share of renewable energy in the global energy mix

By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology



Goal 8 - Targets

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment



Goal 12 - Targets

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



Goal 13 - Targets

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

3.1 Glennmont's UN SDG Highlights

Glennmont has contributed towards the UN SDGs in a variety of ways over 2021. We have been able to measure or estimate some of the key ones. There are further contributions listed throughout this report. Our key contribution is through our production of clean energy, as highlighted below.

Fund I, Fund II, and Fund III			
Goal 7 Affordable and Clean Energy	Goal 8 Decent Work and Economic Growth	Goal 12 Responsible Consumption and Production	Goal 13 Climate Action
1.2 TWh produced over 2021	200+ job-years created over 2021	640,000+ GoO certificates produced	Over 300k gross CO ₂ tonnes offset over 2021
Five virtual seminars hosted on the clean energy transition	One red traffic light in H&S indicators across the operational assets	51.1k m ³ water used during bioenergy energy production over the year	Three important climate change statements or letters signed

4 Environmental

4.1 Gross Energy Production

Since inception, Glennmont has produced over 12 TWh of clean energy from its solar PV, onshore wind, offshore wind and bioenergy assets, excluding any adjustments for Glennmont's share of the project.

	2021	Inception to Dec 2021
Fund	Clean energy produced over 2021 (TWh)	Clean energy produced to date (TWh)
Fund I	0	5.5
Fund II	0.7	5.1
Fund III	0.5	1.2
Total	1.2	11.8

	2021	Inception to Dec 2021
Technology	Clean energy produced over 2021 (TWh)	Clean energy produced to date (TWh)
Solar PV	0	1.7
Onshore Wind	0.6	7.2
Offshore Wind	0.3	0.7
Bioenergy	0.3	2.1
Total	1.2	11.8

Nebrodi Ovest, Fund II
20 MW wind farm, Italy



4.2 Gross CO₂ Offsets

The 2015 Paris climate conference set a goal of limiting global warming to 1.5 degrees Celsius, as opposed to the previous target of 2.0 degrees Celsius.

Glennmont's investments contribute to this goal by improving the share of clean energy generation in global energy production and, consequently, offsetting CO₂ emissions which may otherwise have been emitted through a less environmentally-friendly source, such as coal or natural gas. The metrics below set out the gross CO₂ offset by Fund and, within the Fund, by country and year.

Fund II investments – Gross CO₂ offsets

2021

153,595

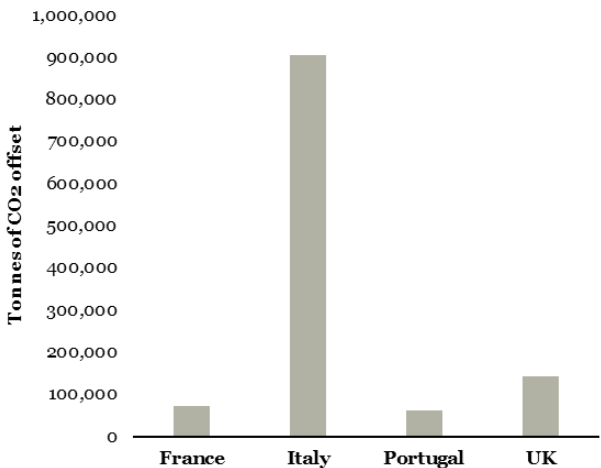
Tonnes of CO₂ offset

Portfolio to date

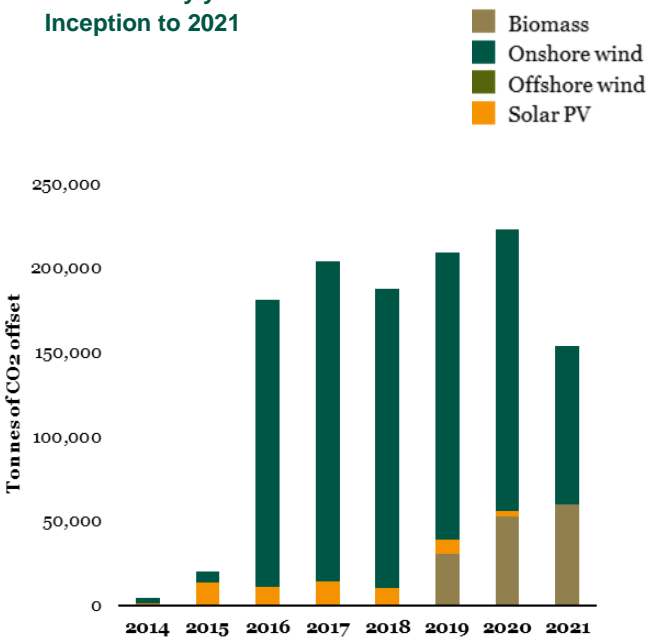
1,184,092

Tonnes of CO₂ offset

CO₂ offset by country
Inception to 2021



CO₂ offset by year
Inception to 2021



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Glennmont estimates its gross CO₂ offsets by combining data from our assets and the annual International Energy Agency (“IEA”) report Emissions Factors. Going forward, we will update the underlying IEA data on a yearly basis when we receive each new Emissions Factors report.

The CO₂ offset for the portfolio is calculated by multiplying our assets’ actual kWh generated by a corresponding IEA CO₂/kWh factor for the relevant country and year. Future years are estimated by taking averages of the previous three years’ actuals. The IEA’s CO₂/kWh value for each country is based on the total emissions from fossil fuels consumed for electricity generation, in both electricity-only and

combined heat and power plants (CHP), divided by the electricity generated from all fossil and non-fossil sources.

Glennmont previously used an earlier IEA report for offset calculations. By using the latest available Emissions Factors report instead, the offsets have fallen as the carbon intensity of energy production in Europe has fallen.

Please note that these ‘gross CO₂ offsets’ are not certified. They are estimates based on assuming clean energy is carbon dioxide emission-free and comparing it to the relevant grid’s carbon intensity. They are not adjusted for Glennmont’s share of the project.

Fund III investments – Gross CO₂ offsets

2021

173,796

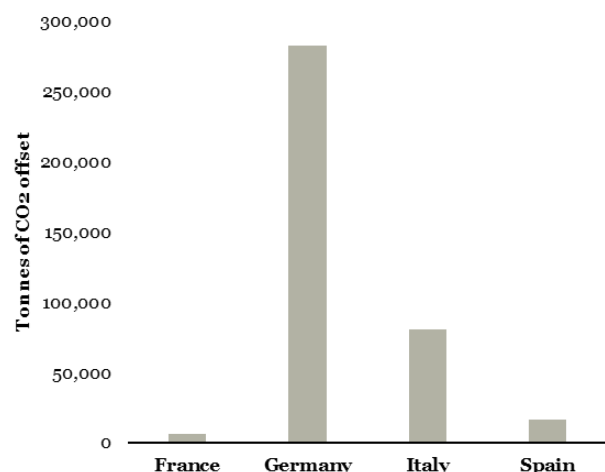
Tonnes of CO₂ offset

Portfolio to date

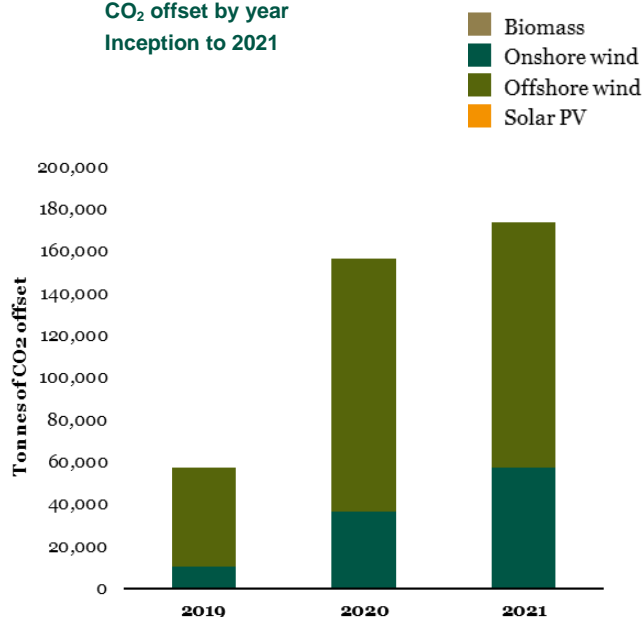
387,546

Tonnes of CO₂ offset

CO₂ offset by country
Inception to 2021



CO₂ offset by year
Inception to 2021



4.3 REBS and CO₂ offsets

REBS acquires the debt of projects which offset significant quantities of CO₂ through their generation of clean energy

The gross CO₂ offset by the assets associated with the loans that REBS has acquired can be estimated as follows:

Investment	1	2	3	5
Acquisition date	18/12/2020	23/11/2020	05/10/2020	25/01/2019
Country	Pan-European	Italy	Spain	Italy
Installed capacity (MW)	7,200	110	23	66
Technology	Pan-technology	Onshore wind and solar PV	Solar PV	Onshore wind and solar PV
Clean energy produced (MWh) p.a.	8,280,541	82,825	42,739	54,130
Grid intensity (tCO ₂ /MWh)	0.247	0.298	0.237	0.298
Gross tonnes of CO ₂ offset p.a.	2,042,381	24,651	10,693	16,152
REBS capital exposure (2021)	2.7%	18.3%	16.1%	10.6%
REBS gross tonnes of CO ₂ offset p.a. (2021)	55,265	4,527	1,630	1,707

Investment "1"

Country	Share per country	Clean energy produced per country (MWh) p.a.	Grid intensity (tCO ₂ /MWh)	Grid intensity x share per country
Spain	42.4%	3,511,006	0.237	0.100
Italy	37.2%	3,077,535	0.298	0.111
France	10.3%	856,000	0.056	0.006
Portugal	4.9%	402,000	0.276	0.013
Germany	3.4%	282,000	0.379	0.013
Belgium	1.8%	152,000	0.183	0.003
TOTAL	100.0%	8,280,541	N/A	0.247

Please note that:

- These 'gross CO₂ offsets' are not certified. Please refer to page 10 for detail on the methodology.
- The clean energy produced and 'REBS capital exposure' are both estimates. These projects can be composed of a great number of underlying projects, with varying loan-to-value ratios, and the information that is received for each project can vary substantially in relation to form, periodicity, granularity, and other elements.
- As a debt holder, in some instances a junior debt holder, further granularity on the energy production figures is not available.

4.4 Water Usage

The water consumption of Glennmont's assets varies substantially according to the technology; the water usage of Glennmont's onshore wind projects is relatively minimal compared to the water consumption of solar PV investments, which is itself minor in comparison to the water consumption of biomass.

Water usage is key to the energy generation of biomass plants: the water is first heated in the boiler to produce high pressure steam (powered by feedstock combustion), the steam produced from this process is then fed into a turbine which then generates electricity through an electrical generator. The steam is then condensed and fed back to the boiler to close the steam cycle loop. The electricity is subsequently exported to the national grid. Part of the heat produced can also be exported to a local district heating network or to an industrial user. Water also has other plant uses, though they are less material – for instance, it is used by staff for domestic purposes. Process water discharged from the plant goes through a sedimentation/neutralisation basin where the water is treated prior to discharging to the local water effluent network. In addition to this, the water is frequently sampled to ensure it complies with the site trade effluent permit or consent.

Fund II water consumption for 2021 was higher than the average of the previous three years due to reduced downtime over the year.

	Fund II Biomass	Total
2021 water consumption (m ³)	51,451	51,451
Water consumption over previous three years (m ³)	93,047	163,934
Average water consumption over previous three years (m ³)	31,016	54,645

For solar PV plants, water consumption is important for routine maintenance. Water is used to clean the solar PV modules, as a minimum on an annual basis, which helps to maintain plant performance. The water is sprayed at high pressure which results in a water usage per MW of around 6m³ per year. Solar PV modules with anti-soiling coatings are increasingly common, which may help to reduce their water consumption.

5 Working with our Communities

Glennmont is acutely aware of the distributed nature of clean energy power projects and the importance of embedding them within local communities. As an energy provider, Glennmont has committed to being an active member of local communities, and supporting community activities is a core part of our ESG strategy.

Regular engagement takes place with the local stakeholders of our assets. It is focused on creating awareness of the importance of clean energy, creation of employment opportunities and promoting an understanding of the technical workings of clean energy technologies.

5.1 Community Funding

Several of Glennmont's assets provide funding for local groups, government and initiatives

Glennmont is committing to showing on an annual basis the amount distributed in the previous year from assets owned at year-end. These funds are used for activities such as those set out in section 5.2.

Cash distribution (€k)	Fund II	Fund III	Total
2021	€500	€59	€559+
2020	€460+	€74	€534 +
2019	€600+	N/A	€600 +
2018	€2,200+	N/A	€2,243+

Alcantara Nord, Fund II
Part of 48 MW wind farm, Italy



5.2 Community Activity Examples



Fund II Projects

1 Margam

Margam's community funding agreement remains in place, with accumulated funding of around £50,000 yet to be awarded at year-end 2021.

In May 2021, £2,442 was provided to the Tata Steel Cricket Club from the Margam Community Benefit Fund. This means that, at year-end 2021, 31 awards had been made from, totaling £76,794.

2 GEMS

ESG activities continued until the sale of the projects in Q3 2021. The highlights of these activities were elements such as:

- 105 hours of training provided to employees;
- 32 inspections carried out at assets (24 internal, 8 external);
- works, funded by municipality royalties from the assets, at a theatre in the Sambuca di Sicilia municipality, a building to be used as an art gallery in the same municipality, monuments in the San Piero Patti municipality, and a sports facility in the Antillo municipality;
- GEMS contributing €10,000 to the province of Messina to fund a geological report to assist with the upgrading of a section of a road, to make the transit for vehicles safer; Lago Arancio providing €90,000 towards maintenance and associated works to the light system of a municipal theatre; and
- Alcantara Nord/Sud contributing €65,000 to Francavilla di Sicilia municipality to support works on, amongst other things, redevelopment of a playground and environmental works on a riverbed (such as the removal of waste).

BNZ

BizGive

Fund III Projects

1 BNZ

BNZ, an independent power producer specialising in solar PV established by Fund III, is currently developing solar PV projects across Southern Europe. While none of these projects are operational yet, the BNZ team is exploring different environmental and social activities that could take place at the plants.

Highlights, at different projects, include:

- panels to be elevated to cultivate low climbing plants;
- self-consumption sites to be installed;
- pedagogic visits to the projects;
- olive trees to border the projects;
- flower planting and installation of beehives; and
- participation in social community projects.

With respect to social community projects, BNZ announced in March 2022 that it would be supporting a social project called 'Cuidar Maior' in Portugal's Norte region. The BNZ contribution will go towards the hiring of a project coordinator, a psychologist, a social educator, a social service technician, and an entertainer to support the work of local caregivers.

2 Piiparinmäki

Piiparinmäki, Fund III's 211 MW onshore wind farm under construction in Finland, has decided to provide compensation to neighbouring landowners, from 2021 onwards, at a total cost of €6,000 per annum, and is developing a community funding platform, working closely with online funding platform provider BizGive, to access beneficiaries in the local area. The first donations are expected to be made in 2022, post COD, and up to a maximum of €100,000 per annum.

6 Human Capital

6.1 Labour Relations

Labour relations
are important to
Glennmont's work

During the development or due diligence phase, the deal team makes sure that potential projects comply with the local regulatory requirements and permitting, as well as estimating the employment impact of each project.

During the construction and operational phase, Glennmont endeavours to ensure its own, as well as its service providers', compliance with health and safety policy and procedures, as well as jurisdictional employment regulations, and works to optimise relationships with local stakeholders (neighbours, local communities, provincial governments and councils).

If our service providers have labour issues, where relevant, Glennmont aims to encourage understanding and dialogue between service providers and their employees, as well as other stakeholders.

Piiparinmäki, Fund III
211 MW wind farm, Finland



6.2 Health and Safety Indicators

Glennmont actively manages the setting and monitoring of Health and Safety standards across its assets. We are striving to further improve our Health and Safety activities and reach zero incidents in our operational plants across the EU each year.

Fund II	2021				
Plant	Q1	Q2	Q3	Q4	Comment
Alcantara Nord	●	●			<ul style="list-style-type: none"> Arrouaise: a HSE alert was issued by Vestas because someone fell from the platform due to a slope. Works were planned to mitigate this risk in the future. Lago Arancio: blades were damaged on five WTGs due to weather events (though no one was affected). Margam: there were five reported events at Margam in Q3 2021: piece of metal being ejected from oversize separator, boiler local drum indicator failed, lorry struck the weighbridge gantry, one vehicle hydraulic leak in the unloading area and a back flash was observed on one of the cleaning devices of the boiler. No harm to individuals or the environment occurred as a result of these events. In Q4 2021, there was 1 incident, 10 near misses and 3 instances of property damage at Margam. The incident involved dust entering an operator's eye while they were working on a conveyor, the eye was treated with eye wash and the dust removed. For the near misses corrective action was undertaken to prevent these from recurring going forward. The three incidents of property damage have had correction actions put in place to stop these incidents from recurring. Saint Quentin Nord: three fire extinguishers were out of order and needed to be replaced, and, during a blade inspection training, a drone touched the tip of a blade turbine; reviews by both the company involved and the TCMA concluded that no damage had been caused. Source de la Sensee: there was some waste accumulation onsite, partially removed by an unknown individual. <p>No Q3 or Q4 data presented for Italian and French onshore wind assets as these assets were sold across Q2 and Q3 2021.</p>
Alcantara Sud	●	●			
Arrouaise	●	●			
Brie	●	●			
Galerie Frencq	●	●			
Galerie Fresnoy Folny	●	●			
Lago Arancio	●	●			
Lucana	●	●			
Margam	●	●	●	●	
Nebrodi Est	●	●			
Nebrodi Nord	●	●			
Nebrodi Ovest	●	●			
Renneville	●	●			
Rocca Ficuzza	●	●			
Saint Quentin Nord	●	●			
Serra del Vento Nord	●	●			
Serra del Vento Sud	●	●			
Source de la Sensee	●	●			
SS Alcantara Francavilla	●	●			
SS Lago Arancio	●	●			
SS Nebrodi Ucria	●	●			
SS Rocca Ficuzza	●	●			
SS Sant'Agata Accadia	●	●			
Taverna la Storta Nord	●	●			
Taverna la Storta Sud	●	●			
Vulture	●	●			

Fund III		2021			
Plant	Q1	Q2	Q3	Q4	Comment
Andali	●	●	●	●	<ul style="list-style-type: none"> At Godewind, There was a near miss in early 2021 during the transportation of a pallet when it tipped onto its side due to its high centre of gravity and an insufficient support frame. Later in 2021, a lost-time incident occurred at Gode Wind 1 when a Vessel Master injured his hand after a fall on a platform. An ambulance was called and first aid administered at hospital. Overall, over the past 12 months there have been 18 observations, 2 near misses, 1 restricted workday case and 1 first aid case. In Q2, a technician cut his head on a hydraulic hose coupling, with minor first aid needed. There was also, in Q2, a near miss with an object being dropped without consequence. <p>No Q3 or Q4 data presented for Goudelancourt as this asset was sold in Q3 2021.</p> <p>Methodology for each Fund</p> <ul style="list-style-type: none"> A red light indicates that there was an incident on the site. A yellow light indicates that there was an issue at the site. A green light indicates that there were no near misses or accidents on the site during that quarter.
Gode Wind	●	●	●	●	
Goudelancourt	●	●			
Minerva Messina	●	●	●	●	
Piiparinmäki			●	●	
Sirocco – Barrax				●	
Sirocco – Chinchilla				●	
Sirocco – Escalatera II				●	
Sirocco - Estancia				●	

6.3 Job Creation

Glennmont's assets are responsible for the creation of jobs during their construction, operating and decommissioning stages, with the first and last phase being the most labour intensive. Glennmont has estimated the job-years created, as a result of the assets that Glennmont owns across its Funds, as over 3,300 to date.

	Fund I	Fund II	Fund III	Total
Job-years created over 2021	2,081	128	91	219
Job-years created to date	2,081	1,028	249	3,358

The figures are based on taking job-years per GWh produced for each technology, from a reference paper which assessed a series of papers, and multiplying them by the GWh our assets produced in the given year.

	Biomass	Solar PV	Wind
Job-years per GWh	0.21	0.87	0.17

They therefore initially underrepresent the job-years created during the construction of assets as, for the period that they are not producing any electricity, they do not show any job-years. However, the statistics then converge to a more accurate estimate of cumulative job-years after operation ensues.

7 Lifecycle Management

7.1 Impact Assessments and Inspections

During the pre-investment evaluation stage, environmental regulatory compliance assessments are performed.

After investment, Glennmont carries out regular environmental impact assessments, for instance investigating the project's impact on flora, fauna, and noise levels. This is often a regulatory or planning requirement. In some situations, these lead to modifications to the project in question, for instance to reduce the sound impact of a wind turbine. Glennmont's technical and commercial management providers coordinate dozens of environmental assessments, inspections or monitoring plans each year across our operational portfolio. Plant contractors also coordinate assessments comprised of quarterly checks of noise, water quality, oil and dust pollution at our UK biomass assets.

Port Clarence, Fund II
40 MWe biomass plant, England



7.2 Environmental and Social Responsibility

Glennmont actively manages the setting and monitoring of social responsibility standards and continuously manages the impact of our operations on the environment.

Fund II		2021				<div><ul style="list-style-type: none">Margam: there were several instances of operations exceeding the 30-minute average Emission Limit Values (ELV). This has been confirmed as being a minor non-conformity by the regulating body –Natural Resources Wales (NRW) - and no action is being taken. Relating to a separate matter, and as reported in previous quarters of 2021, MGEL is obliged to reduce the levels of Total Organic Carbon (TOC) results in its ash. Action is being taken to improve performance in line with the plan which has been communicated to NRW.</div>
Plant	Q1	Q2	Q3	Q4		
Alcantara Nord	●	●				
Alcantara Sud	●	●				
Arrouaise	●	●				
Brie	●	●				
Galerie Frencq	●	●				
Galerie Fresnoy Folny	●	●				
Lago Arancio	●	●				
Lucana	●	●				
Margam	●	●	●	●		
Nebrodi Est	●	●				
Nebrodi Nord	●	●				
Nebrodi Ovest	●	●				
Renneville	●	●				
Rocca Ficuzza	●	●				
Saint Quentin Nord	●	●				
Serra del Vento Nord	●	●				
Serra del Vento Sud	●	●				
Source de la Sensee	●	●				
SS Alcantara Francavilla	●	●				
SS Lago Arancio	●	●				
SS Nebrodi Ucria	●	●				
SS Rocca Ficuzza	●	●				
SS Sant'Agata Accadia	●	●				
Taverna la Storta Nord	●	●				
Taverna la Storta Sud	●	●				
Vulture	●	●				

Fund III		2021				<div><p>Methodology for each fund</p><ul style="list-style-type: none">A red light indicates that there was a breach of environmental regulations & good social responsibility.A yellow light indicates a breach of environmental regulations & good social responsibility which is being managed.A green light indicates that there were no breaches of environmental regulations + good social responsibility.</div>
Plant	Q1	Q2	Q3	Q4		
Andali	●	●	●	●		
Gode Wind	●	●	●	●		
Goudelancourt	●	●	●	●		
Minerva	●	●	●	●		
Piiparinmäki			●	●		
Sirocco – Barrax				●		
Sirocco – Chinchilla				●		
Sirocco – Escalatera II				●		
Sirocco - Estancia				●		

8 Leadership and Governance

8.1 Risk Management and Compliance

Following the Nuveen acquisition of Glennmont in 2021, Glennmont's risk management and compliance frameworks are now in process of being integrated and in order to confirm to the wider Nuveen Risk policies for areas of investment, operational and compliance risk.

Investment Risk

The Investment Risk Framework adopted has been prepared in awareness of the EU Directive 2011/61, the Alternative Investment Fund Managers Directive ("AIFMD"). The framework ensures separation of the risk management function from operating units including the portfolio management function.

The Risk Function is functionally and hierarchically separate from the "1st line of defence" business management and is responsible for providing robust, independent oversight with regards to Market, Credit, Liquidity and ESG risks. Nuveen EMEA & APAC's Risk Management Policy covers the techniques, tools and arrangements used to manage the aforementioned risks of all in-scope Glennmont portfolios and mandates. The Investment Risk function, in their capacity as a 2nd line of defence, are also present at Investment and Asset Management Committees.

Activities comprise a combination of formal and informal interaction with all portfolios at least quarterly and more frequently for portfolios assessed as having higher risk.

Glennmont's CRO has to verify each transaction to ensure that the investment falls within the investment strategy of the relevant fund vehicle and complies with the relevant investment and other restrictions; a transaction cannot be signed and completed without the approval of the CRO.

Operational Risk

The operational risk management function leverages on a whole suite of control systems. It includes elements defined and implemented by Glennmont's asset management team:

- Bank authorisation list across portfolio
- Asset management plant operational system
- SPV operational models
- Glennmont asset management risk register
- External portfolio valuation process (trading entities)
- External portfolio audit process
- Glennmont annual planning & appraisal cycle

Investment Committees & Asset Management Committees

- Before signing a transaction, the Compliance Officer is required to provide his approval of the transaction. The Compliance Officer has to verify the transaction in relation to KYC, AML and conflict of interest policies
- All Investment Committees are minuted

Professional Certified Fund Administrator

IQ-EQ is an independent third-party administrator.

- IQ-EQ provides oversight of client bank accounts and operates the mandates over them
- IQ-EQ also carries out performance measurement support services to the Fund through inter alia regular collection of data from portfolio companies, and reporting, as well as the calculation of IRRs (Fund, Investment and Investor) and other performance metrics

Compliance Officer

Under the UK regulatory regime overseen by the Financial Conduct Authority ("FCA") rules, the Compliance Officer has to perform the role with a high level of independence.

The Compliance Officer's role is to ensure that during the life of the Fund, the General Partner acts in accordance with all compliance matters and procedures. This includes the following:

- Anti-Financial Crime and Counter Terrorist Financing policies and procedures
- Conflicts of interest policy
- Compliance with all FCA regulations

8.2 EU SFDR and Taxonomy

The EU's SFDR requires Glennmont to disclose how we consider sustainability risks and adverse sustainability impacts in our investment decisions: this impacts Glennmont at firm- and fund-level, despite being a UK fund manager, because we market products within the EU and have fund entities that are domiciled within the EU.

At firm-level, to comply with SFDR, Glennmont has published disclosures on its website. At fund-level, Glennmont has categorised its new Fund IV as an 'Article 9' Fund (it has 'sustainable investment' as its core objective), and will categorise its other forthcoming funds under the SFDR, with reference to the Taxonomy. There will be SFDR compliant reporting.

Glennmont is investigating volunteering to categorise its existing funds as 'Article 8' aligned, as it may be suitably evidenced that they promote environmental or social characteristics.

8.3 Membership Organisations

Glennmont participates in five groups addressing sustainability, and is aiming to be increasingly active in responsible investment advocacy, within both the clean energy industry and the investment industry.

	<ul style="list-style-type: none"> • Renewable UK is a trade association for wind power, wave power and tidal power industries in the United Kingdom • Glennmont joined Renewable UK at the start of 2021
	<ul style="list-style-type: none"> • GRESB is an organisation assessing the sustainability performance of real asset sector portfolios and assets • Glennmont started participating in their annual Fund assessment in 2019
	<ul style="list-style-type: none"> • The Institutional Investors Group on Climate Change (“IIGCC”) is a forum of around 150 investors collaborating on climate change mitigation • Glennmont joined the IIGCC in 2018
	<ul style="list-style-type: none"> • The Association for Renewable Energy & Clean Technology (“REA”) represents British renewable energy producers and promotes renewable energy • Glennmont joined REA in 2013
<p>Signatory of:</p> 	<ul style="list-style-type: none"> • The UN Principles for Investment (“UNPRI”) is an international network of investors working to implement six ESG principles into investment practices • Glennmont became a signatory in 2013 after it became independent from BNP Paribas

Glennmont's portfolio companies also participate in groups addressing sustainability. BNZ ("Beyond Net Zero"), an independent power producer established by Glennmont's Fund III, is a member of:

	<ul style="list-style-type: none"> • The Portuguese Renewable Energy Association ("APREN") which represents Portuguese renewable energy producers and promotes renewable energy in the electricity sector • BNZ joined APREN, under the BNZ name, in 2021
	<ul style="list-style-type: none"> • Elettricità Futura, an Italian association representing the electricity sector • BNZ joined Elettricità Futura in 2021
	<ul style="list-style-type: none"> • Unión Española Fotovoltaica, ("UNEF"), Spain's leading solar photovoltaic association • BNZ joined UNEF in 2021
	<ul style="list-style-type: none"> • Italia Solare, an Italian solar photovoltaic association promoting sustainable energy systems • BNZ joined Italia Solare in 2021

8.4 Clean Energy Industry Contributions

Activity	Party
1 Climate Change Statements and Letters	
<p>Glennmont signed three letters through the IIGCC, GWEC, and UK Corporate Leaders Group in 2021:</p> <ul style="list-style-type: none"> a letter addressed to the UK Prime Minister regarding a proposed coking coal mine in the UK; a letter to the European Commission President and other EU policymakers for an efficacious "Fit for 55% package"; and a letter calling on G20 members to show leadership in the climate crisis. 	Glennmont team
2 Guarantees of Origin	
<p>Guarantees of Origin (GOs) are certificates used by suppliers to evidence to customers that the electricity being sold originates from a renewable energy source. Each GO represents 1 MWh of electricity. In the UK they are referred to as Renewable Obligation Certificates (REGOs).</p> <ul style="list-style-type: none"> Our assets take part in GO schemes in Italy and the UK. Over 2021 they generated over 640,000 GOs for the period of Glennmont's ownership. These were made up of circa: Finpower, 65,000 GOs; Lucana, 12,000 GOs; Andali, 46,000 GOs, and SER 264,000 GOs; and Margam, 257,000 REGOs. 	Glennmont team TCMAs
3 Glennmont Seminars	
<p>Glennmont held five virtual seminars to discuss the clean energy transition. The speakers included attendees from: trade associations and industry bodies; consultancies; utilities; developers; and financial advisors.</p>	Glennmont team
4 Team Speaking Events	
<p>Glennmont's team regularly take part in industry panels at conferences and seminars and on webinars. In 2021 these included:</p> <ul style="list-style-type: none"> Wind Power Finance and Investment Summit, December Infrastructure Investor Japan Korea Week, December GWEC Wind Coalition Pavilion at COP26, November Solarplaza Solar Market Parity Spain, November HEC EMBA programme, October Inspiratia Subsidy-free Renewables & Offshore Wind Summit, October Energy Transition Outlook, October Infrastructure Investor Global Summit, October Solarplaza Solar Asset Management, September Infrastructure Investor Global Investor Offsite, June Solarplaza Trend Talk, May Inspiratia Offshore & Floating Wind Summit, May PEI Media Infrastructure Tokyo Summit, April 	Glennmont team

5 Organisation Activity

- UNPRI: Glennmont is yet to receive its grades for the 2021 assessment. The final reports will be uploaded to the Glennmont website once they have been made available by the UNPRI.
- GRESB: in its third year partaking in the assessment, Glennmont received a Management Score of 29/30 for both Fund II and Fund III, against a GRESB Benchmark Score of 25/30, and a GRESB Average Score of 27/30.
- REA: Peter Dickson, Partner and Technical Director, is Deputy Chair of the Finance Forum of the Association for Renewable Energy and Clean Technology.
- REEEP: Peter Dickson is a member of the Renewable Energy and Energy Efficiency Partnership's Advisory Board
- GWEC: Peter Dickson was a member in 2021 of the group for the Global Wind Energy Council's COP26 preparation group

Glennmont
team

Margam, Fund II
40 MWe biomass plant, Wales



8.5 Sustainability Initiatives

Activity	
1	Sustainability Committee
	The Sustainability Committee meets on a monthly basis to discuss ESG and sustainability considerations at asset- and firm-level, and initiate ESG activities. The membership of the Sustainability Committee is drawn from across senior management, the investment team, and the asset management team, and comprised of permanent and rotating members.
2	Envision
	Glennmont's team continue to volunteer through Envision's Community Apprentice programme: <ul style="list-style-type: none"> The programme, which ran in two series in 2021, involves mentoring students at schools in London, through a series of sessions, culminating in their taking part in a 'Community Apprentice' finale. The second series ran into 2022.
3	Sutton Trust
	Glennmont hosted two students from the Sutton Trust's Pathways to Banking and Finance programme for virtual work experience placements in April 2021. Two further work experience placements took place in April 2022.
4	Mentoring outside Envision and Sutton Trust
	Beyond Envision and the Sutton Trust, Glennmont's senior management take part in further mentoring programmes through: <ul style="list-style-type: none"> Migrant Leaders, a UK-based charity which focuses on mentoring young migrants to become leaders in the public and private sector; GWNETH, the Global Women's Network for the Energy Transition, an organisation which aims to empower women in the energy sector; and POWERful women, an initiative to advance gender diversity within the energy sector.
4	University College London
	Glennmont has engaged in an advisory capacity with researchers at UCL on their innovative European Research Council funded LINKS initiative: <ul style="list-style-type: none"> LINKS is an ERC funded project (2019 - 2024) focusing on the role of the financial system to boost the low-carbon transition hosted at UCL Institute for Sustainable Resources. Members of the Glennmont team meet with the UCL researchers throughout the year to discuss their work. <p>Glennmont also provided a letter of endorsement for the LINKS team to support a successful application for a research grant from the UK Energy Research Centre. The research will look at the wind investment market.</p>
5	University of Padua
	Glennmont has been working with researchers at the University of Padua on a battery energy storage system ("BESS") study addressing the Italian electricity market. <ul style="list-style-type: none"> The study, to be released in Q2 2022, looks at the economic and technical components of BESS with reference to Glennmont's BNZ assets. Members of the Glennmont asset management team have met with the University of Padua researchers throughout the year to discuss their work.

8.6 Glennmont CO₂ Footprint and Offset



Glennmont decided in 2021 to offset the carbon emissions associated arising from the 2020 activities of its office and team in London. The intention was to offset the emissions in line with best practice, and in a manner that was readily repeatable in the years ahead. This process has recently successfully concluded and is set out below.

Glennmont commissioned the Carbon Trust to produce a carbon footprint of its management company operations for 2020, covering the firm's scope 1 and 2, and upstream scope 3 GHG footprint.

Glennmont received its results in early 2022, carried out in accordance with the Carbon Trust Assurance's methodology, itself based on ISO 14064-3:2018. The total verified footprint was 453 tCO₂e, according to the location-based method. The breakdown by scope of these emissions was as follows:

- Scope 1 (natural gas, refrigerants): 7 tCO₂e
- Scope 2 (purchased electricity, location-based): 10 tCO₂e
- Scope 3 (various selected categories): 436 tCO₂e

This carbon footprint calculated with the Carbon Trust was offset with Forest Carbon, a UK-based woodland and peatland project developer, through the purchase of verified carbon units ("VCUs") associated with a peatland restoration and protection project in Katingan, Indonesia, to a Verra VCS standard. The Katingan project protects and restores peatland through assisting local people to build sustainable source of income through agriculture, agro-forestry, eco-tourism and aquaculture. In addition to these VCUs, Glennmont has also acquired pending issuance units ("PIUs") in relation to a peatland restoration project in Scotland, certified to the Peatland Code standard (verified to ISO14065). The project entails the rewetting of the blanket bog via blocking drainage ditches, re-profiling and, eventually, revegetation.

The VCU credits purchased are sufficient to offset the 2020 footprint, but the PIU credits, which will convert to ex-post credits over time as the project matures, have been purchased to evidence Glennmont's commitment to investing in long-term climate solutions and encouraging similar activities.

8.7 Glennmont Diversity Reporting

Glennmont, through Nuveen, has adopted TIAA's Equal Employment Opportunity Policy. The policy states that the organisation is an equal employment opportunity (EEO) employer, dedicated to maintaining a work environment free of bias, harassment, discrimination and retaliation. TIAA's diversity and inclusion statement is available here: <https://www.tiaabank.com/about/diversity>.

As part of the adoption, Glennmont has decided to report diversity metrics on an annual basis in its year-end ESG report, covering both its Investment Committee and the wider team.

Investment Committee Diversity Metrics

Age grouping of the Investment Committee:

- Under 30 years old: 0%
- Between 30 and 50 years old: 50%
- Over 50 years old: 50%

Board tenure of the Investment Committee:

- Over 5 years: 100%
- Over 10 years: 100%

Gender ratio of the Investment Committee:

- Male: 100%
- Female: 0%

Team Diversity Metrics

Age grouping of the Glennmont team:

- Under 30 years old: 16%
- Between 30 and 50 years old: 76%
- Over 50 years old: 9%

Gender ratio of the Glennmont team:

- Male: 76%
- Female: 24%

9 Key ESG Contacts

For further information
on any of the ESG
aspects raised in this
report, please contact
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