

solar

energy

solution





## Contents

## Strategic Report

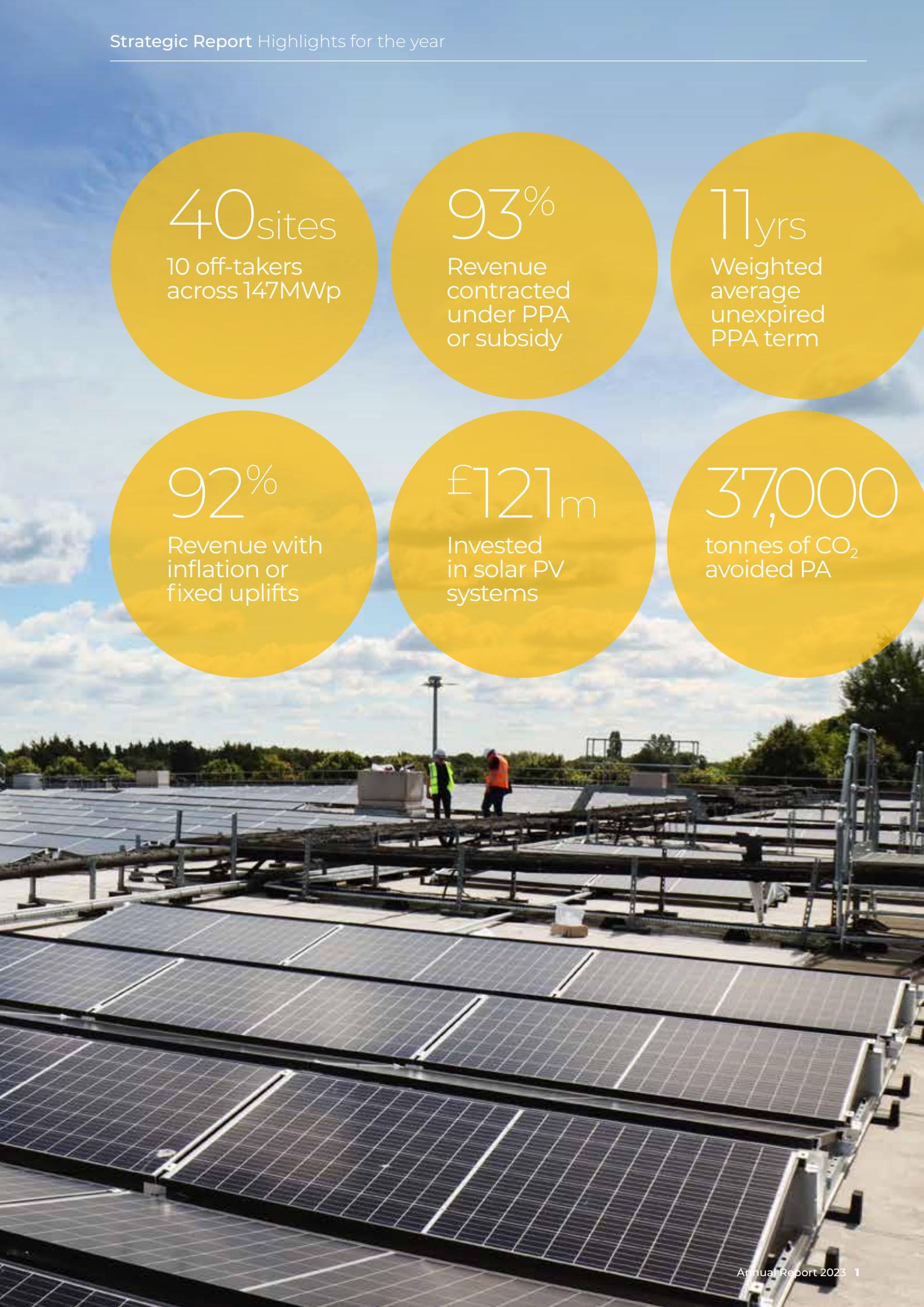
- 1 Highlights for the year
- 2 Chair's Statement
- 4 At a Glance
- 7 Key performance indicators
- 10 Investment Adviser's Report
- 26 Our Market
- 27 Sustainability Report
- 44 Section 172(l) Statement
- 45 Our Key Stakeholder Relationships
- 48 Risk Management
- 49 Principal Risks

## Corporate Governance

- 55 Board of Directors
- 56 The Investment Adviser
- 58 Leadership and Purpose
- 64 Key Board Statements
- 67 Management Engagement Committee Report
- 68 Audit Committee Report
- 72 Directors' Remuneration Report
- 76 Directors' Report
- 79 Statement of Directors' Responsibilities
- 80 Alternative Investment Fund Manager's Report

## Financial Statements

- 82 Independent auditors' report to the members of Atrato Onsite Energy Plc
- 88 Statement of Comprehensive Income
- 89 Statement of Financial Position
- 90 Statement of Changes in Equity
- 91 Statement of Cash Flows
- 92 Notes to the Financial Statements
- 113 Glossary
- 115 Directors, Advisors and Company Details



40 sites  
10 off-takers  
across 147MWp

93%  
Revenue  
contracted  
under PPA  
or subsidy

11 yrs  
Weighted  
average  
unexpired  
PPA term

92%  
Revenue with  
inflation or  
fixed uplifts

£121m  
Invested  
in solar PV  
systems

37,000  
tonnes of CO<sub>2</sub>  
avoided PA



## Chair's statement



### Dear Shareholder

On behalf of the Board, I am pleased to present the Company's audited full year results for the 12 months ended 30 September 2023.

#### Portfolio update

The Company has experienced significant growth during the period in which we have committed more than £149 million into clean energy solar assets generating an additional 120MW of solar PV capacity and increasing our GAV today to £215 million<sup>1</sup>.

We are the UK's leading commercial and industrial solar platform in the UK. Our corporate access gives us an unrivalled level of insight and engagement with some of the largest UK corporates as they increasingly look to secure independent sources of clean renewable electricity and advance their net zero targets.

A good example of this insight was the origination of a highly innovative PPA with Britvic on a 28MW ground mounted solar project in Wellingborough, Northamptonshire. This £28 million project will generate 33GWh of clean energy per annum energising 75% of Britvic's production operations in Great Britain. This is contracted under a unique 10-year PPA which provides energy on a pay as they generate basis but is supplied to Britvic at a consistent level throughout the year. This novel structure is evidence of our ability to provide innovative and flexible solutions to corporates.

Another example is the growth of our front-of-the-meter strategy. In March 2023, shareholders approved an investment policy amendment to capture the growth of opportunities in front-of-the-meter assets commercialised through long-term sleeved PPAs. This is an exciting development and we expect this to provide an increasingly important source of pipeline going forwards, allowing us to decarbonise corporate customers at significant scale.

The Company also continued its strong track record of successfully managing installation assets through to full operational status. The 20MW Nissan project was energised in early October and is now fully operational. London Road (28MW) was energised in December 2023, in-line with expectations. Mobilisation at Skeeby solar farm (55MW) commenced in mid-August and installation remains on track, with energisation scheduled for the end of March 2024.

We are also pleased to announce the energisation of our private wire solar project for Tesco in Thetford (0.4MW) which was energised in the first week of October. We are delighted that we have furthered our Tesco relationship, with Thetford representing our

19th operational private wire solar system and the first project under the new Tesco framework agreement. The Company will continue to target new framework agreements which enable us to efficiently roll out solar systems across large real estate portfolios.

The successful completion of our installation assets, to PPA signing or energisation, generated over £15 million of revaluation gains which was equivalent to 10 pence per ordinary share. 79% percent of our portfolio is now fully operational.

#### Sustainability update

The Company continues to place sustainability at the forefront of everything that it does and expects to save 37,000 tonnes of carbon emissions each year for its customers. I am delighted to report that we have voluntarily published our first, fully TCFD compliant annual report within these accounts. The Company has also supported the Investment Adviser in fulfilling its responsible investment commitments, which includes reporting to the UN Principles for Responsible Investment (PRI) (with the Investment Adviser's first report submitted in September 2023) and using the Net Zero Asset Managers initiative (NZAM) as a framework to support investing aligned with net zero emissions by 2050 or sooner. The Company's sustainability metrics and targets have now been published within the sustainability and TCFD sections of this report.

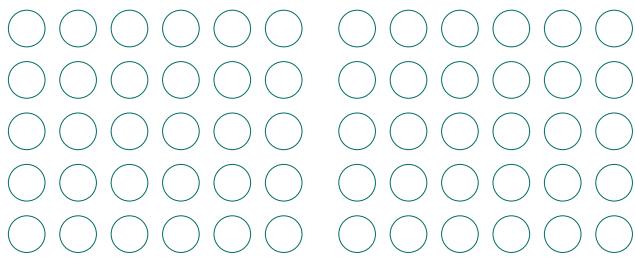
#### Financial update

Our focus on commercial and industrial solar projects provides a truly differentiated strategy. Our highly contracted corporate income profile with an average duration of 11 years, of which 92% is subject to annual inflation or fixed uplifts, is one of the longest in the sector and one of the least sensitive to the wholesale electricity price, which is forecast to decline over the medium term.

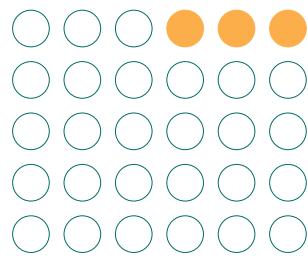
This supports our objective to provide shareholders with a long-term sustainable dividend growth. I am very pleased to announce that in line with the progressive dividend policy set out at IPO, the Board has increased the target dividend from 5 pence to 5.5 pence per Ordinary Share for FY24, an increase of 10%. The highly contracted nature of our portfolio, means the Company's 12-month forward-looking dividend cover is expected to be in excess of 1.3x.

As noted above, the Company's installation approach continues to deliver value for shareholders. The progress on our installation assets contributed to an increase in the NAV by 10.0 pence per share, achieving the Company's objective set out at IPO to deliver valuation gains to shareholders from low risk installation assets.

<sup>1</sup> Including post balance sheet activity and excludes Vale of Mowbray investment



40  
Locations  
across the UK



Overall NAV per share declined 0.8 pence, driven by a 7.7 pence per share decrease as result of increasing the valuation discount rate to 7.4% from 6.6% (March 2023: 6.2%) as well as dividends paid of 5.0 pence per share which was 11.9 pence of net income and revaluation gains.

#### Portfolio performance

For the second consecutive year, portfolio performance exceeded expectations during the year due to higher than expected levels of irradiation. Our operational assets produced 36.3GWh, 0.7% above budget.

#### Outlook

The macro environment remains challenging, however the renewables sector continues to benefit from strong tailwinds, namely energy security and net zero targets both at the corporate and government levels. The Company is experiencing very strong demand and has a strong potential pipeline of value-accretive opportunities totalling £410m.

The Company now has a best-in-class reputation for delivering flexible solar solutions, evidenced both by the increasing number of new customer enquiries and feedback from its existing customers. As a business, we feel very well positioned to play a key role in supporting the UK's path to net zero in the years to come.

#### Growth strategy

It is our ambition to grow the Company in order to further achieve its investment objective and in the short term the Company has access to a £20 million accordion which will be used to fund near-term commitments and pipeline. The Investment Adviser is monitoring opportunities to recycle capital from operational assets into installation assets which provide greater opportunities for capital growth. The Company is also working with its advisers to identify potential strategic investors who could provide capital to the Company through a variety of different structures.

“The Company has a best in class reputation for delivering flexible solar solutions”

Juliet Davenport  
Chair

**Juliet Davenport**

Chair

10 January 2024



## Who we are



Atrato Onsite Energy plc is an investment company specialising in clean energy generation with 100% carbon traceability. The Company focuses on UK solar, helping its clients achieve net zero and reduce their energy bills.

## What we do



Atrato Onsite Energy plc designs, finances, installs and maintains rooftop and ground mounted solar PV systems on commercial sites in the UK. The Company offers a zero capex, fully funded renewables solution, handling everything from planning and grid connection to installation and lifetime maintenance.

## Our business model

01

### Improve your building's EPC rating

Our solar energy solutions immediately improve your building's EPC rating and offers a material reduction in your carbon footprint with real time data that you can both quantify and report.

02

### Economic savings

Our power purchase agreement (PPA) rates lock in a low cost of electricity for the long term, offering significant savings versus buying electricity from the grid.

03

### One-Stop-Shop

We offer a complete renewables solution. We handle planning, grid connection, installation, and lifetime maintenance.

04

### 8-12 weeks, installation time

Installation time for a typical rooftop site is 8-12 weeks, with minimal disruption to the building occupier.



## Our process



We offer a comprehensive design, installation and maintenance service, which is fully funded and requires zero capex investment from the client.

The process begins with a technical assessment to evaluate energy usage, the irradiation at the site and the suitability of the building. We then design a fully bespoke solar array and handles all planning permissions and grid connection applications.

## How it works



## Overview

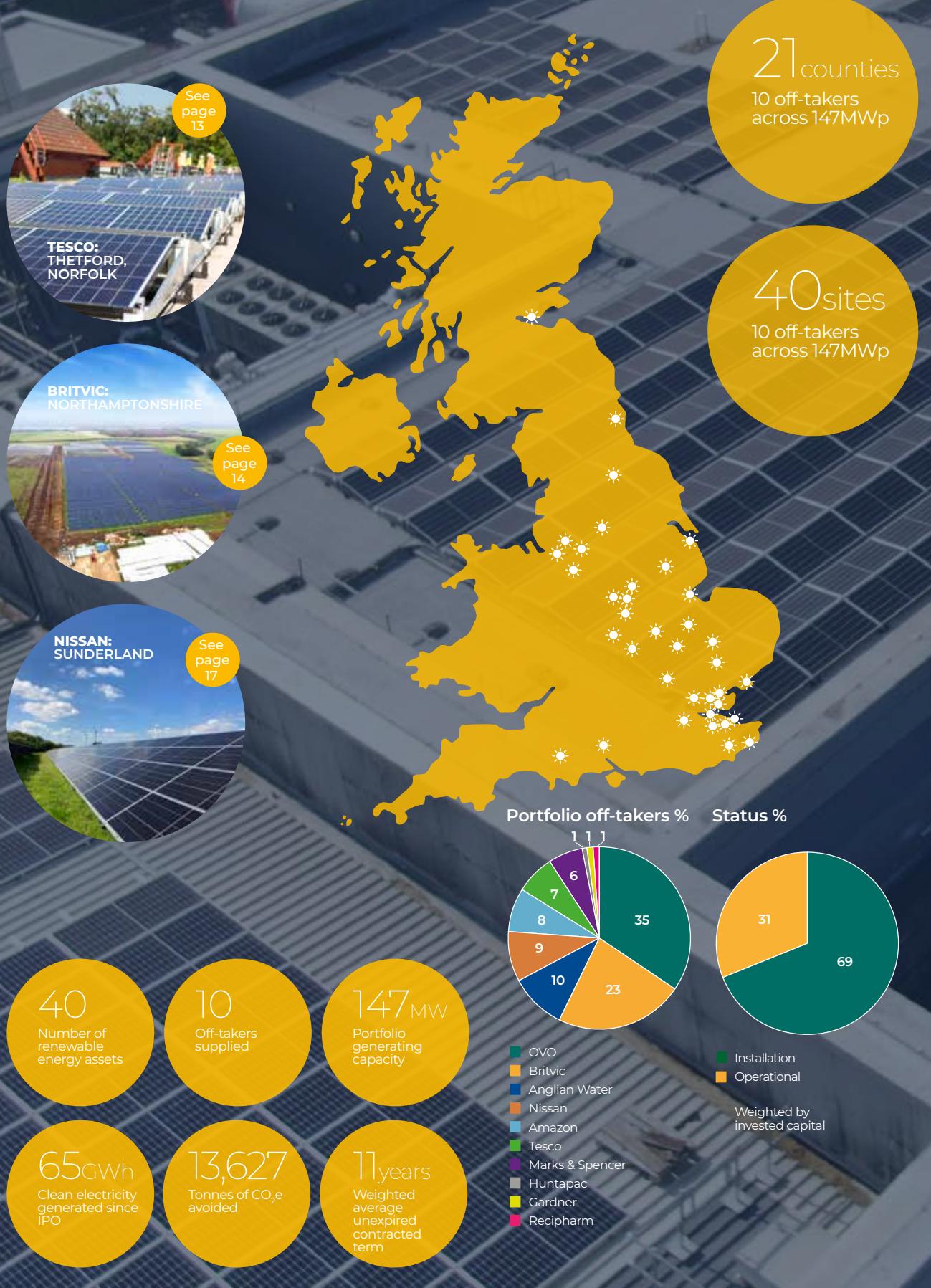
A PPA and a lease for the space are drafted by solicitors and executed. The solar PV systems are ethically sourced via a module procurement policy, and we work with local contractors that meet our robust health and safety standards. Atrato Onsite Energy is

responsible for the operations and maintenance of the system over the lifetime of the PPA and will manage any surplus energy generation, often supplying it back to the grid.

## Our locations



The Portfolio now spans 21 counties, ensuring geographic diversification, split across 10 off-takers across multiple industries



# Key performance indicators

## Highlights

92.0

NAV per share

10%  
increase in  
dividend target

5.0

dividend  
declared

36GWh  
Annual  
generation

### Key metrics

	As at 30 September 2023 (audited)	As at 30 September 2022 (audited)	Change in Year
Gross Asset Value ("GAV")	£138.1m	£139.1m	-0.7%
Net Asset Value ("NAV")	£138.1m	£139.1m	-0.7%
NAV per share <sup>2</sup>	92.0 pence	92.8 pence	-0.9%
Dividends per share	5.0 pence	3.01 pence	n/a
NAV total return (%)	4.6%	(4.2)%	n/a
Annual generation (GWh)	36.3	28.8	+25.9%
Tonnes of CO <sub>2</sub> avoided	7,627	6,000	+27.1%
Ongoing charges ratio <sup>2</sup>	1.8%	1.4%	n/a

2 The Net Asset Value per ordinary share, ordinary share price premium to NAV and ongoing charges ratio as alternative performance measure ("APMs"). The APMs within the accounts are defined on pages 111 to 112

### Grown to become the leading commercial and industrial solar platform in the UK

- £72 million investment in the Year, increasing to £149 million post balance sheet<sup>3</sup>
- Increased capacity from 62MW to 147MW at year end and 182MW post balance sheet
- Completing several milestone projects<sup>4</sup>
  - 28MW installation for Britvic under innovative sleeved Power Purchase Agreement ("PPA")<sup>4</sup>
  - 20MW installation for Nissan – the UK's largest private wire solar installation
  - Energised our 19th Tesco store plus new framework agreement on 70 further sites
  - Acquired 34MW operational private wire solar portfolio (the "ASG portfolio")
- Increased our dividend target for FY24 to 5.5 pence per ordinary share an increase of 10%
- 12-month forward looking dividend cover in excess of 1.3x<sup>5</sup>

### High quality portfolio with highly contracted index-linked long income<sup>6</sup>

- 93% of revenue is contracted generating the lowest sensitivity to merchant prices in the sector
- 11-year average unexpired contract revenue term, longest in the sector

3 Gross investment including existing project finance

4 A sleeved PPA is an agreement to buy electricity directly from a generator via a grid connected intermediary

5 Expected dividend cover once portfolio fully operational

- 92% is subject to annual inflation or fixed uplifts, of which:
  - 47% benefits from annual uncapped RPI or CPI uplifts
- Weighted average remaining asset life of 23 years
- 79% of the portfolio fully operational and 21% under installation
  - Energisation of remaining installation assets expected by March 2024
  - c. 173GWh expected annual green energy generation once fully operational

### Portfolio financial performance

- £15m gain from Installation assets revaluation generated, equivalent to 10 pence per share
- Portfolio valued at £99.3 million as at 30 September 2023, reflecting an unlevered weighted average discount rate of 7.4% (September 2022: 6.6%)
- Overall 0.8 pence decrease in NAV per share to 92.0 pence (September 2022: 92.8 pence)
- 7.7 pence decrease in NAV driven by a 80bps increase in portfolio discount rate
- 5.0 pence dividend declared for the year

### Strong balance sheet

- Gearing of 29.1% as at 10 January 2024 (0% as at balance sheet date)<sup>7</sup>
- £30.0 million Revolving Credit Facility ("RCF") signed at a margin of 1.3% over SONIA, one of the lowest in the sector

6 Including post balance sheet events

7 Gearing expressed as drawn debt to gross assets

8 Subject to lender's approvals

9 Including post balance sheet events

10 Once fully operational

- Post balance sheet:
  - First £17 million drawdown of the RCF, to fund new acquisitions
  - £47.1 million of term debt, acquired as part of the ASG Portfolio
  - Further £20 million of available liquidity via RCF accordion<sup>8</sup>
- As at 10 January 2024:
  - 3.2% weighted average cost of debt
  - 72.9% of drawn debt fixed

### Committed to being a sustainability leader<sup>9</sup>

- Forecast 173GWh annual clean energy generation, equivalent to:<sup>10</sup>
  - 37,000 tonnes of carbon avoided<sup>11</sup>
  - 64,000 homes powered by clean energy<sup>12</sup>
- Voluntarily published both
  - Greenhouse gas ("GHG") emissions inventory figures covering Scope 1, 2 and 3 emissions
  - TCFD compliant Annual Report and Accounts
- Supporting the responsible investment commitments made by our Investment Adviser as a signatory of the Net Zero Asset Managers Initiative (NZAM) and United Nations Principles for Responsible Investment (UNPRI).

11 Based on GOV UK publications for scope 1 and 2 emission conversion factors

12 Based on Ofgem average UK annual household energy consumption of 2,700kWh

# Working towards a Net Zero future

“We’re delighted to partner with Atrato Onsite Energy and help deliver more clean, renewable energy to households. This extra capacity to the grid is actively reducing its carbon intensity, helping us on our Path to Net Zero”

**Susie Leppard**  
Head of Renewable Energy,  
OVO Energy

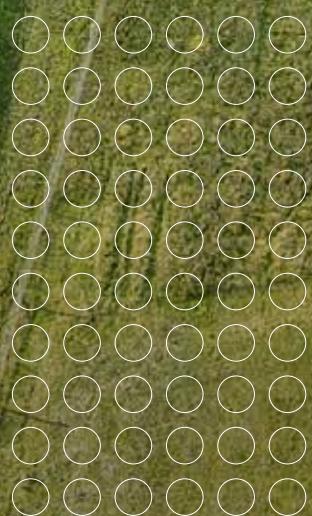


“Atrato Onsite Energy continues to place sustainability at the forefront of everything it does”

**Juliet Davenport**  
Chair

Our goal is to help our customers meet their sustainability targets whilst delivering material cost savings for their businesses.

The right financial choice is inextricably bound to the responsible environmental solution.



37,000  
tonnes  
of CO<sub>2</sub> avoided PA

64,000  
equivalent homes  
powered





## Investment Adviser's Report

Atrato Partners Limited is the Investment Adviser to Atrato Onsite Energy plc and is pleased to report on the operations of the Company for the year.

The Investment Adviser is responsible for the sourcing and acquisition of assets as well as the day-to-day management of the Company's investment portfolio. Further details can be found on the Investment Adviser's website at [www.atratogroup.com](http://www.atratogroup.com).

### Overview<sup>13</sup>

The Company has a highly compelling offering to its corporate clients, providing energy security, reduced energy costs and an accelerated net zero transition.

During the year, the Company benefitted from both its strong pipeline and available capital, committing over £72 million into developing and acquiring 86MW of solar PV projects. Post balance sheet, a further acquisition was made with a gross value of £77 million taking total investments made to date to £198 million. These investments were made at the top end of the Company's returns expectations and have increased the fund's expected pro forma dividend cover to in excess of 1.3x.

The benefits of the Company's origination and installation strategy have been clearly highlighted during the year, with the yield re-rate on new assets contributing 10.0 pence to the NAV per share. This is a result of a reduction in the risk premium applied to installation assets as they meet key milestones such as PPA signing or energisation. The Company also demonstrated its ability to acquire operational projects at attractive levels.

As the Company has grown over the past two years, so has its reputation for providing flexible and economical clean energy solutions to its corporate clients. The Company now receives a significant number of corporate enquiries per month and is the leading commercial and industrial solar platform in the UK.

The investment strategy remains consistent, targeting a balance of installation assets which provide the opportunity for NAV growth through project de-risking and operational assets that provide immediate income for shareholders.

Our unique focus on commercial and industrial solar projects provides a truly differentiated renewables investment strategy which generates a highly contracted corporate income profile with an average duration of 11 years, of which 92% is subject to annual inflation or fixed uplifts, which is one of the longest in the sector and one of the least sensitive to the wholesale electricity price.

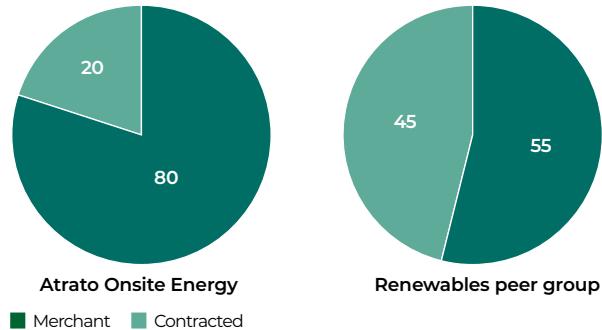
As illustrated below this provides a truly differentiated long term income profile to our peer group which typically hedges exposure to volatile wholesale energy

prices via the use of forward price fixing contracts, typically for three-year periods, or acquiring assets which benefit from longer term legacy government subsidies.

Unlike our peer group our portfolio will continue to provide up to 80% contracted income over the next 10 years supporting our objective to provide shareholders with a long-term sustainable dividend growth.

**Table: +10 year forecast revenue split vs solar listed peer group**

### 10 years forecast revenue split



### Highlights in the year and post balance sheet

#### Acquisition of Skeeby solar farm (55MW)

- Increased site capacity from 50MW to 55MW
- New 3-year utility PPA signed with OVO Energy
- Energisation on track and anticipated in March 2024

#### Acquisition of London Road (28MW)

- Innovative 10-year corporate PPA signed with Britvic Soft Drinks for 100% off-take
- Successfully energised in December 2023

#### Acquisition of the ASG Portfolio (34MW)

- 12-years of UK government backed income via 100% uncapped RPI FiT revenue
- Operational asset with significant and immediate cash generation
- Asset acquired with attractive historic low fixed rate project finance (2% cost of debt)

#### Signed £30 million revolving credit facility with NatWest

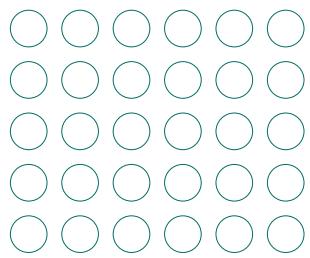
- Secured, interest-only facility
- 3-year initial term and 1 year extension option at a margin of 1.3% over SONIA
- £20 million uncommitted accordion

#### Team update

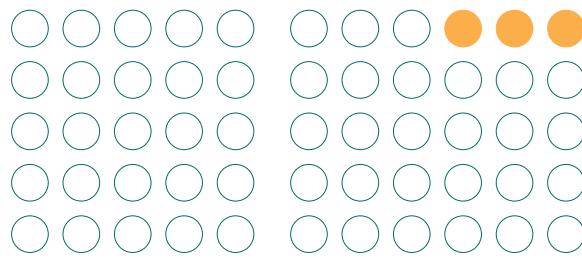
During the year, a further two hires were made into the renewable energy team.

Tim Roebuck joined the Atrato Group in November 2022 as Senior Commercial Manager, with a focus on engaging corporates to explore solar PV clean energy solutions, driving pipeline growth. Gabriele Giuliani joined the Atrato Group in March 2023 as Project

<sup>13</sup> Including post balance sheet events



182 MW  
Diversified portfolio



Manager to support the development of the Company's renewable energy investment strategy and manage the advancement of Atrato Onsite Energy's pipeline projects.

Post balance sheet, a further hire was made to support the team in transaction execution, further increasing our ability to serve our corporate clients at speed.

#### Portfolio

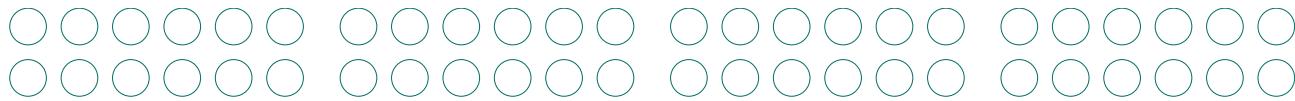
As at 30 September 2023, £121 million had been committed or deployed into UK solar technology across 40 projects with a combined capacity of 147MW. Post balance sheet, this has increased to 41 projects with a capacity of 182MW, across 11 off-takers. Once operational, these assets are anticipated to generate 173GWh clean energy per annum, avoiding the equivalent of 37,000 tonnes of carbon emissions or powering 64,000 homes. At the year end, the Company's portfolio was weighted toward installation phase assets representing 69% of the portfolio, with operational, cash generating assets making up the remaining 31%. As at the date of this announcement, the Company's portfolio is 79% operational assets.

A highly contracted and growing income stream remains core to the Company's investment approach. As at the date of this announcement, 93% of annual revenue was contracted under PPAs or subsidies with 92% of revenue subject to inflation of fixed uplifts; notably, 47% of revenue receives uncapped annual RPI or CPI uplifts. The weighted average remaining asset life and unexpired contracted revenue term of the portfolio are 23 years and 11 years respectively.

“A highly contracted and growing income stream remains core to the Company's investment approach”

Gurpreet Gujral  
Managing Director





**Portfolio summary as at 30 September 2023**

Off-taker	Location	Sector	Capacity (MW)	Status	Remaining contracted term (years)	Revenue type
Amazon UK Services Ltd.	Essex	Distribution	3.1	Operational	17.0	PPA
Amazon UK Services Ltd.	Leicestershire	Distribution	2.2	Operational	18.2	PPA
Amazon UK Services Ltd.	Fife	Distribution	1.6	Operational	17.3	PPA
Amazon UK Services Ltd.	Warwickshire	Distribution	1.6	Operational	17.1	PPA
Amazon UK Services Ltd.	Cheshire	Distribution	1.5	Operational	17.3	PPA
Amazon UK Services Ltd.	Luton	Distribution	1.5	Operational	17.4	PPA
Amazon UK Services Ltd.	Northamptonshire	Distribution	0.6	Operational	16.3	PPA
Anglian Water Services Limited	Cambridgeshire	Utility	11.7	Operational	22.0	PPA
Anglian Water Services Limited	Essex	Utility	0.9	Operational	21.0	PPA/FIT
Anglian Water Services Limited	Northamptonshire	Utility	0.6	Operational	20.6	PPA/FIT
Anglian Water Services Limited	Essex	Utility	0.5	Operational	19.8	PPA/FIT
Anglian Water Services Limited	Cambridgeshire	Utility	0.2	Operational	20.1	PPA/FIT
Anglian Water Services Limited	Lincolnshire	Utility	0.2	Operational	20.6	PPA/FIT
Anglian Water Services Limited	Cambridgeshire	Utility	0.2	Operational	20.1	PPA/FIT
Britvic Soft Drinks Limited	Northamptonshire	Food and beverage	28.4	Installation	10.0	PPA
Gardner Group Limited	Derbyshire	Manufacturing	1.3	Operational	24.0	PPA
Huntapac Produce Limited	Lancashire	Food production	1.3	Installation	15.0	PPA
Marks & Spencer Plc	Leicestershire	Grocery	6.1	Operational	11.5	PPA/ROC
Nissan Motor Manufacturing UK Limited	County Durham	Manufacturing	20	Installation	20.0	PPA
Ovo Energy Limited	North Yorkshire	Utility	55.5	Installation	2.8	PPA
Recipharm HC Ltd	Cheshire	Pharmaceuticals	1	Operational	24.5	PPA
Tesco Stores Limited	Greater Manchester	Grocery	0.7	Operational	16.8	PPA
Tesco Stores Limited	Lincolnshire	Grocery	0.6	Operational	18.3	PPA
Tesco Stores Limited	North Yorkshire	Grocery	0.5	Operational	18.3	PPA
Tesco Stores Limited	Greater London	Grocery	0.5	Operational	16.8	PPA
Tesco Stores Limited	Norfolk	Grocery	0.4	Installation	20.0	PPA
Tesco Stores Limited	Nottinghamshire	Grocery	0.7	Operational	18.2	PPA
Tesco Stores Limited	Lincolnshire	Grocery	0.5	Operational	16.5	PPA
Tesco Stores Limited	Kent	Grocery	0.4	Operational	16.5	PPA
Tesco Stores Limited	Suffolk	Grocery	0.4	Operational	16.7	PPA
Tesco Stores Limited	Essex	Grocery	0.4	Operational	16.3	PPA
Tesco Stores Limited	Kent	Grocery	0.3	Operational	16.3	PPA
Tesco stores Limited	Somerset	Grocery	0.3	Operational	16.6	PPA
Tesco Stores Limited	Wiltshire	Grocery	0.3	Operational	16.4	PPA
Tesco Stores Limited	Kent	Grocery	0.3	Operational	16.8	PPA
Tesco Stores Limited	Kent	Grocery	0.3	Operational	17.7	PPA
Tesco Stores Limited	Essex	Grocery	0.3	Operational	16.2	PPA
Tesco Stores Limited	Greater Manchester	Grocery	0.2	Operational	16.6	PPA
Tesco Stores Limited	Kent	Grocery	0.1	Operational	16.2	PPA
Tesco Stores Limited	Essex	Grocery	0.1	Operational	16.3	PPA
<b>Total</b>			<b>147.2</b>		<b>10.9 average<sup>14</sup></b>	

<sup>14</sup> Weighted average unexpired contracted term; weighted on invested capital

## Case study one



“We are really pleased to be working alongside Atrato Onsite Energy to boost our onsite renewable energy generation at supermarkets across the UK, moving us further towards our target to be carbon neutral in our own operations by 2035”



### TESCO: THETFORD, NORFOLK

**TYPE:** Private wire PPA

**PPA LENGTH:** 20 years

**SIZE:** 0.4MWp

**STATUS:** Commissioned in October 2023

The Company has continued to develop its strong relationship with Tesco over the last 12 months and now has 19 operational private wire solar systems on Tesco supermarkets. The most recent highlight was the completion of a 0.4MW system at a Tesco supermarket site in Thetford, Norfolk. The installation commenced in July and was completed in September 2023 and is now supplying the supermarket with on-site clean electricity. The Thetford site is the first installation under the new framework agreement between the Company and Tesco. There are a further 69 identified Tesco sites which the Company has under exclusivity as part of its strategic framework agreement with Tesco.

## Case study two



### BRITVIC: NORTHAMPTONSHIRE

**TYPE:** Sleeved PPA

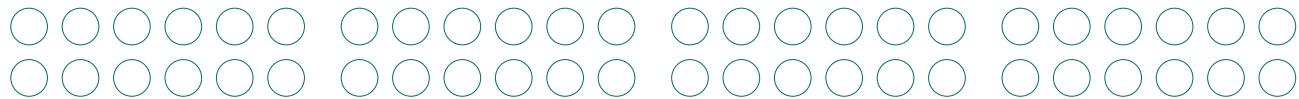
**PPA LENGTH:** 10 years

**SIZE:** 28MWp

**STATUS:** Energised in December 2023

In July 2023 the Company agreed a PPA with Britvic for the off-take of energy at its site in Northamptonshire. The Company's new solar installation in Northamptonshire will generate energy exclusively for Britvic. It will have a total capacity of 28MW and will be capable of generating 33.3GWh of clean energy per annum, the equivalent of powering 11,500 homes or planting 260,000 trees. The electricity generated will be enough to power 75% of Britvic's current operations in Great Britain, including its Beckton and Leeds factories, which can produce 2,000 recyclable bottles per minute for a portfolio of iconic brands including Tango, Pepsi and Robinsons. Britvic has committed to achieving net zero carbon emissions by 2050 and has led the industry as the first UK soft drinks company to have a 1.5°C target verified by the Science Based Targets initiative. Britvic has demonstrated its commitment to this goal, having reduced its direct carbon emissions by 34% since 2017 and generated 57% of its energy needs from renewable sources in 2022, up from 28% in 2018.





### Portfolio performance

The portfolio of operational assets has performed slightly above expectations. In the year ended 30 September 2023, the portfolio generated 36,292MWh

(September 2022: 28,817 MWh) of clean energy.

The underlying operating portfolio generated revenues of £3.9 million (September 2022: £2.9 million) for the Company.

### Net production variance vs. expected (GWh) from the operating portfolio

	Actual (GWh)	Budget (GWh)	GWh above expectation	% above expectation
<b>Year ended 30 September 2023</b>				
Total	36.292	36.028	0.264	0.7%
<b>Period to 30 September 2022</b>				
Total	28.817	27.887	0.930	3.3%

### Acquisitions and investments timeline



### Portfolio Valuation

The valuation of the portfolio as at 30 September 2023 was £99.3 million, with movement during the year detailed in the table below.

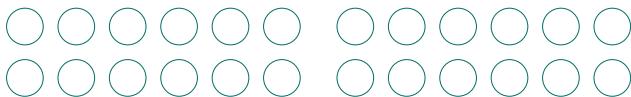
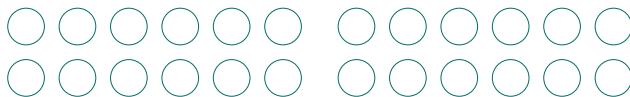
Valuation of the Company's Portfolio is performed on a semi-annual basis at 31 March and 30 September. The Investment Adviser is responsible for advising the Board in determining the valuation of the Portfolio and, when required, carrying out the fair market valuation of the Company's investments.

	£ million
<b>Portfolio valuation as at 30 September 2022</b>	47.1
Portfolio acquisition cost	46.8
Investment distributions	(0.7)
Capitalised interest	2.4
Portfolio Fair value movement	3.7
<b>Portfolio valuation as at 30 September 2023</b>	<b>99.3</b>

A discounted cash flow "DCF" valuation methodology is applied to determine the fair value of each investment which is customary for valuing privately owned renewable energy assets and considered consistent with the requirements of compliance with International Financial Reporting Standard ("IFRS") 9 and IFRS 13.

Using the DCF methodology, the fair value is derived from the present value of each investment's expected future cash flows, using reasonable assumptions and forecasts for revenues and operating costs and an appropriate discount rate.

Assumptions impacting the valuation include discount rates, annual energy production, merchant power prices, various operating expenses and associated annual escalation rates. These are often tied to inflation, including asset management, balance of plant, land leases, insurance, and relevant taxes. The discount rate applied on the post-tax levered project cash flows is the weighted average discount rate and the valuation is benchmarked against comparable market multiples. Asset life on the current portfolio is assumed to be the length of the PPA and lease term as the assets are handed over to the off-taker at the end of this term, with no extension options included in the contracts, except for the investments in front-of-the-meter assets where the asset life is expected to be 30-40 years.



### Discount rate for valuation

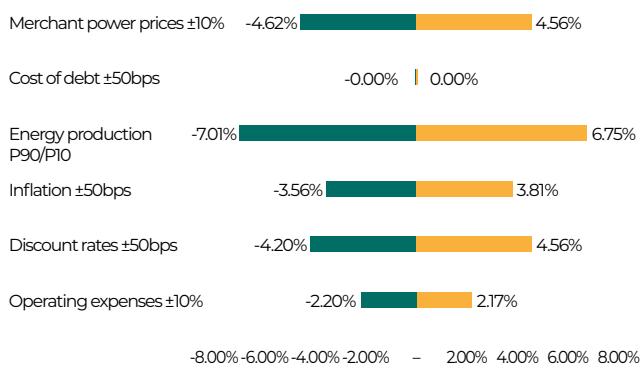
Higher discount rates have been observed across the UK renewables sector as a result of the higher interest rate environment. The valuation of the portfolio as at 30 September 2023 reflects an underlying weighted average post-tax discount rate of 7.4%, representing a 80 basis points increase in the year (September 2022: 6.6%).

The increase in the discount rate was partially offset by the addition of new assets.

The Company's future pipeline will be underwritten based on this increased discount rate until such time it is re-evaluated and adjusted. As a result, both the Investment Adviser and the Board expect future projects to deliver higher unlevered returns.

### Portfolio Valuation Sensitivities

The figure below shows the impact on the portfolio valuation of changes to the key input assumptions ("Sensitivities"). The Sensitivities are based on the portfolio as at 30 September 2023. For each sensitivity illustrated, it is assumed that potential changes occur independently with no effect on any other assumption. The low sensitivity to changes in merchant power prices reflects the long-term contracted revenues in the Company's portfolio. Similarly, the moderate impacts due to variations in operational expenses reflects the majority of the Company's assets having fixed price, long-term operating expenses including operations and maintenance ("O&M"), property leases and payments in lieu of taxes.



### Key financials and NAV

The NAV as at 30 September 2023 was announced on 4 December 2023 as 92.0 pence per share. The NAV reflects the valuation of the Company's portfolio and incorporates the ongoing running costs and dividend distributions.

At IPO on 23 November 2021, the Company raised gross issue proceeds of £150.0 million by issuing 150,000,000 shares. As set out in the table below, the Company's NAV as at 30 September 2023 was £138.1 million or 92.0 pence per share. The Company has paid out £14 million in dividends to investors since IPO.

NAV Bridge for the year from 30 September 2022 to 30 September 2023

Movement in Net Asset Value from 30 September 2022 to 30 September 2023	£ million	Pence per share
NAV as at 30 September 2022	£139.1	92.8
Asset revaluation	£15.0	10.0
Operational movements	£4.5	3.0
Net cash generated minus fund cost	£1.0	0.6
Inflation	(£1.1)	(0.8)
Power prices	(£1.3)	(0.9)
Discount rate assumption	(£11.6)	(7.7)
Dividends paid	£(7.5)	(5.0)
<b>NAV as at 30 September 2023</b>	<b>£138.1</b>	<b>92.0</b>

**Asset revaluations:** Includes the value increase associated with projects progressing as they met specific key project milestones. The latter was predominantly driven by progress on Skeeby solar farm and Britvic's London Road project. This assumes that all other variables are held equal.

**Operational movements:** Includes adjustments to individual assets for new contract pricing, the inclusion of REGOs in the valuation on projects where the Company benefits from REGOs and an update to the expected commercial operations date of installation projects where these have changed.

**Net cash generated minus fund costs:** Represents the net cash inflow of the Company's revenues and operating costs.

**Inflation assumption:** Reflects the impact of the updated inflation curves. The Company uses market forecast curves for CPI and RPI.

**Power prices:** Reflects the movement on the portfolio since September 2022 due to updated power price curves. The Company has one of the lowest sensitivities to power prices in the sector. Its high levels of contracted revenue limit its exposure to power price volatility and hence a 10% reduction in power prices would only have a 4.6% impact on the Company's NAV as at 30 September 2023.

**Discount rate assumption:** Represents the impact on the fair value from changes to the discount rate due to movements in interest rates, transactional process observed in the sector and the macro-economic environment.

## Case study three



### NISSAN: SUNDERLAND

**TYPE:** Private wire PPA

**PPA LENGTH:** 20 years

**SIZE:** 20MW

**STATUS:** Commissioned in October 2023

Our 20MW ground mounted solar PV system for Nissan Motor Manufacturing UK Limited ("Nissan") was energised in October, becoming one of the largest private wire installations in the UK. The Nissan site can generate 19.2GWh of clean energy per year, the equivalent of powering 7,000 homes or planting 170,000 trees. This clean energy will be used to power up to 20% of the Sunderland site, which is the centre of manufacturing operations for Nissan in the UK. Over 6,000 employees work on the 89 acres 362,000m<sup>2</sup> campus that is set to become Nissan's flagship electric vehicle ("EV") hub, combining renewable energy, EVs and battery production into a single ecosystem. The Company's solar PV system forms part of 'Ambition 2030' – Nissan's carbon neutrality target.





**Dividends paid:** Dividends of £7.5 million (5.0 pence per share) were paid during the year in respect of the period to 30 June 2023.

The assumptions set out in this section remain subject to continual review by the Board and the Investment Adviser.

The Company's total gain before tax for the year was £6.4 million (revenue profit of £2.7 million and capital gain of £3.7 million) and earnings per share, based on distributions received from the Company's unconsolidated subsidiary, Atrato Onsite Energy Holdco Limited ("Holdco") (which indirectly holds the Company's assets through underlying subsidiaries), were 4.29 pence per share (revenue of 1.82 pence and capital of 2.47 pence).

### Financing

Following the commitment of the IPO proceeds, the Company signed a RCF with NatWest Bank. The £30 million secured facility has an initial term of three years with a one-year extension option, and includes a £20 million uncommitted accordion option that can be exercised at any point during the initial three-year term. The facility is priced at a highly attractive margin of 1.3% over SONIA. The RCF will allow the Company to continue to execute on its pipeline of opportunities in the near term.

The Investment Adviser continuously monitors the debt and equity markets on behalf of the Company. Equity markets have remained closed to new issuance for most of the Investment Trust universe over the year. However, the debt markets have remained open with banks very keen to lend to the renewables sector as reflected by the attractive margin achieved on the RCF. The Company will require further equity capital to maintain its strong growth trajectory and hence the Investment Adviser and the Board are considering all options for future growth including but not limited to equity raises, convertibles, and joint ventures.

### Investment policy amendment

In March 2023, shareholders approved an investment policy amendment to capture the growth of opportunities in front-of-the-meter assets available to be commercialised through long-term PPA's. This is an exciting renewables market development that provides the Company with an additional way to help its clients decarbonise at scale.

In September 2023, the Company made a non-material amendment to the Investment Policy to define the term 'PPA' and to clarify the 'contract counterparty' is the entity primarily responsible for payment of the main revenue derived from the relevant 'PPAs'.

The Company also amended the policy to clarify the 'contract counterparty' is the entity primarily responsible for payment of the main revenue derived from the relevant 'PPAs', instead of the entity paying for the use and benefit of the clean energy assets. The full investment policy is outlined on pages 19 to 23 of this report.

The Company's investment objective remains to support the net zero agenda whilst delivering capital growth and progressive dividend income to its shareholders; integrate ESG best practice with a focus on investing in new renewable energy capacity and onsite clean energy solutions; and target long-term secure income with limited exposure to wholesale power prices.

### Dividends

During the year the Board declared four quarterly dividends totalling 5 pence per share.

As a result, the Company achieved its 5 pence per share IPO target for the dividend in respect of the year to 30 September 2023. After the year end, the Company declared a further dividend of 1.26 pence per share in respect of the quarter ended 30 September 2023. The annualised dividend is 15.3% cash covered by the current portfolio, after fund costs.

The Company will target an annualised dividend target of 5.5 pence per share for the financial year ending 30 September 2024, an increase of 10% from the prior year.

### Annual General Meeting

We look forward to welcoming shareholders to the Company's Annual General Meeting ("AGM") to be held on 6 March 2024. The full AGM notice accompanies this report and can be viewed on the Company's website at [www.atratorenewables.com](http://www.atratorenewables.com)

### Post balance sheet events

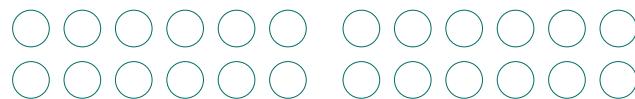
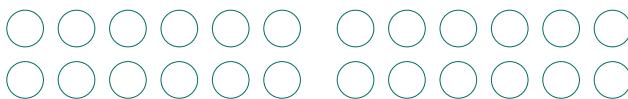
#### ASG Portfolio Acquisition

The Company acquired a fully operational private wire portfolio ("ASG Portfolio") with a total value of £77.3 million. The portfolio comprises 34MW of solar PV systems situated on residential rooftops across the United Kingdom and benefits from revenue streams pursuant to the government's Feed in Tariff (FIT) scheme, which have a 12-year unexpired term with annual, uncapped, uplifts, linked to the retail price index (RPI) and payable directly to the Company by the respective utility companies. The contracts have minimal exposure to wholesale power prices – a key focus for the Company which continues to have the lowest portfolio sensitivity in the sector.

The ASG portfolio has generated 291GWh of renewable energy to date, avoiding around 55,000 tonnes of CO<sub>2</sub> emissions for our customers since installation. It is expected that it will generate an additional c. 390GWh over its remaining life, equating to a further carbon emission saving of around 75,000 tonnes.

#### Energisation of installation assets

We are pleased to announce that our 20MW Nissan project in Sunderland was energised on 9 October 2023. The ground mounted private wire project is expected to generate c. 20% of the power needed for the Sunderland plant and has been commercialised through a 20-year, 100% take-or-pay PPA agreement.



Works completed on Tesco, Thetford (0.4MW), in the first week of October, representing the Company's 19<sup>th</sup> Tesco private wire asset and the first system delivered under our new Tesco framework agreement. The system is fully operational and supplying clean energy directly to the Tesco supermarket. Similarly, construction works on our private-wire system to Huntapac (1.3MW) also completed in the first week of October. The system is now live, generating and supplying clean electricity to Huntapac.

### Pipeline

The Company has a significant pipeline of behind-the-meter and front-of-the-meter solar assets that continues to grow. At the time of the interim results in March 2023, the Company announced an extensive pipeline of 420MW (over £340 million). Since then, the pipeline has grown to 485MW at a value of over £400 million.

60MW of the pipeline relate to operational assets, while the remaining 425MW relates to new installation projects. From this total pipeline, the Investment Adviser has a near-term pipeline and if progressed, these projects along with other future pipeline opportunities are expected to be funded by the remaining liquidity available under the Company's RCF accordion option.

The Company continues to experience very strong demand from its corporate clients for long-term renewable energy PPAs.

### Sustainability

During the year, the Company has continued to develop its sustainability strategy, with a focus on defining the Company's investment impact. This includes environmental, social and governance risk management, as well as quantifying positive and negative impacts from its investment activities. These actions are designed to ensure that investments are made having assessed all aspects of risks and opportunities to preserve and grow capital for the long term. This year marks the first year the Company has published its full Greenhouse Gas Emissions (including Scope 1, 2 and 3) inventory and disclosed against all 11 TCFD recommendations (see TCFD Report section on page 33). The Company is proud to have retained the London Stock Exchange' (LSE) Green Economy Mark since IPO in 2021. The Company is also pleased to have strengthened its ESG policies with the publication of standalone Environment and Biodiversity Policies.



The Company is guided by four core ESG Principles, linked to the United Nations (UN) Sustainable Development Goals (SDGs), which focus the Company's ESG activities:

Principle 1	Principle 2
<b>Climate/Net Zero</b> Support the attainment of the UK emissions targets through the creation of new sustainable energy resource	<b>Environment</b> Facilitate the efficient and considered use of finite resources
UN SDG 7: Affordable and Clean Energy UN SDG 13: Climate Action	UN SDG 15: Life on Land UN SDG 12: Responsible production and consumption
Principle 3	Principle 4
<b>Social</b> Bring value to the communities in which we are active	<b>Governance</b> Deliver the Company's investment objective through a robust governance framework that recognises its ethical responsibilities to all stakeholders
UN SDG 8: Decent work and economic growth	UN SDG 5: Gender Equality

The Company's ESG Principles and approach to Sustainability, including ESG policies, standards and reporting metrics, are covered in more detail in the Sustainability Report section on pages 27 to 43.

The Company's approach to sustainability is underpinned by the Board's commitment to good stewardship and long-term value creation for our stakeholders. Our aim is to continue to enhance and refine our sustainability strategy and reporting. These actions are designed to ensure that investments are made having assessed all aspects of risks and opportunities to preserve and grow capital for the long term.

### Outlook

The Company is on a strong growth trajectory, and will continue to utilise its RCF with NatWest, by taking a selective approach to source the most attractive opportunities from its extensive pipeline. The UK renewables sector is experiencing favourable tailwinds from the combination of the increased focus on energy security and the global drive towards Net Zero. The Company finds itself at the right place and the right time to help its corporate clients decarbonise at scale.

Looking forward, limited exposure to power price volatility, strong covenant off-take and inflation-linkage across a large proportion of the portfolio should deliver both stable and growing cash flows for shareholders.

### Investment Policy

The Company will seek to achieve its investment objective by investing in behind-the-meter (private wire network) solar photovoltaic generation systems and associated infrastructure (Onsite Solar Assets) (for example, solar photovoltaic generation systems located

# The renewable experts

Atrato Onsite Energy leverages a significant understanding of the commercial property market with renewable energy development expertise.



173GWh

of clean energy generated PA\*

\* once portfolio fully operational



“We have unrivalled insight and engagement with some of the largest UK corporates”

**Juliet Davenport**  
Chair



on rooftops). Each such system will be commercialised through one or more power purchase agreements and/or other revenue agreements associated with the system with a Contract Counterparty in relation to the Onsite Solar Asset. Any surplus electricity production will typically be sold by the Company to the public power grid. The Company may also make investments in solar photovoltaic generation systems and associated infrastructure which are not located on the site of a Contract Counterparty or connected to a Contract Counterparty via a private wire network, provided that such systems are commercialised through arrangements which, in respect of initial contract length and unit price certainty, are materially similar to those PPAs through which an Onsite Solar Asset may be commercialised (Long-Term Grid Assets).

The Company may also make investments in Other Clean Energy Technologies up to a maximum of 30 per cent of the Company's Gross Asset Value (calculated at the time of investment).

Origination of new asset opportunities will be a key component of the Company's investment strategy. The Company therefore intends as part of its strategy alongside the holding of Operational Assets to pursue investment opportunities in Installation Assets and some Pre-Installation Assets. It is anticipated that the installation phase of an Onsite Solar Asset's lifecycle will generally be a period of less than 4 months such that there is expected to be a high turnover of such Installation Assets that will become Operational Assets to be held by the Company. As the Company's portfolio grows it is expected that the majority of the Company's underlying investments will be represented by Operational Assets, notwithstanding that additional Installation Assets and Pre-Installation Assets may be acquired.

For the purposes of the Company's investment policy:

Clean Energy Assets means Onsite Solar Assets, Long-Term Grid Assets and other assets which qualify as Other Clean Energy Technologies;

Contract Counterparty means the entity which is primarily responsible for payment of the main revenue derived from the relevant PPAs associated with Clean Energy Assets. Contract Counterparties will be non-domestic entities for example occupiers of industrial and commercial properties;

Installation Assets means Clean Energy Assets which have in place the required suite of material agreements to carry out the asset installation, including, as applicable, the property rights, permissions and revenue arrangements, but which have not yet become Operational Assets;

Other Clean Energy Technologies means infrastructure assets which facilitate the reduction of greenhouse gas emissions and which typically derive the majority of their revenues through agreements with non-domestic customers. Examples include but are not limited to electric vehicle charging infrastructure, onsite energy storage and any energy generation asset (whether or

not connected to a public power grid) other than an Onsite Solar Asset or Long-Term Grid Asset which does not emit carbon dioxide to the atmosphere at the point of generation but excluding nuclear energy;

Operational Assets means Clean Energy Assets which have been installed, commissioned and which are capable of generating revenues;

PPA means any power purchase agreement and/or any revenue agreement associated with the Clean Energy Asset between two or more parties whether or not such agreements are actually described on their face as a 'power purchase agreement', 'PPA' or by some other name, description or title; and

Pre-Installation Assets means Clean Energy Assets which have not yet been sufficiently progressed to be regarded as an Installation Asset.

The Company will invest in Clean Energy Assets predominantly located in the UK and the Republic of Ireland. Subject to the investment restrictions set out below, the Company may also make investments in Clean Energy Assets located in other OECD countries.

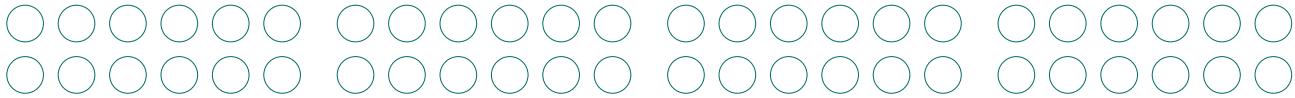
Assets may be held in special purpose vehicles (SPVs) into which the Company will invest via equity and/or shareholder loans.

The Company will typically seek sole ownership of such SPVs but may acquire a mix of controlling and non-controlling interests in Clean Energy Assets and may use a range of instruments in pursuit of its investment objective, including but not limited to equity, mezzanine or debt instruments.

In circumstances where the Company does not hold a controlling interest in the relevant investments, the Company will seek to secure its rights through contractual and other arrangements to, *inter alia*, ensure that the Clean Energy Asset is operated and managed in a manner that is consistent with the Company's investment policy and that the Company has appropriate access to information rights to enable it to comply with its continuing obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules and UK MAR.

The Company may also agree to forward fund by way of secured loans the pre-installation and/or installation costs of Clean Energy Assets where it retains the right (but not the obligation) to acquire the relevant plant once operational. Such forward funding shall be subject to the investment restrictions below and will only be undertaken where supported by appropriate security (which may include financial instruments as well as asset-backed guarantees). Forward funding of any Pre-Installation Assets shall count towards the limit on investment in Pre-Installation Assets.

Whilst the Company does not typically expect to provide forward funding, the right to do so, subject to the above limitations, enables the Company to retain flexibility in the event of changes in the asset pipeline over time.



### **Investment restrictions**

In order to spread its investment risk, the Company has adopted the following investment restrictions:

- the proportion of the Company's Gross Asset Value attributable to an investment(s) associated with a single Contract Counterparty shall not, at the time of investment, exceed 30 per cent. of the Company's Gross Asset Value;
- once the Net Initial Proceeds have been fully deployed, the proportion of the Company's Gross Asset Value attributable to investments associated with the Company's five largest Contract Counterparties (by the value of revenues derived from those Contract Counterparties) shall not exceed 75 per cent. of the Company's Gross Asset Value at the time of investment;
- no investment by the Company in any Clean Energy Asset shall, at the time of investment, exceed 25 per cent. of the Company's Gross Asset Value;
- the Company's five largest investments in separate Clean Energy Assets shall not, at the time of investment, exceed 60 per cent. of the Company's Gross Asset Value;
- the Company's investments in Clean Energy Assets located in OECD countries other than the UK and the Republic of Ireland shall not, at the time of investment, exceed 15 per cent. of the Company's Gross Asset Value;
- the Company's investments in Pre-Installation Assets shall not, at the time of investment, exceed 15 per cent. of the Company's Gross Asset Value; and
- forward funding shall not, at the time such arrangements are entered into, exceed in aggregate 20 per cent. of the Company's Gross Asset Value. The Company will also ensure diversity in its third-party installation, operations and maintenance contractors and diversification will also be achieved by assets being located across various geographical locations within the UK and the Republic of Ireland. In addition to the investment restrictions set out above, the Company will also comply with the following investment restrictions for so long as they remain requirements of the Financial Conduct Authority:
- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company will, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy;
- not more than 10 per cent. of the Company's Gross Asset Value, at the time of investment, will be invested in other closed-ended investment funds which are listed on the Official List. For the purposes of the Company's investment policy and the investment restrictions set out above, the Company's Gross Asset Value will take into account any borrowings to be incurred by the Group in respect of amounts committed for investment but not yet incurred. The investment limits set out above apply only at the time of investment and the Company will not be required to dispose of any asset or to rebalance the portfolio of Clean Energy Assets as

a result of a change in the respective valuations of its assets. The investment limits set out above will apply to the Group as a whole on a look-through basis, such that where assets are held through SPVs or other intermediate holding entities, the Company will look through the holding vehicle/SPV to the underlying assets when applying the investment limits.

### **Gearing policy**

The Company may, in pursuit of its investment objective, make use of medium and long-term external debt (including at the SPV level) of up to 40 per cent. of the Company's Gross Asset Value immediately following drawdown of the financing and assessed on a look-through basis. In addition, the Company and/or its subsidiaries may make use of short-term debt (being typically for a term of no more than 12 months), such as revolving credit facilities, to assist with the acquisition of suitable opportunities as and when they become available. Such short-term debt shall not exceed 20 per cent. of the Company's Gross Asset Value immediately following drawdown of the financing and assessed on a look-through basis.

### **Hedging policy**

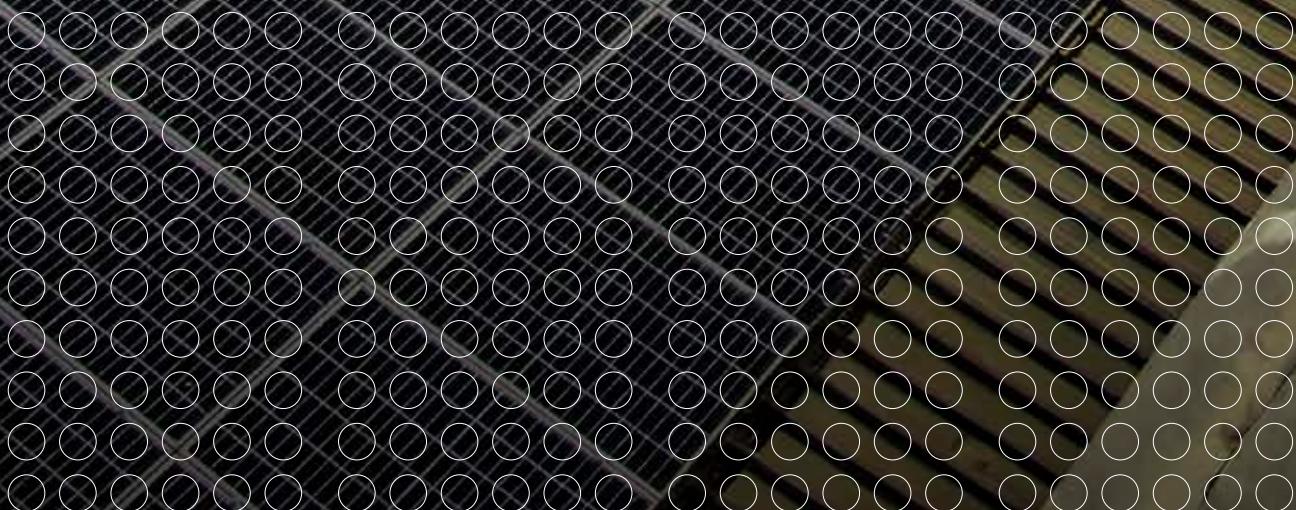
The Company may enter into hedging arrangements in respect of interest rates and/or power prices. The Company will not undertake any speculative hedging transactions and hedging transactions shall be limited to those which are necessary or desirable for the purposes of efficiently managing the Company's investments and protecting or enhancing returns therefrom. The Company may make use of currency hedging where investments are made in currencies other than pounds Sterling with the objective of reducing the Company's exposure to fluctuations in exchange rates. Cash management policy The Company may in its absolute discretion decide to hold cash on deposit and may invest in cash equivalent instruments, which may include short-term investments in money market type funds and tradeable debt securities (Cash and Cash Equivalents). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold.

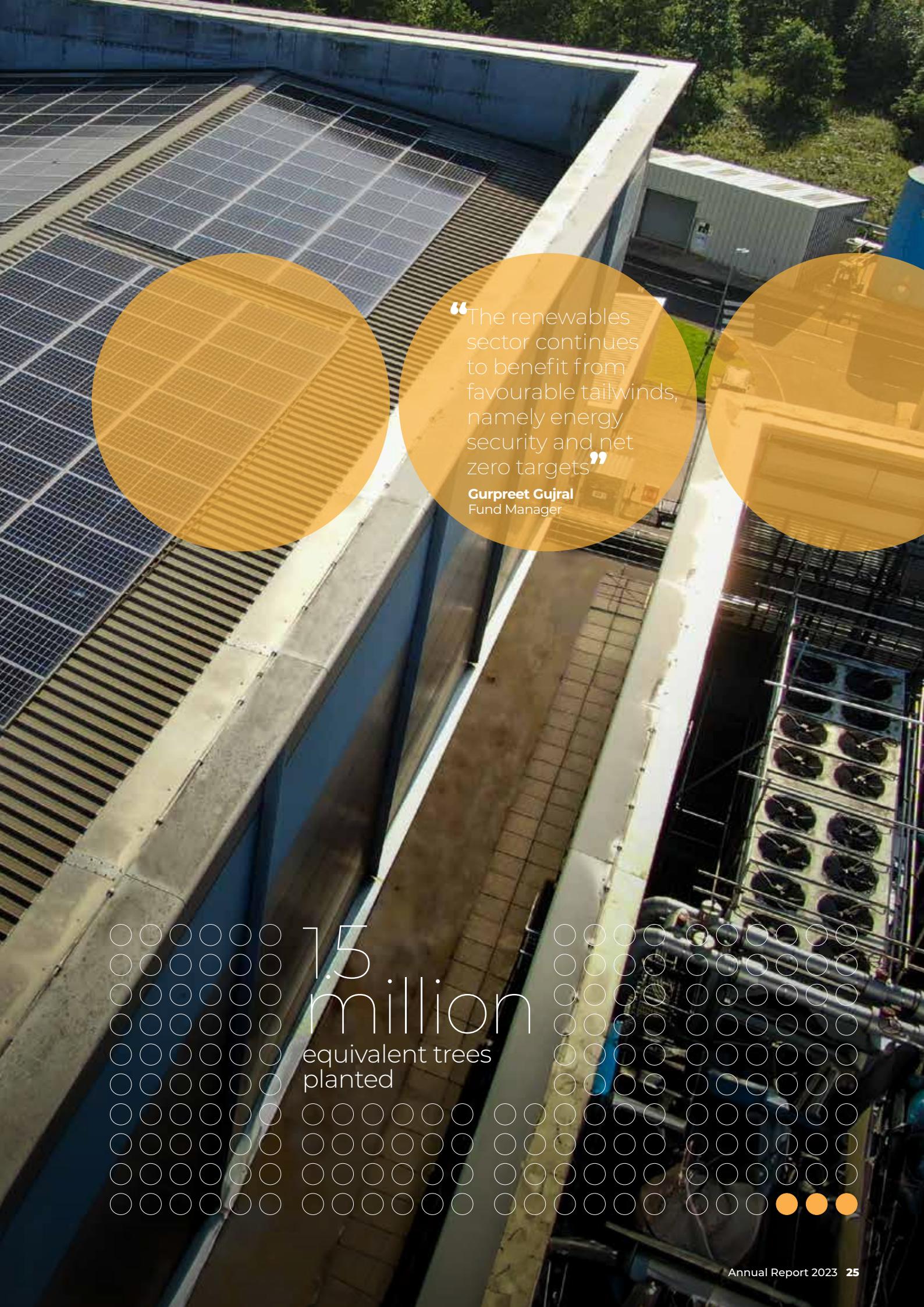
### **Changes to and compliance with the investment policy**

The Company will at all times invest and manage its assets in accordance with its published investment policy. Material changes to the Company's investment policy may only be made in accordance with the prior approval of the Shareholders by way of ordinary resolution and the prior approval of the FCA in accordance with the Listing Rules. Non-material changes to the investment policy must be approved by the Board, taking into account advice from the AIFM and the Investment Adviser where appropriate. In the event of a breach of the investment policy, including the investment restrictions set out above, the AIFM shall inform the Board upon becoming aware of such breach and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service

# Traceable, renewable and affordable energy for all

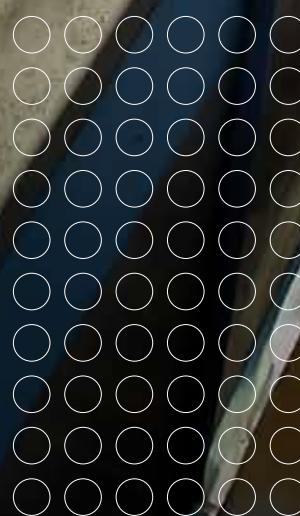
Atrato Onsite Energy is at the forefront of the UK's renewable energy transition.





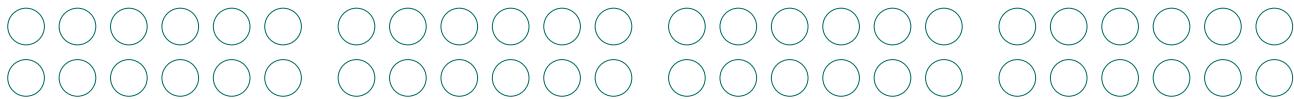
“The renewables sector continues to benefit from favourable tailwinds, namely energy security and net zero targets”

**Gurpreet Gujral**  
Fund Manager



15 million  
equivalent trees  
planted





# Our Market

## Power prices

During the financial year, UK wholesale electricity prices saw a normalisation following the peak that occurred in the second half of 2022, when the average daily price on the N2EX day ahead auction was £128/MWh. The fall in wholesale energy prices was driven by the decline in natural gas prices, albeit they are still trading above the long-term average. For the month of September 2023, there was a 69% decrease in the average auction price to £83/MWh, when compared with £271/MWh for the same month in the prior year.

With energy prices rising at a significant pace in August 2022, the Government announced a £211/MWh price cap for businesses (the Energy Bill Relief Scheme) from 1st October 2022 for their price of electricity. The price cap was introduced by the Government for the six months to March 2023, to support businesses struggling with their energy bills. This intervention restored some stability in the energy price market, giving households and businesses more certainty around their energy bills. Following the end of the price cap, the Government introduced a more targeted scheme in April 2023 to continue to support businesses with their energy costs which will run until March 2024. The Energy Bills Discount Scheme targets its support of businesses that are more vulnerable to rising energy prices, due to their energy intensive operations, and does so through a discount on the wholesale element of business energy bills, when it reaches a certain threshold (over £302/MWh).

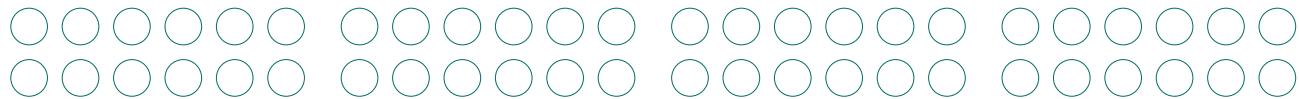
## The investment opportunity

The Company provides customers with fully funded, affordable clean energy via a PPA. PPAs can be an attractive route for corporates to achieve sustainability goals whilst enhancing long term energy security and typically reducing electricity costs. Once fully operational the portfolio will generate 173GWh of clean electricity per annum and supply to 11 corporates across the UK.

Over the past year the Company developed an innovative “sleeved” PPA with Britvic. Sleeved PPAs provide direct agreements between generators and business consumers for grid connected (front-of-the-meter), offsite renewable energy generation. They can be structured with many of the same attractive fundamentals as behind-the-meter solar opportunities, namely: strong covenant off-takers, fixed price tariffs, 100% contracted off-take, and index-linked income. The Company secured a 10-year, CPI linked off-take agreement with Britvic to supply 100% of the energy generated on its 28MW London Road site. The Investment Adviser is seeing increased corporate demand for large scale clean energy generation via sleeved PPAs as corporates look to reach renewables commitments and achieve net zero across their operations and supply chains.

## Price volatility delayed deployment





# Sustainability Report

## Introduction

Since IPO, sustainability related priorities have been identified as key to delivering value for the Company's stakeholders. As long-term investors, the Company is fully committed to integrating sustainable practices into its operations and expects that its business partners should do the same. During the reporting year, the Company has continued to develop its sustainability strategy and identify opportunities to enhance its sustainability performance. The Company is proud to have retained the London Stock Exchange's (LSE) Green Economy Mark<sup>15</sup> since IPO in 2021. This Sustainability Report provides an overview of our approach to sustainability and the progress we have made. The Company remains committed to further development of our sustainability strategy and positive impact as it continues to integrate ESG best practice and contribute towards a net zero carbon future.

## ESG Principles and Approach

The Company's activities align with the UN Sustainable Development Goals (SDG) Agenda 2030, and we have identified the following key SDGs as the most relevant to the Company:

- SDG 7 (Affordable & Clean Energy)
- SDG 12 (Responsible Consumption & Production)
- SDG 13 (Climate Action)

### The primary Sustainable Development Goals aligned to the Company's ESG Principles

<b>SDG 7 Affordable and Clean Energy</b> 	Ensuring a well-established energy system that supports all business activities of the Company's clients as well as forming part of the energy transition to renewable energy remains our focus. The Company can accelerate the transition to an affordable, reliable and sustainable energy system by investing in solar energy projects.
<b>SDG 12 Responsible Consumption &amp; Production</b> 	The Company is committed to a best practice approach to asset procurement, maintenance, decommissioning and component recycling. The Company has developed specific policies to ensure responsible investment practices, including in relation to modern slavery and human trafficking.
<b>SDG 13 Climate Action</b> 	Through clean energy asset investments, the Company's portfolio is directly contributing to a net zero carbon future and the attainment of the UK's net zero target. The Company evaluates and reports on its climate-related risks and opportunities and its greenhouse gas emissions profile.

In order to focus the Company's ESG activities and maximise the value delivered in the context of its investment objectives, the Company has identified four ESG principles (the ESG Principles) linked to the UN SDGs, that it believes are specifically relevant to its activities. The four principles are:

1. Support the attainment of the UK emissions targets through the creation of new sustainable energy resource;
2. Facilitate the efficient and considered use of finite resources;
3. Bring value to the communities in which we are active;
4. Deliver the Company's investment objective through a robust governance framework that recognises its ethical responsibilities to all stakeholders.

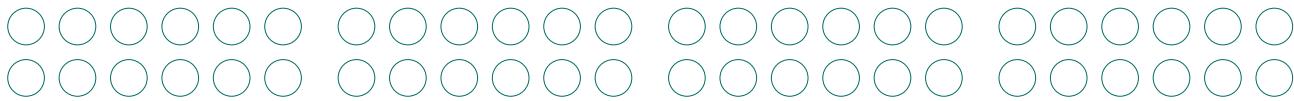
The Company is aware that its ability to manage ESG risks and opportunities is fundamental to the delivery of long-term sustainable returns for its investors and that its activities and its method of delivery have the potential to impact on a broad range of stakeholders. This includes recognising a sustainability responsibility beyond just climate-related considerations but to all material ESG issues. It therefore intends to ensure that ESG considerations, underpinned by the four ESG Principles, are reflected in all stages of the asset lifecycle and throughout all of its areas of operation.

Building on the four ESG Principles, and SDG alignment, the Company has committed to the following priority activities for FY24:

<b>Net Zero Transition and addressing Climate Risks: GHG and TCFD Reporting</b>	<b>Upholding Responsible Investment Commitments: PRI/NZAM</b>
<b>Enhancing biodiversity: exploring on site nature-related opportunities</b>	<b>Strengthening Sustainability in the Supply Chain</b>

The Company looks forward to reporting on progress with these activities in the next reporting cycle.

<sup>15</sup> The Green Economy Mark recognises London-listed companies and funds that derive more than 50% of their revenues from products and services that are contributing the environmental objectives such as climate change mitigation and adaptation, waste and pollution reduction, and the circular economy.



### Overview of ESG Approach:

Principle 1	Principle 2	Principle 3	Principle 4
<b>Climate/Net Zero</b> Support the attainment of the UK emissions targets through the creation of new sustainable energy resource	<b>Environment</b> Facilitate the efficient and considered use of finite resources	<b>Social</b> Bring value to the communities in which we are active	<b>Governance</b> Deliver the Company's investment objective through a robust governance framework that recognises its ethical responsibilities to all stakeholders
 	 	 	

### ESG Principle 1: Net Zero/Climate



#### Emissions

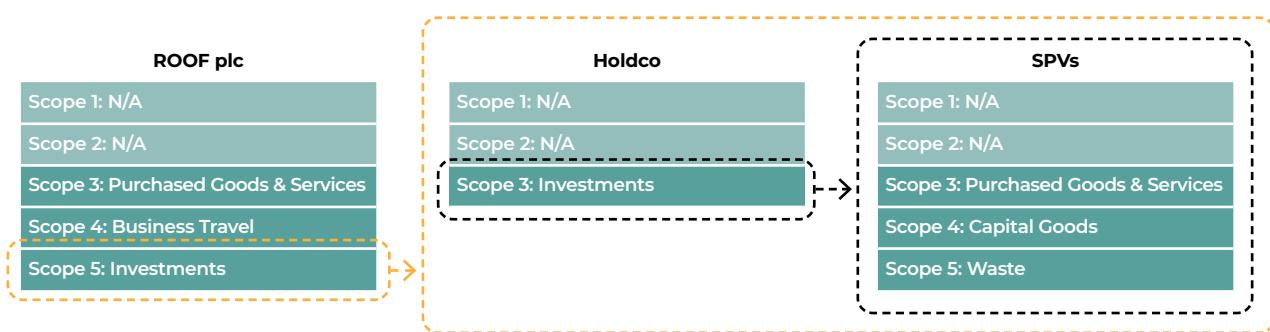
To ensure a robust and comprehensive understanding of the Company's greenhouse gas emissions (GHG) profile, the Company has engaged third party sustainability consultants, Anthesis, to assist in the preparation and analysis of the Company's GHG Inventory. In relation to the Streamlined Energy and Carbon Reporting (SECR) requirements<sup>16</sup>, the Company is considered to be a "low energy user" (<40,000KWh) and therefore falls below the threshold to include an

energy and carbon report. However, the Company has chosen to voluntarily disclose its GHG emissions (calculated using the GHG Protocol standard). In terms of data quality, 97% of emissions are based on actual data.

Following the operational control approach of the GHG Protocol, the Company must include the emissions of the Holdco and SPVs in its inventory as they are 100% wholly owned subsidiaries of the parent company. However, as the Company, the Holdco and SPVs are investment entities, the SPVs are classed as investments of the Holdco and the Holdco is classed as an investment of the Company.

The Company's GHG Inventory Organisational Boundary is explained below:

#### The Company's GHG Inventory Organisational Boundary



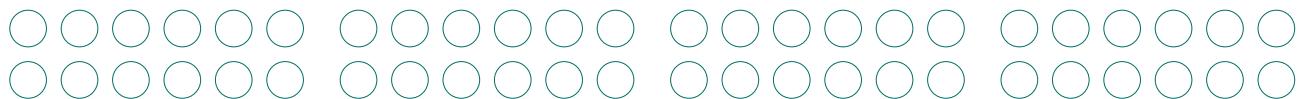
The Holdco is a 100% wholly owned subsidiary of ROOF plc, however as ROOF plc and the Holdco are investment entities, the Holdco's emissions go in ROOF plc's investments.

The Holdco invests 100% in the SPVs, so the SPVs' emissions are included under the Holdco's investments.

As per GHG Protocol guidance<sup>1</sup>, Scope 1 & 2 emissions of investments must be included, and Scope 3 emissions should be included where relevant and significant. Therefore, the Scope 3 emissions of the SPVs and Holdco have been included under ROOF plc's investments.

1 <https://ghgprotocol.org/sites/default/files/2022-12/Chapter15.pdf>

16 The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting (SECR).

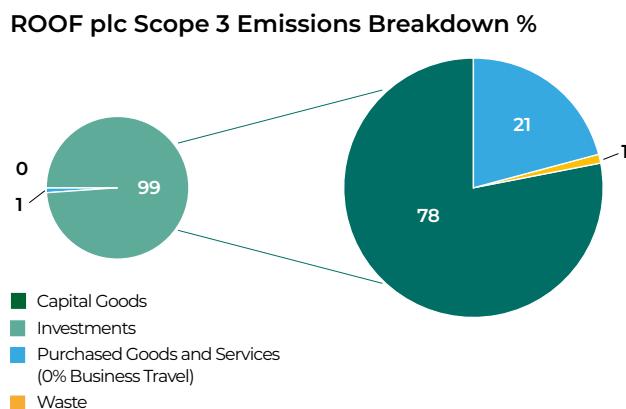


Scope 3 (indirect emissions occurring within the Company's value chain) accounts for 100% of the Company's emissions profile, totalling 41,364 tCO<sub>2</sub>e. The largest proportion of emissions comes from investments with 41,136 tCO<sub>2</sub>e. There are three material sources of emissions from the Company's investments: capital goods, purchased goods and services, and waste. Emissions from capital goods make up 77% of the Company's total carbon footprint for FY23. The source of these emissions is the embodied carbon from the purchase of new solar photovoltaic ("solar PV") modules.

The following table provides a summary of the Company's FY23 GHG Inventory:

Scope	Category	FY23 (tCO <sub>2</sub> e)	FY23 % of Total
Scope 3	1. Purchased goods and services	226	0.5%
	5. Business Travel	1	0%
	15. Investments	41,136	99.5%
	15a. Purchased goods and services	8,640	21%
	15b. Capital Goods	32,046	77.5%
	15c. Waste	451	1%
<b>Total Scope 3 Emissions</b>		<b>41,364</b>	<b>100%</b>

The following figure shows the Company's Scope 3 emissions breakdown:



The Company does not currently purchase offsets and instead focuses on deploying more capital into renewable energy generation.

#### Net Zero and Science Based Targets

In accordance with the Company's investment objectives, the Company invests in renewables infrastructure projects which generate clean energy and contribute directly to the UK's net zero transition.

The Science Based Target Initiative (SBTi) has not yet published guidance for the renewables sector. In the absence of available sector guidance, the Company is currently engaging with SBTi and external consultants to identify the most applicable guidance or methodology for the Company to use to show net zero alignment given the Company's renewable asset base. The Company's key climate-related target is to continue to provide 100% of electricity generation finance for only renewable electricity through 2030.<sup>17</sup>

#### Climate

The Company has voluntarily reported against the TCFD recommendations, as a framework to effectively disclose the Company's climate-related risks and opportunities. See the TCFD report below on page 33. Details of the Company's climate-related targets are also included in the TCFD report on page 33.

**Net Zero Transition and addressing Climate Risks: GHG and TCFD Reporting**

#### 2024 Priority Activity – Net Zero Transition and addressing climate risks:

**The Company is committed to continuing to analyse its greenhouse gas (GHG) emissions profile, prepare a GHG inventory annually and voluntarily report on its Scope 1, 2 and 3 emissions. The Company will utilise the results of the GHG inventory to assess available emissions reductions opportunities. The Company will continue to engage with the SBTi to identify the most applicable methodology for the Company to use to show net zero alignment given the Company's renewable asset base. The Company is also committed to ongoing annual TCFD reporting, as a framework to effectively disclose the Company's climate-related risks and opportunities.**

<sup>17</sup> This target follows best practice and is in alignment with the latest SBTi guidance for financial institutions.



## ESG Principle 2: Environment



### Resource efficiency

Water usage and waste is minimal in the direct operations of the Company and the Investment Adviser.<sup>18</sup> The Company is committed to eliminating unnecessary consumption and minimising waste within the portfolio. Over the next year, the Company will review its data collection processes in relation to collection of waste related data. This is driven by a focus on improving the amount of actual data recorded from the operational waste related to the installation and maintenance of the solar PV assets at the sites owned by the SPVs. This will further improve understanding of the Company's waste profile, and support measures to reduce the quantity of waste going to landfill in favour of recycling or recovery, and ultimately reduce emissions from waste (which form part of the Company's Scope 3 emissions).

The Company's focus on onsite energy generation, and its rooftop solar assets in particular, generally support renewable energy generation without competing with alternative land use such as green or public spaces, food production or housing. The amount of MW that the Company has on rooftops is equivalent to 144 acres of land, if these solar rooftops were ground mounted.<sup>19</sup>

### End of life

The Company's expectation is that onsite solar assets will typically be transferred to the contract counterparty at expiry of the PPA term or upon implementation of any buy-out provisions. However, there may be opportunities for entering into a replacement PPA, including where the site is suitable for re-powering with updated equipment. In the event that the Company is required to decommission a site this would be carried out in accordance with the prevailing industry best practice, including with respect to the recycling of equipment and materials.

### Environmental fines

The Company did not receive any environmental fines or penalties during the year (September 2022: nil).

### Biodiversity

The Company acknowledges that society, business, and finance depend on nature's assets and the services they provide. The Company supports the aim of the Taskforce on Nature-related Financial Disclosures (TNFD) to provide a framework for organisations to report and act on evolving nature-related risks. The Company is committed to further understanding and evaluating the nature-related dependencies, impacts, risks and opportunities (including in relation to biodiversity) relevant to the Company and looks forward to reporting on this in due course.

### Enhancing biodiversity: exploring on site nature-related opportunities

**2024 Priority Activity – Enhancing biodiversity:** The Company is committed to exploring on site nature-related opportunities on the ground mounted solar sites. For example, through pre-construction ecological assessments and where possible, initiatives to obtain site-specific ecological management and biodiversity enhancement plans.

## ESG Principle 3: Social



### Local employment

The development and building of solar projects creates direct employment opportunities and the Company encourages its EPC contractors to use local sub-contractors (for services such as fencing works, landscaping and civil works) where possible.

### Charitable giving

The Company has made a commitment to donate one per cent of the previous year's profits to charitable causes through an independent foundation. 2023 is the second year of operations for the Company, and no profit was achieved in the prior year.

See the Corporate Social Responsibility overview on page 43 for information on the Investment Adviser's charitable giving and volunteering.

### Responsible supply chain

The Company is committed to trade ethically, source responsibly and avoid modern slavery or human trafficking in its supply chains or in any part of its business. See the Supply Chain Sustainability overview on pages 42 to 43 for more details.

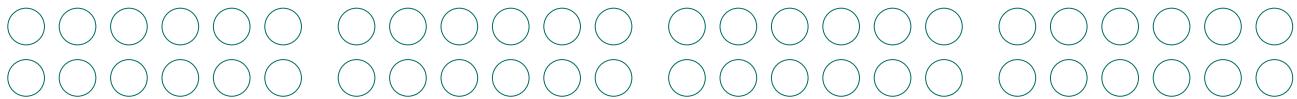
### Strengthening Sustainability in the Supply Chain

### 2024 Priority Activity – Strengthening sustainability in the supply chain

**The Company is committed to ensuring that it trades ethically, sources responsibly and that there is no modern slavery or human trafficking in its supply chains or in any part of its business.** As part of this commitment the Company will continue to engage with industry bodies, NGOs, and other stakeholders on responsible procurement initiatives with a focus on continual improvement. This includes undertaking an annual review of the Company's Modern Slavery Statement.

<sup>18</sup> As the Company does not have an office space or employees to make waste.

<sup>19</sup> Based on 0.2MW per acre



#### ESG Principle 4: Governance



##### **Responsible business**

The Company believes that responsible business practices and strong ethics in governance are key to long-term success and value creation. The Company is committed to upholding strong ethics and integrity in governance including by managing conflicts of interest and maintaining clear and up to date governance and ESG policies. A summary of the Company's ESG Policies and Standards is provided on page 33. The Company's Investment Adviser is a signatory to both PRIPRI Reporting Framework and NZAM, and the Company is committed to ongoing retention of the LSE's Green Economy Mark.

##### **Diversity, Equity, and Inclusion**

The Company does not have any direct employees because of its external management structure and only has non-executive Directors on the Board. However, the Company receives professional services from a number of different providers, principal among them being the Investment Adviser. The Investment Adviser supports equal opportunities regardless of age, race, gender or personal beliefs and preferences, both in their recruitment and when managing existing employees. The Company's Diversity Policy (published on its website) sets out the approach to diversity on the Board of the Company. The Board supports the FTSE Women Leaders Review and its voluntary target for FTSE 350 boards to have a minimum of 40% of women on boards. The Board of the Company currently has 67% women representation. The Company also supports the Parker Review's recommendations to increase ethnic and cultural diversity on boards, the development of a pipeline of candidates, the planning for succession through mentoring and sponsoring, and enhancing transparency and disclosure to record and track progress against the objectives.

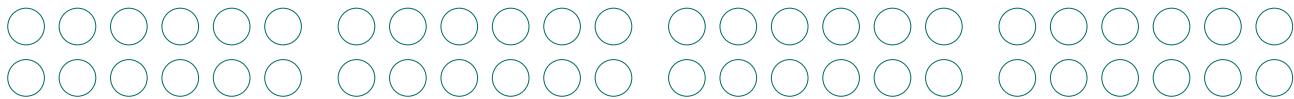
##### **Training**

The Company's Investment Adviser is committed to providing all of the Investment Adviser's staff with ESG training to improve their understanding of ESG-related risks and opportunities. In FY23 100% of the Investment Adviser's staff undertook this training. As part of the Company's commitment to enhancing sustainability performance, training requirements relating to Company's Board and the Investment Adviser will be reviewed over the coming year.

**Upholding Responsible Investment Commitments: PRI/NZAM**

##### **2024 Priority Activity – Upholding responsible investment commitments:**

The Company will continue to support the work of its Investment Adviser to report against the PRI Reporting Framework and the NZAM signatory commitments, including the commitment to achieve net zero alignment by 2050 or sooner. As part of the Company's commitment to responsible business practices and enhancing sustainability performance, training requirements relating to Company's Board and the Investment Adviser will be reviewed over the coming year.



### ESG Reporting Metrics Table

We acknowledge that the IPO proceeds are now fully committed, and the portfolio is expected to be fully operational in early 2024. Therefore, we have revised our ESG reporting metrics to better capture the

operating environment that we are in. Going forwards we will capture the following metrics which we feel are the most relevant for benchmarking and measuring progress against the Company's four ESG Principles.

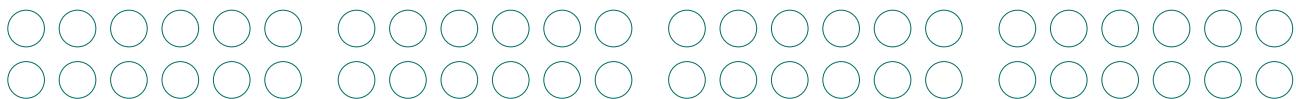
ESG Principle	ESG Reporting Metrics	FY23 Result
Principle 1: Climate Change/Net Zero Transition	(a) Total renewable generation capacity created (GWh)	36.3
	(b) Equivalent number of homes powered by renewable energy	64,000
	(c) Avoided greenhouse gas emissions (tCO <sub>2</sub> e)	7,627
	(d) Average carbon payback (years)	Research has shown that the average carbon payback period for solar panels is 1-4 years. <sup>20</sup> The Company is exploring how it can calculate this metric specifically for the assets within its portfolio through further analysis of the embodied carbon of its solar panels
	(e) Investment Adviser (IA) carbon footprint	The GHG Inventory for the IA is currently being prepared by Anthesis and will be reported on in the next ARA
	(f) Scope 1 carbon emissions (tCO <sub>2</sub> e)	nil
	(g) Scope 2 carbon emissions (tCO <sub>2</sub> e)	nil
	(h) Scope 3 carbon emissions (tCO <sub>2</sub> e)	41,364
Principle 2: Environment	(a) The amount of MW that the Company has on Rooftops and how many acres is this equivalent to, if these rooftops were on the ground <sup>21</sup>	144 acres
Principle 3: Social	(a) The number of local EPC contractors/technicians we have used in all of our projects by region	<i>Regional breakdown</i> North: 6 Wales and Midlands: 34 East: 18 South West: 40 South East: 15 Scotland: 2 Multi-region: 2
	(b) Confirmation of application of at least 1 per cent of the Company's cash profit for the previous FY and at least 3 per cent of the IA's cash profit for the previous FY (as they relate to its activities under the IA Agreement) to charitable causes via (once established) an independent foundation	The Company did not generate a cash profit during the previous FY therefore no financial contribution to charitable causes was made
	(c) Hours committed to education schemes around sustainable energy	16 hours
Principle 4: Governance	(a) Reporting against UN PRI framework by the IA	✓ The IA's first PRI Report was submitted in September 2023.
	(b) Confirmation of award and retention of LSE's Green Economy Mark	✓ Retained since the Company IPO in 2021.
	(c) Confirmation of status as TCFD supporter	✓ First TCFD report included in this ARA

The Company recognises that as the portfolio continues to grow and the sustainability regulatory and reporting landscape further evolves, further ESG data collection and data quality improvements will be needed. The Company is committed to ongoing engagement

with its stakeholders to allow improved ESG metrics and targets reporting and assessment of our ESG performance.

<sup>20</sup> Solar Energy UK Briefing, Everything under the Sun, The Facts About Solar Energy (Mar 2022), solarenergyuk.org

<sup>21</sup> Based on 0.2MW per acre



## ESG Policies and Standards

The Company's approach to sustainability is governed using a comprehensive framework of policies and standards. Policies are updated on a regular basis to ensure they remain up to date with the latest approaches to sustainability management and performance improvement.

Policy	Location
Modern Slavery Statement	Available on the Company's website
Module Procurement Policy	Available on the Company's website
Anti-Bribery Policy	Available on the Company's website
Anti-Tax Evasion Policy	Available on the Company's website
Conflicts of Interest Policy	Available on the Company's website
Board Tenure Policy	Available on the Company's website
Diversity Policy	Available on the Company's website
ESG Policy	Available on the Company's website
Investment Policy	Available on the Company's website
Environment Policy	Available on the Company's website
Biodiversity Policy	Available on the Company's website
Supply Chain Human Rights Policy	Available on the Company's website

As further ESG policies are developed these will be published on the Investment Adviser's website or that of the Company's as appropriate, once available.

## ESG Monitoring and Reporting

The Company is committed to measuring and evaluating its sustainability performance and maximising the value delivered in the context of its investment objectives. The Company will annually report against TCFD reporting requirements (with the Company's first TCFD report included below) as well as disclosing the emissions of its own operations and where possible, those of its advisors. In addition, the Company's Investment Adviser, as a signatory to PRI, will continue to report annually against the PRI reporting framework.

Emerging sustainability-related regulation and reporting requirements are monitored by the Company's Investment Adviser. The Company is aware that nature loss and biodiversity have emerged as a key focus within the broader sustainability landscape and that regulatory and reporting requirements are evolving rapidly as a result. The Company is preparing for the introduction of mandatory Biodiversity Net Gain Assessments (BNG) (as part of future planning

permissions) and is monitoring the voluntary uptake of the recently launched final recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

More broadly, the Company aims to continue to enhance reporting and engagement with stakeholders on its sustainability performance and targets.

## TCFD report

### Introduction

The Company is dedicated to mitigating climate-related risks and maximising the potential for climate-related opportunities. The Company's primary business activity is to invest in solar PV systems, demonstrating its commitment to the climate transition. The Company assesses the risks that climate change poses to its business activities at various stages, including pre-investment and during the operation of assets.

The Company is supported by the Investment Adviser who, as a signatory of PRI and NZAM, is committed to assisting the Company in achieving its sustainability and climate goals to combat the climate crisis.

This disclosure represents the Company's first reporting in line with TCFD, consistent with the four pillars and 11 recommendations. The Company anticipates that this disclosure will improve over time as management of climate-related issues continues to be embedded across the business. Planned improvements for the metrics and targets disclosure include engaging the supply chain to provide more accurate data, whereas plans to conduct a quantitative scenario analysis in future will enhance the quality of the strategy disclosure.

The Company has prepared this disclosure using a consistent principle of materiality as applied elsewhere in the annual report. Stakeholders of the Company and the Investment Adviser have been consulted on the materiality of climate issues. The climate information that stakeholders deem to be important, or that stakeholders use to make decisions, is considered material.

## Governance

### Describe how the board exercises oversight of climate-related risks and opportunities:

The Board and AIFM, are responsible for the investment decisions of the Company and for overseeing the services delivered by the Investment Adviser to ensure that climate-related priorities are incorporated into the investment strategy. The Company's business plan naturally considers climate-related issues by investing exclusively in low-carbon technologies. Climate risks are considered when planning future developments, as extreme weather events can cause installation delays, which can impact revenue. The Company considers climate opportunities when making growth plans because the business model is directly affected by emerging climate legislation. For example, the introduction of carbon price legislation or an increase in carbon prices could lead to higher demand for solar PV.



Climate-related matters are a standing agenda item as part of the Investment Advisers' report to the Board at quarterly meetings. The Board requires the Investment Adviser to report against ESG metrics (see the Metrics and Targets section for more details) at each quarterly Board meeting and to highlight how each metric may be impacted by investment decisions. Following the 2023 reporting process, the Board will consider the potential cost implications of the climate scenario analysis results and updating risk management policies.

The two Board committees include the Audit Committee and Management Engagement Committee. Whilst the Investment Adviser and AIFM have joint responsibility for maintaining the Company's risk register and internal controls, this is subject to the supervision and oversight of the Board. The Audit Committee has responsibility for reviewing such processes on an annual basis to ensure that climate-related risks are effectively identified and managed. The Audit Committee also receives updates on climate-related risks and opportunities from the Investment Adviser when needed. Climate-related issues do not fall under the remit of the Management Engagement Committee. The Company's governance structure is presented on page 62.

### **Describe management's role in assessing and managing climate-related risks and opportunities:**

The Investment Adviser is responsible for delivering the climate risk strategy on behalf of the Company and for advising the Board on matters related to climate risk. Steve Windsor, Principal and Sustainability Champion at the Investment Adviser, is responsible for oversight, monitoring, and management of climate-related risks and opportunities. The Investment Adviser's Head of Sustainability, Isabelle Smith, is responsible for the operational delivery of climate-related risk measures and leads the provision of climate risk advice to the Company. The Head of Sustainability reports to the Chief Operations Officer of the Investment Adviser.

The Head of Sustainability is a standing attendee of the Investment Adviser's Investment Committee, assuming responsibility for delivering the Company's sustainability strategy. The role involves preparing climate-related disclosures and reports, embedding ESG and climate-related policies into the business, monitoring climate issues, and implementing changes that will either improve the Company's resilience to climate-related risks or allow it to take advantage of climate-related opportunities. The Head of Sustainability will communicate progress against climate-related metrics to the Board on a quarterly basis, as outlined in the Company's ESG policy.

Identification of assets' climate-related risks and opportunities already forms part of the Investment Adviser's investment process during the due diligence phase. Potential issues are raised by investment teams with the Head of Sustainability. The Company plans to enhance this process to ensure that the key

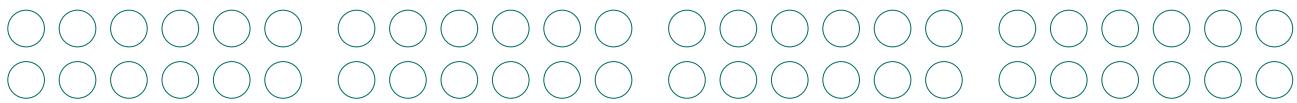
climate-related risks and opportunities identified through scenario analysis (see the Strategy section) are included in the asset-level risk analysis.

### **Strategy**

#### **Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term:**

An initial screening was conducted to define likely material climate-related issues and suitable time horizons over which to assess their potential. Table 1 and Table 2 show the initial list of risks and opportunities identified in the screening, which are aligned to the climate-related risks and opportunities suggested by the TCFD. Risk and opportunity types were assigned a preliminary rating (Lower, Moderate or Higher) based on stakeholder consultations, a review of peer organisations, and the judgment of the Investment Adviser. This was followed by a more detailed review and scenario analysis of the three most material risks and opportunities, as shown in Table 3.

For preliminary ratings, a Material Time Horizon was also defined according to the time horizon over which each risk/opportunity is expected to first materialise. The short-, medium-, and long-term time horizons were defined according to the Company's operational milestones and aligned to the assessment of specific risks and opportunities. The short-term time horizon (2023-2025) covers the period up to the completion of in-progress deals and projects under construction (up to 12 months). It also covers the scheduled continuation vote for the Company in November 2024. The medium-term horizon (2026-2035) is defined relative to the mid-term of power purchase agreements ("PPAs") within the existing portfolio of off-takers. The average length of term remaining within the current portfolio (as of September 2023) is c. 17 years. The long-term time horizon (2036-2050) has also been set relative to the length of existing PPAs, to extend beyond the longest-term PPA within the Company portfolio.



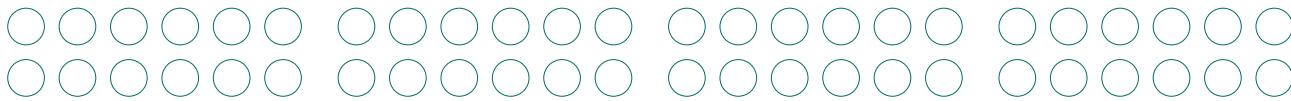
**Table 1:** Preliminary ratings of all risks identified in the climate risk and opportunity screening

Category	Risk Type	Description	Preliminary Ratings		Material Time Horizon
			Financial Impact	Probability	
Transition	1. Policy and legal: Change in government energy policy	A change in government subsidies or taxation could lead to an increase in costs or reduction in revenues.	Higher	Moderate	Medium
	2. Technology: Less competitive renewable energy technology	Developments in renewable energy technology could reduce the competitiveness of the Company's assets leading to impairment and/or a reduction in revenue.	Lower	Moderate	Long
Physical	3. Acute: Extreme rainfall	Disruption to the installation and maintenance of assets can delay the commencement of PPAs, causing reduced cash-flow and additional labour costs.	Moderate	Moderate	Short
	4. Chronic: Extreme heat	Components within solar arrays, such as inverters and transformers, can be susceptible to failure in extreme heat. They require greater levels of maintenance, which can increase operational costs.	Lower	Moderate	Long

**Table 2:** Preliminary ratings of all opportunities identified in the climate risk and opportunity screening

Category	Opportunity Type	Description	Preliminary Ratings		Material Time Horizon
			Financial Impact	Probability	
Transition	1. Markets: Increased customer demand for low-carbon energy	Increased demand and diversification of customer base as more companies require low carbon technologies to meet their net zero targets. This could lead to increased revenues for the Company.	Moderate	Moderate	Medium
	2. Markets: Additional government subsidies	Government subsidies or tax relief for renewable energy could lead to lower operating and/or capital costs for the Company.	Lower	Moderate	Medium
	3. Products and services: Technological advantage	Advancements in solar technology could improve the Company's market performance relative to other forms of renewable energy, which could increase revenues.	Lower	Moderate	Medium
	4. Products and services: Advantage of ESG efforts and commitments	A position as a supplier of renewable energy with strong ESG principles, policies and commitments, can make the Company more attractive to customers, thereby increasing revenue.	Moderate	Higher	Medium

The three most material risks and opportunities were evaluated through forward-looking qualitative scenario analysis. The results of this analysis are shown in Table 3. Further details relating to the methodology behind the scenario analysis can be found in **Appendix A**.



**Table 3:** Results from scenario analysis for most material risks

Risk / Opportunity Type	Scenario	Financial Impact	Probability	Overall rating by time horizon		
				Short (2023-25)	Medium (2026-2035)	Long (2036-2050)
1. Transition risk: Policy and legal: Change in government policy	Preliminary Rating	Higher	Moderate	Moderate	Moderate	Moderate
	<2°C	Higher	Lower	Moderate	Higher	Lower
	>4°C	Higher	Moderate	Lower	Higher	Higher
3. Physical risk: Extreme rainfall (acute)	Preliminary Rating	Moderate	Moderate	Lower	Moderate	Higher
	<2°C	Moderate	Moderate	Lower	Moderate	Moderate
	>4°C	Moderate	Moderate	Lower	Moderate	Higher
4. Transition opportunity: Products and services: Advantage of ESG efforts and commitments	Preliminary Rating	Moderate	Higher	Moderate	Moderate	Lower
	<2°C	Moderate	Higher	Higher	Lower	Lower
	>4°C	Moderate	Lower	Lower	Lower	Lower

**Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning:**

The UK aims to achieve net zero emissions by 2050 and has an interim target to decarbonise the electricity sector by 2035, which is expected to require a five-fold increase in solar generation<sup>22</sup>. The Company's operating model facilitates the UK's climate goals through the provision of additional solar capacity. Climate-related opportunities have direct implications for increasing the Company's revenue through an anticipated growth in the scale of the commercial PPA market. Most climate-related risks are seen as a function of the overarching opportunity presented by the transition to net zero and are most likely to materialise in relation to Company revenue streams and the speed or scale with which revenue growth is achieved.

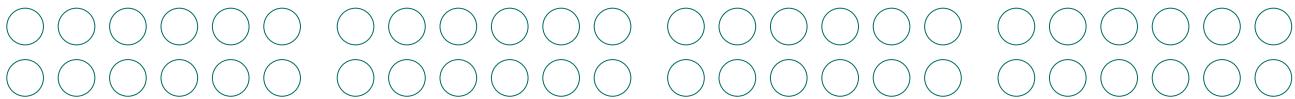
The Company's exposure to physical climate-related risks is relatively limited compared to transitional risks and opportunities. Chronic risks, such as heat and water stress, have little to no impact on Company operations. Some acute physical risks result in disruption to the operational capability of the Company's solar assets, impacting revenue. The Company is responsible for the installation of solar modules at site, as well as ongoing maintenance over the term of the PPA. The Company oversees installation of both roof and ground mounted arrays, though the majority of the existing portfolio's installed capacity (c. 80%) is ground mounted. Exposure of assets to extreme weather can limit their operational capability, warranting repairs, as well as causing delays during the installation stage for new assets. This was observed most recently in 2022, when extreme rainfall during installation rendered sites unsafe for contractors to access and resulted in waterlogged cable trenches. Standing water, coupled with freezing overnight temperatures, caused delays to installation and also resulted in additional labour costs. It is likely that more

frequent and intense weather events (most notably extreme wind and rainfall) will result in the requirement for additional maintenance of assets and necessitate repairs to site infrastructure as well as leading to larger risks during installation of assets in future. The Company has identified financial indicators to measure the extent of these impacts and will report on these in 2024.

The Company procures solar assets on a rolling basis from third party suppliers, before transferring the assets out of Company ownership at the expiry of the PPA. Winning competitive PPA tenders is critical to the Company's commercial success, and the Company's reputation plays a significant role in winning such tenders. As commercial off-takers are already motivated by their own ESG targets and goals, the Company's ESG performance may be subject to greater scrutiny, which will extend into its supply chain. The Company's policies and commitments around modern slavery and supply chain due diligence and procuring solar modules with traceability reports at a premium from third party suppliers acts as a positive market differentiator in this way. Traceable modules are of certified origin and uphold proper labour standards during raw material extraction and module manufacturing. As the market for commercial PPA grows, this reputational positioning is likely to create further opportunities. Additionally, the Company anticipates that over time, access to the most competitive rates of finance and capital will be increasingly contingent on ESG performance and transparency, which is categorised as a reputational risk for TCFD purposes.

Risks and opportunities related to climate policy and legislation are likely to impact the Company's financial planning. Within its investment strategy, the Company retains the capability to add a broader range of energy-related products beyond solar modules to its portfolio, such as electric vehicle charging

<sup>22</sup> British Energy Security Strategy 2022: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1069969/british-energy-security-strategy-web-accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1069969/british-energy-security-strategy-web-accessible.pdf)



infrastructure and battery energy storage systems. This flexibility increases the potential scope for technological opportunities and mitigates technological risks. Procuring modules on a rolling basis further mitigates this risk.

Potential market changes arising from the Government's Review of Electricity Market Arrangements (REMA),<sup>23</sup> such as locational pricing and specific support for PPA markets, could influence the future pricing of solar-generated electricity and may affect the Company's investment strategy. Locational pricing may motivate a stronger investment focus on specific regions of the UK and depreciate the returns of existing PPA contracts in less favourable locations. This impact is mitigated by the diversity in site geography among existing assets. Existing PPA terms mitigate the impact of these market-led changes in legislation with longer term, fixed-price structures that safeguards the Company in the event of changes in legislation.

#### **Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:**

For this reporting period, a qualitative scenario analysis was completed for the risks and opportunities described in Table 3. These were assessed under the defined short-, medium- and long-term time horizons under two future scenarios. The first is a high emissions scenario, commensurate with current policies and the IPCC's Representative Concentration Pathway (RCP) 8.5, which is consistent with >4°C of warming. The second is a low emissions scenario, commensurate with 2050 Net Zero targets and the IPCC's RCP2.6, which is consistent with <2°C of warming. The Company plans to improve its assessment of climate-related risks and opportunities by undertaking further qualitative scenario analysis in 2024. The Company intends to apply quantitative scenario analysis in future to factor in the financial impacts of the material risks and opportunities. Quantitative financial analysis was not completed in 2023, as the financial costs of managing the material risks require further research and access to more granular data. The Company plans to undertake such research and implement data quality improvements over the next 12 months to facilitate the enhanced analysis.

#### **Extreme Rainfall**

Research has indicated that extreme weather events can extend the length of construction projects by up to 21% in the UK,<sup>24</sup> whilst flood damage caused by extreme rainfall regularly exceeds hundreds of millions of pounds each year.<sup>25</sup> The Company has already experienced delays to installations caused by extreme weather, particularly during winter months when the impacts of extreme rainfall are compounded with lower temperatures.

The risk of extreme rainfall at existing portfolio sites is similar in the short- and medium-term for both scenarios. Over the long-term horizon, extreme rainfall is expected to increase by about 9% within the low-emissions scenario across the Company's sites, whilst the increase in extreme rainfall is over 12% over the long-term horizon in the high emissions scenario. These increases in likelihood are broadly representative of future changes across the UK as a whole over the same timescale, which is representative of the Company's portfolio being geographically spread across the country. The analysis suggests an increased likelihood of disruption to maintenance operations (at existing sites) as well as an increased likelihood that installations at new ground mounted sites across the UK will be disrupted by extreme rainfall in the long-term.

Alongside the analysis of existing sites, an assessment was conducted of UK areas likely to experience the most extreme rainfall in future years. This information can be used to assess the medium and long-term risk for future sites, particularly for future ground mounted sites. In response to disruption delaying commercial operation dates, the Company has taken measures on more recent installations to mitigate adverse weather impacts. Mitigating actions include prioritising the installation of solar arrays at the boundary of a site according to potential exposure to extreme rainfall and high winds. This, combined with measures to protect the depth of cabling trenches, provides greater protection for arrays installed on the interior of the site. Ultimately this may result in the Company making additional capital investment provisions; the extent of which will be further explored and estimated over the next 12 months.

#### **Policy and Legal**

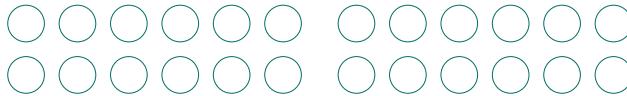
The unstable policy landscape within the energy sector poses a material risk to the Company. The increased uncertainty can impede off-takers' willingness to enter into longer term contracts. Policy instability can also affect national energy prices, affecting the commercial case and payback period of renewables when comparing against other options in the market. Analysis of this risk is intended to represent a range of potential policy interventions that may influence the Company's competitiveness within the wider energy market. The use of instruments such as windfall taxation, subsidies, and capital allowances may have a material bearing on the performance of the Company in future years.

Carbon price projections within the energy supply sector have been used as a proxy to estimate the probability of future policy changes that affect the Company's ability to remain competitive on the energy market. Higher carbon prices reflect a higher likelihood of a policy environment conducive to solar assets being an attractive option for PPA off-takers. In the low-emissions scenario, carbon prices increase

<sup>23</sup> Review of Electricity Market Arrangements: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1098100/review-electricity-market-arrangements.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1098100/review-electricity-market-arrangements.pdf)

<sup>24</sup> Pablo Ballesteros-Perez (2018). Incorporating the effect of weather in construction scheduling and management with sine wave curves, application in the UK

<sup>25</sup> Gov.uk: Counting the cost of flooding. 2021



into the medium- and long-term, whilst in the high-emissions scenario the carbon price is low across all time horizons. Policy and legal risk is assessed to be higher over the medium- and long-term, particularly in the high-emissions scenario. This represents the time horizon over which the Company will seek PPA contract renewal and/or new offtaker contracts and suggests that the Company could be operating in a more challenging policy environment at that time.

The multi-decade duration of PPAs reduces the Company's exposure to market volatility arising from policy and legal changes. To monitor new policy developments and the impact these may have on the Company, horizon scanning of emerging regulations is undertaken annually.

Following the completion of the scenario analysis conducted for this report, a historic consensus was reached at COP28 in Dubai to transition away from all fossil fuels to enable the world to reach net zero by 2050<sup>26</sup>. In addition, the Global Renewables and Energy Efficiency Pledge, aiming to triple worldwide installed renewable energy generation capacity by 2030, was endorsed by the United Kingdom and more than 100 other countries at COP28<sup>27</sup>. Both of these examples highlight the increasing international efforts to accelerate the clean energy transition and the evolving international policy and legal landscape in relation to renewable energy. The Company will continue to monitor such international efforts and the resulting impact on domestic policy.

### Products and Services

A positive reputation with customers provides the Company with an opportunity to improve its competitive position and maximise its growth in the PPA market. The Company's alignment between its own ESG practices with those of potential off-takers represents a market differentiator that can create commercial opportunities for increased revenue.

National scenarios for solar technology investment were used as a proxy to gauge the future probability of increased competition within the solar PPA market.<sup>28</sup> In the low emissions scenario, it is anticipated that investment into renewables will peak in the short-medium term, in turn scaling up the off-taker market. In a high emissions scenario, where emissions reductions and ESG garner less interest in the private sector, investment is relatively low across future time horizons. This implies a potential opportunity that is strongest in the medium term as more commercial off-takers seek long-term PPA arrangements. This also overlaps with the Company's developing reputation as they mature through future rounds of fundraising beyond the short-term continuation vote.

The Company maintains a positive reputation with customers via its ethical supply chain practices. For example, the Module Procurement Policy requires newly acquired solar PV systems to be ethically sourced and for module suppliers to meet certain criteria.

The Company's aim to source low-emitting solar PV modules will also attract customers with targets to reduce emissions in their supply chains.

### Risk Management

#### Describe the organisation's processes for identifying and assessing climate-related risks:

The Company identifies and evaluates its principal risks, including climate-related risks, using a matrix where each risk is rated on a scale of rare, low, moderate, or high. The risks are assessed at every quarterly risk review, as well as on an ad hoc basis when significant risks arise. In 2022, extreme rain was included under the category of "Operational, climate, and ESG risks", whilst policy and legal risk was included under "Economic and regulatory conditions, locally and globally". Both risks were rated as moderate impact and moderate probability. Details of the risk matrix and risk management process can be found on page 48.

Existing and emerging climate-related regulations are considered as part of the risk management process. In 2022, the impact of higher energy prices and energy-related legislation in the UK were noted as emerging risks and the increased irradiation due to climate change leading to higher yields (termed the "brightening effect") as an emerging opportunity.

Prior to the purchase of every asset, the Investment Adviser undertakes due diligence on behalf of the Company, where climate-related risks and opportunities are identified and assessed. The outcomes of the assessment are recorded in the Investment Committee papers. The due diligence process includes a review of asset exposure to climate-related impacts, an estimate of avoided greenhouse gas emissions, and consideration of asset maintenance and decommissioning. The assessment of exposure to physical risks (for example, flooding due to extreme rainfall or damage from extreme wind) allows the Company to understand the magnitude of these risks at each site.

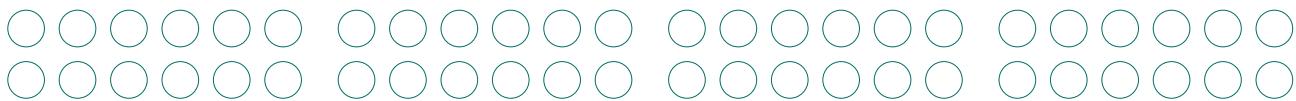
#### Describe the organisation's processes for managing climate-related risks:

As part of the Company's risk management, climate-related risks are mitigated through the due diligence process. The outcomes of the due diligence process inform the design and construction of the assets to ensure they mitigate against any identified climate-related risks. To facilitate ongoing monitoring of risks, weather stations are installed on larger projects to collect data on climate-related issues such as irradiation, wind speed, wind direction, and temperature.

26 COP28 UAE, COP28 delivers historic consensus in Dubai to accelerate climate action (13 December, 2023). <https://www.cop28.com/en/news/2023/12/COP28-delivers-historic-consensus-in-Dubai-to-accelerate-climate-action>.

27 COP28 UAE, COP28 Global Renewables and Energy Efficiency Pledge, <https://www.cop28.com/en/global-renewables-and-energy-efficiency-pledge>.

28 Further details of the data sources and methodology used for the scenario analysis can be found in Appendix A.



In some instances, risks are transferred to third parties. Specific contractors, for example, operations and maintenance ("O&M") contractors, are responsible for oversight of the assets and associated risks. In addition, insurance is in place for significant climate-related incidents, transferring the financial risk from the Company to the insurer.

Climate-related risks and opportunities are prioritised using the risk matrix in the same way as non-climate risks. The results of the scenario analysis, which provide an assessment of the materiality of each risk and opportunity, will be incorporated into the risk management process in the next financial year to further aid the prioritisation of these risks.

**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management:**

Climate-related risks are incorporated into the Company's risk matrix. As part of the due diligence process undertaken for all assets pre-investment, transitional and physical climate risks are identified and assessed alongside other risk types. They are also considered in the standard ongoing monitoring of risks throughout each asset's lifecycle. The Investment Adviser is responsible for monitoring all risks and intends to discuss them with the Board at quarterly meetings, where the Board considers the controls and mitigations in place for material risks, both non-climate and climate.

**Metrics and Targets**

**Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:**

The metrics used to monitor climate-related performance, along with the baseline progress for this first year of reporting, are provided in Table 4. The metrics align with the Company's ESG principle to support the attainment of the UK emissions targets through the creation of new sustainable energy resources (more information on the ESG principles can be found in the Investor Prospectus).

There were no significant events that impacted the metrics and targets in the reporting period. Metrics and targets are not currently linked to remuneration policies for the Investment Adviser or other personnel. This will be considered by the Company over the next 12 months, along with the potential for some of the metrics to be developed into specific targets.

**Table 4: Climate-related Metrics**

Metric	Baseline Progress (as of September 2023) <sup>29</sup>
1. Avoided emissions (tCO <sub>2</sub> e)	37,000
2. New renewable energy generation capacity (GWh)	143
3. Amount of capital deployed towards renewable energy (£M)	121
4. Equivalent number of homes powered by renewable energy	64,000

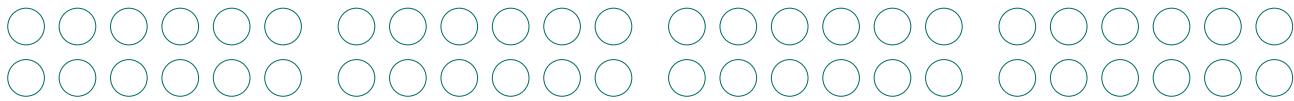
**Disclose Scope 1, Scope 2 and, if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks:**

The Company completed its first full Scope 1, 2 & 3 GHG inventory in 2023 based on FY23 (1 October 2022 – 30 September 2023) data. The GHG inventory was calculated in line with the GHG Protocol Guidance, including all relevant scopes and categories. The Company defines its organisational boundary using the operational control approach. The Company does not have any Scope 1 & 2 emissions, rather all emissions are included in Scope 3. As expected, due to the Company's status as an investment entity, the majority of emissions come from its direct investment in Atrato Onsite Energy Holdco Limited and indirect investment in various Special Purpose Vehicles ("SPVs"). Within the Scope 3 Investments category, the largest source of emissions arises from the procurement of solar panels by the SPVs.

**The 2023 UK Government Conversion Factors** were the main source for emission factors. For emissions relating to the solar panels, Ecoinvent 3.7 emission factors were used. Purchased goods and services and some business travel were calculated using spend, whereas the rest of the inventory was calculated using activity data. Some of the emissions were estimated to fill missing data gaps. The Company plans to continue iteratively improving its data collection process each year to reduce the amount of estimated data. A summary of the GHG inventory is provided in Table 5.

FY23 represented a normal year of business for the Company. The FY23 GHG inventory improved upon the Company's initial measure of its emissions relating to the procurement of its solar panels in 2022. As per best practice, carbon offsets are not included in the Company's emissions reporting. Currently, the Company does not purchase offsets and instead focuses on employing more capital into renewable energy generation.

<sup>29</sup> Avoided emissions compared to UK-specific electricity grid average. As at 30 September 2023, £121 million had been committed or deployed into UK solar technology across 40 projects with a combined capacity of 147MW. Post balance sheet, this has increased to 41 projects with a capacity of 182MW, across 11 off-takers. Once operational, these assets are anticipated to generate 173GWh clean energy per annum, avoiding the equivalent of 37,000 tonnes of carbon emissions or powering 64,000 homes. This is calculated using the GOV UK conversion factors 2023: UK electricity grid average factor (Scope 2) and transmission and distribution UK electricity factor (Scope 3).



**Table 5:** Greenhouse Gas Emissions

Scope and Category	Description	FY23 Emissions <sup>30</sup> (tCO <sub>2</sub> e)	FY22 Emissions (tCO <sub>2</sub> e)
Scope 1	The Company does not have any Scope 1 emissions.	0	0
Scope 2 (location-based)	The Company does not have any Scope 2 emissions.	0	0
Scope 2 (market-based)		0	0
Scope 3	This includes emissions relating to the Company's purchased goods and services and business travel, plus the emissions relating to the Company's investment in solar panels and the waste generated during installation and maintenance.	41,364	14,751 <sup>31</sup>
<b>Total Scope 1, 2 &amp; 3 Emissions (location-based)</b>		<b>41,364</b>	<b>14,751</b>

There was a significant increase in total emissions in FY23 compared with FY22. This is due to an increase in the number of emissions categories included in the analysis (in FY22 only the measurement of the solar panels was in scope), and because there was an increase in the number of solar assets purchased. Since FY23 is the first year where a full GHG inventory has been completed, it will be used as the baseline year for future comparisons.

**Table 6:** Other Metrics

Other Metrics	FY23	FY22
Carbon footprint of investments (Scope 1 & 2 tCO <sub>2</sub> e/£M invested)	0	0
Carbon intensity of investments (Scope 1 & 2 tCO <sub>2</sub> e/£M revenue)	0	0
Exposure to carbon-related assets (% of portfolio)	0%	0%

**Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets:**

The targets used to manage performance against climate risks and opportunities are included in Table 7. The Company's strategic and financial goals are inextricably linked to climate change due to the core business model of financing renewable energy projects. For example, targets 1 and 2, which relate to earning revenue by only providing finance to clean energy projects, represents both financial and climate-related opportunities for the business. The provision of additional renewable energy will enable the Company to meet increasing demand for renewables from its customers as they aim to reach their own net zero targets, whilst also creating revenue growth for the Company.

**Table 7:** Climate-related Targets

Target	Baseline Progress (as of September 2023) <sup>32</sup>
1. Continue to provide 100% of electricity generation finance for only renewable electricity through 2030 <sup>33</sup>	100%
2. 100% of revenue to come from the financing of low-carbon products	100%
3. 100% of Investment Adviser staff to receive training on climate risks and opportunities by Q2 2024	In progress.

In 2024, the Company will continue to build on the qualitative scenario analysis conducted in 2023 to gain further understanding of the actual and potential impacts of climate-related risks and opportunities on the Company. The Company will use the outcomes of this analysis to ensure the most appropriate targets and metrics are utilised to manage its climate-related risks and opportunities.

**Appendix**

**Appendix A: Methodology notes for scenario analysis**

The qualitative scenario analysis described in this report is underpinned by the following standard formula for risk:

$$\text{Risk} = \text{Probability} \times \text{Impact}$$

This approach is considered best practice and is consistent with approaches taken in major financial risk, climate risk and transitional planning frameworks. This approach also considers ROOF-specific inputs as part of its impact scoring, going beyond generic climate modelling which inform likelihood scores.

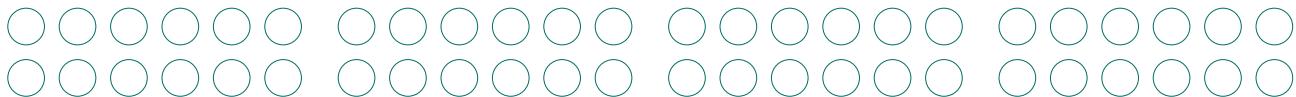
For scenario analysis ratings, probability and impact are each scored on a scale of 1-5 and are multiplied together to give an overall risk rating on a scale of 1-25 for each time horizon. Risk scores between 1 and 5 are

<sup>30</sup> The GHG inventory emissions have not been independently verified or assured.

<sup>31</sup> Includes the embodied emissions of the solar panels purchased in the reporting period only.

<sup>32</sup> 2023 is the first year of reporting for most metrics, so no prior year comparisons have been included in this table. The 2024 Annual Report will allow for trend analysis and will compare metrics disclosed in 2023.

<sup>33</sup> This target follows best practice and is in alignment with the latest SBTi guidance for financial institutions.



deemed “Lower”, 6-12 are deemed “Moderate” and 13-25 are deemed “Higher”. The ratings given in Table 2 above are based on a weighted average across sites within the portfolio, based on the proportional capacity relative to the total installed capacity.

### Probability

A 1-5 probability score has been assigned for each risk type. This score represents the likelihood of the risk occurring at a given location, or within a specific

timeframe or future scenario. Probability scores are based on generic climate scenario data. Within data published by the IPCC Atlas and Network for Greening the Financial System (NGFS Scenarios Database), proxies have been identified for each risk type. Raw values are converted to a continuous score between 1-5 for each risk type, as described below.

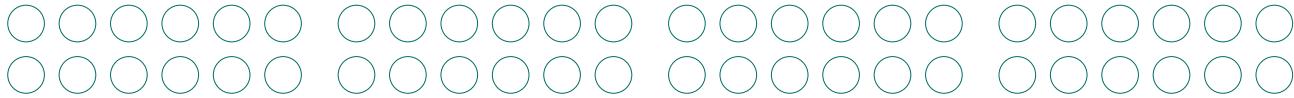
Risk/opportunity Type	IPCC or NGFS sub-data set	Raw Unit	Justification
Extreme rainfall (acute)	Maximum 5-day precipitation (Rx5day, IPCC Atlas)	mm of rain	The data selected measures the anticipated changes in the frequency of acute rainfall events (i.e. five-day downpours) which make it more likely that sites will be impacted by waterlogging. Locations analysed include existing sites but also consider UK-wide trends in how extreme rainfall may change across all other local authority regions. This allows management to consider the likelihood of disruption at future investment locations and also at existing sites, as these may still require maintenance and upkeep.
Legal & policy	NGFS: Energy supply sector carbon pricing up to 2050	USD/tCO <sub>2</sub>	The data selected is intended to represent the likelihood of policies and taxes that will discourage the transition to net zero. Carbon pricing in the energy supply sector is a good proxy for the strength of government intervention; the higher the carbon price it is assumed that the response to decarbonising power is stronger and installing renewables becomes easier/more attractive, through more favourable policies such as taxes, grants, levies and allowances.
Products & services	NGFS: EU solar investment to 2050	bnUSD/year	Investment in solar generation acts as a data proxy for the level of commercial market demand and the subsequent growth in the number of ‘ESG mature’ off-takers in the market nationally. It assumes that the volume of more ‘ESG mature’ off-takers will change in line with national renewables capacity. Greater ‘ESG maturity’ refers to off-taking organisations that are more sensitive to their suppliers’ ESG activities, and whose purchasing activities are more easily influenced by good ESG performance; something ROOF view as a strength and differentiator against their competition.

### Impact

Impact scores assess the Company’s sensitivity and/or vulnerability to risks and opportunities based on current or historic company-specific data and insight. Similar to Probability, a 1-5 risk score is assigned to each indicator. There are several considerations made when choosing these indicators:

- Impact pathway: a defined financial statement line item that can be expected to be materially affected by a risk/opportunity e.g., revenue, cost of sales, operating costs, assets, cash etc. A risk/opportunity may have multiple impact pathways, but the scope of this analysis has limited consideration to the most material pathway.
- Impact indicator: multiple impact indicators can combine to give an overall impact score and can represent a combination of the Company’s own data. Where more than one impact indicator has been used in this analysis for a given risk/opportunity, the final impact score has been defined according to an equal weighting between the two. Future analysis may define additional impact indicators with different weightings given towards the impact score.

- Financial materiality alignment: where possible, the higher impact scores (i.e. a 5) have been aligned to the most financially material outcomes. In some cases this has been adapted according to proxies e.g. the capacity of individual sites.



The table below describes the impact scores used in the scenario analysis:

Risk/ Opportunity Type	Impact Indicator	Justification
Extreme rainfall (acute)	Generating capacity at each site	Waterlogging of ground mounted sites results in delays to installation and delays activation date beyond which arrays can begin generating power. The larger the site, the larger the financial exposure, as income is directly linked to generating capacity.
Legal & Policy	Proportion of portfolio transferred from balance sheet	The proportion of the existing portfolio that has been transferred out of ownership within a given time horizon. Higher scores indicate that the proportional value of assets transferred out of ROOF control is more financially material, and therefore the relevance of capital allowances and impact on net profit will be greater. Site capacity has been adopted as a proxy for asset value.
Legal & Policy	Remaining lease term	The timing of the lease term is critical in understanding when the potential impact will be realised. Impact scores have therefore been assigned to each site, to reflect the fact that the impact will vary depending on time horizon. Whilst it is unlikely an asset would be transferred before the end of its lease term, this indicator has been assigned a rating of 3 as ROOF would, in theory, have the option to reach an agreement to do this if they felt it was commercially in their interest and there was mutual benefit to the new owner recipient or transferee. Tax deferrals are not considered for this exercise and it is assumed that profit is impacted in the year of lease term end.
Products & Services	ESG maturity of target client	Details on future client/client sectors were not available at the time of constructing the model; so it was not possible to assign different ESG maturity and/or financial materiality ratings. These indicators will serve as a template by which we can look to weight impact in future, i.e. if a sector is perceived to be more sensitive to ESG requirements than other sectors; this could be assigned a 4 or a 5. A rating of 3 has been assigned in the interim. The model has taken ROOF's current client portfolio book as an illustrative example for rating the future client portfolio. The implications of assigning a 3 rating will be that all clients are assumed to be equal in impact, with overall variance in risk being driven by the probability score.

#### Limitations of this analysis:

- Site capacity was used as a proxy for materiality throughout the analysis.
- Alignment of Company time horizons with climate modelling timescales warranted the use of historic precipitation data for short term probability scoring.

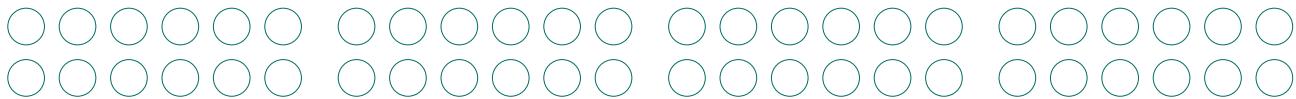
#### Supply Chain Sustainability

Following the 2021 publication of the Sheffield Hallam University Report on Uyghur Forced Labour and Global Solar Supply Chains, there has been increasing focus on supply chain transparency in the solar industry. The United States has since enacted the Uyghur Forced Labor Prevention Act which aims to ensure that goods made with forced labour in the Xinjiang Uyghur Autonomous Region ("XUAR") of the People's Republic of China do not enter the United States market. The European Union is also working towards an EU ban on products made with forced labour with proposed regulation at draft stage. Industry initiatives have also been launched, such as Solar Energy UK's Responsible Sourcing Steering Group and the Solar Stewardship Initiative (SSI) developed by Solar Energy UK and SolarPower Europe. The Company is proud to be a member of Solar Energy UK. The Investment Adviser's Head of Sustainability is a member of the Solar Energy UK's Responsible Sourcing Steering Group.

The Company is committed to trade ethically, source responsibly and avoid modern slavery or human trafficking in its supply chains or in any part of its business. The Company's approach reflects its

commitment to acting ethically and with integrity in all business relationships. Building on this commitment, the Company's Investment Adviser works collaboratively with its business partners and seeks to ensure that their suppliers share the Company's values and comply with relevant legislation.

The Company's commitment is guided by the principles in the Modern Slavery Act 2015 within the UK and associated global initiatives such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the OECD Due Diligence Guidance for Responsible Business Conduct. The Company's approach to ethical business is governed using a comprehensive framework of policies and standards including the Company's Modern Slavery and Human Trafficking Statement and Module Procurement Policy. It is acknowledged however that beyond the suppliers directly, there is a complex and extensive supply chain where there are no direct contractual relationships. As a result, there will be limitations to what can be achieved in practice. However, the Company will continue to identify opportunities to further reduce the risk of human trafficking and modern slavery, increase transparency in the Company's operations and supply chain and respond effectively to new risks as they are identified. As part of this, the Company will continue to engage with industry led initiatives on human rights and the prevention of modern slavery. This includes participating in relevant industry



associations such as Solar Energy UK and engaging with the SSI – particularly as it develops its planned Supply Chain Traceability Standard, due to launch in late 2024. The Company's policies, standards and processes will continue to evolve in this area as industry progress is made.

The Company acknowledges training as an important aspect of risk management. As part of the Company's commitment to mitigate risks as far as possible and further develop its due diligence mechanisms, training requirements relating to Company's Board and the Investment Adviser will be reviewed over the coming year.

#### **Procurement policy**

The Investment Adviser has developed a procurement policy that attempts to mitigate the exposure to forced labour issues that are present in the solar PV industry. The Module Procurement Policy is reviewed semi-annually. The Board's obligations and commitments relating to equipment procurement are documented in the Company's Modern Slavery and Human Trafficking statement and are included in the Company's prospectus dated 1 November 2021 (Part 4 ESG and Sustainability).

#### **Application of the Supplier Criteria**

The availability of independent and corroborated information regarding modern slavery in the Chinese region of Xinjiang and the involvement (whether directly or indirectly) of individual manufacturers is limited. However, the supplier criteria ("Supplier Criteria") is updated to reflect industry best practice as it evolves with the improving availability of standardised and audited information. Suppliers are excluded if they are unable to meet our Supplier Criteria, which include:

1.

The supplier has a clear and publicly stated policy which prohibits the use of any form of forced labour or modern slavery.

2.

A supplier code of conduct to which its suppliers must subscribe and which requires adherence to the manufacturer's forced labour and modern slavery policy.

3.

The manufacturer has satisfactory evidence that it monitors and enforces suppliers' adherence to the code of conduct in practice. The manufacturer must be able to present a fully segregated supply chain which can be certified that no raw materials or processing originates or is undertaken in the XUAR province.

4.

The manufacturer has processes in place that enable it to trace the supply chain for individual modules or shipments back to the supply of raw materials.

The Module Procurement Policy was approved by the Company's Board of Directors in June 2022 and the Investment Adviser is responsible for maintaining the Module Procurement Policy. Please see the Module Procurement Policy, available on the Company's website, for more information.

#### **Contractual commitments**

In all contracts which relate to the procurement of modules, the Investment Adviser will require the inclusion of a commitment from its counterparty to the eradication of all forms of forced labour in the supply chain for those modules.

As part of the Company's supplier selection process for possible installers and operators, due diligence activities will also consider local procurement content as well as equal opportunities. The Company believes that its investments should benefit local stakeholders at every level including opportunities to work in developing local infrastructure. The Investment Adviser will track local content involvement as transactions are developed.

#### **Carbon emissions**

The Company is considered to be a "low energy user" (<40,000KWh) and therefore falls below the threshold required to make a Streamlined Energy and Carbon Reporting (SECR) disclosure. However, the Company has voluntarily reported its greenhouse gas emissions within its TCFD report.

#### **Corporate Social Responsibility**

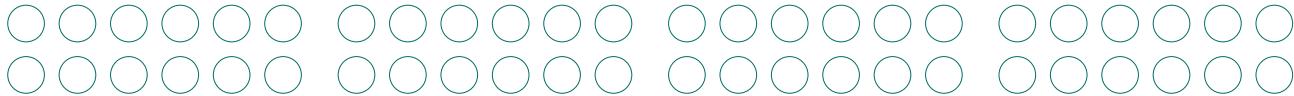
The Company has made a commitment to donate one per cent of the previous year's cash profits to charitable causes through an independent foundation. 2023 is the second year of operations for the Company, a cash profit was not achieved in the prior year.

The Investment Adviser is establishing The Atrato Foundation (the "Foundation") as a UK charity. The Investment Adviser will develop a selection policy to evaluate charities that help in the growth and acceptance of sustainable energy generation.

The Foundation will support charities promoting education, training and personal development with respect to skills relevant to the clean energy sector. It will also support the Board's agenda of diversity, equal opportunity and social mobility. It will achieve this by working with the Investment Adviser to provide training and education.

The Investment Adviser has also committed to make donations to the Foundation of 3% of profits. The minimum funding level for donation is set at £5,000.

In addition, employees at the Investment Adviser currently volunteer on several charitable initiatives including mentoring young people in schools and select students through IntoUniversity. STEM and IntoUniversity are aimed at supporting students from underprivileged and diverse backgrounds into work and higher/further education.



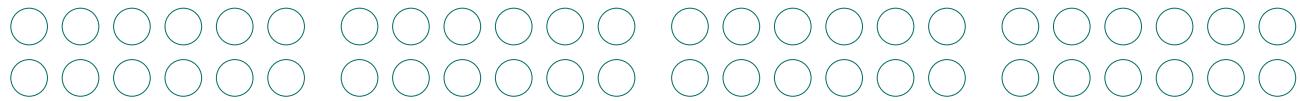
## Board developments and activities as per Section 172(1) Statement

Section 172 of the Companies Act 2006 (the “Act”) requires the Board to act in the way that it considers would most likely promote the success of the Company for the benefit of its members as a whole, whilst having regard to the matters set out in section 172(1)(a-f). The Board believes that over the course of the year ended 30 September 2023, it has taken into consideration the

interests of all stakeholders in its decision-making and its report on how the Directors have discharged their duty under section 172 is set out below.

Details of the Company’s key stakeholders and how the Board engages with them can be found on pages 45 to 47.

s172 Factor	Our approach	Evidence of compliance
<b>A. The likely consequences of any decision in the long term</b>	The Board has regard to its wider obligations under Section 172 of the Act. As such, strategic discussions involve careful consideration of the longer-term consequences of any decisions and their implications on shareholders and other stakeholders, as well as the risk to the longer-term success of the Company. Any recommendation is supported by detailed cash flow projections based on a range of scenarios to stress test against varying levels of funding availability and borrowing strength, as well as a range of wider economic and market conditions.	Key stakeholder relationships on pages 45 to 47. Board activities during the year on page 44.
<b>B. The interests of the Company’s employees</b>	The Company does not have any employees because of its external management structure.  The Company receives professional services from a number of different providers, principal among them being the Investment Adviser. Through regular engagement with the Investment Adviser in its regular quarterly meetings and otherwise, as required, the Board aims to gain a rounded and balanced understanding of the impact of its decisions on the Company’s stakeholders.  The Directors also have regard to the interests of the individuals who are responsible for delivery of the investment advisory services to the Company to the extent that they can. The interests of individuals in other service providers to the Company are also considered.	Key stakeholders on pages 45 to 47. Culture on page 61.
<b>C. The need to foster the Company’s business relationships with suppliers, customers and others</b>	The Board believes that building effective business relationships with suppliers, customers and other key counterparties is crucial to preserving long-term shareholder value. In addition to the Investment Adviser, the Company Secretary, the Broker, the external legal counsel, its public relations agency, the Auditor and the tax advisers, the Company fosters its business relationships at the operational level with various asset-level counterparties, local communities and the Company’s debt providers.	Key stakeholders on pages 45 to 47.
<b>D. The impact of the Company’s operations on the community and the environment</b>	The Board receives regular reports from the Investment Adviser on the safety performance of the Company’s asset-level counterparties to help ensure the safety and comfort of communities situated in the vicinity of Company assets. The Board also recognises the important role the Company’s solar assets play in the transition to the use of cleaner energy and the reduction in society’s reliance on fossil fuels.  The impact on the community is covered in the sustainability section of this Report.	Key stakeholders on pages 45 to 47. ESG policy and strategy on pages 27 to 43. The Board’s approach to sustainability on page 2.
<b>E. The desirability of the Company maintaining a reputation for high standards of business conduct</b>	The Board is mindful that the ability of the Company to continue to carry out its investment business and to finance its activities depends heavily on the Company maintaining high standards of conduct in its engagement with its stakeholders and, in part, on the reputation of the Board, the Investment Adviser and the investment advisory team.  The reputational risk of falling short of the high standards expected is included in the Audit Committee’s review of the Company’s risk register, which is conducted at least annually.	Chair’s letter on corporate governance on pages 55 to 61. Principal risks and uncertainties on pages 48 to 54. Culture on page 61.
<b>F. The need to act fairly as between members of the Company</b>	The Board recognises the importance of treating all members fairly and, accordingly, works with the investor relations function of the Investment Adviser to engage with shareholders in order that their views can be considered when shaping the Company’s strategy.	Chair’s letter on corporate governance on pages 55 to 61. Key stakeholders on pages 45 to 47.



# Our Key Stakeholder Relationships

Building strong relationships with our key stakeholders is a critical element to our success. The Board recognises that the foundation underpinning effective corporate governance is determined on how it aligns the strategic decisions of the Company with the views of its various stakeholders. We aim to build long lasting relationships with all our key stakeholders based on professionalism and integrity.

The Board regularly consults with the Investment Adviser, who in turn manages and fosters the relationships with our clients, supply chain, key partners and advisers.

### Investor engagement

The Company's shareholders are an important stakeholder group and the ultimate owners of the business. To deliver our strategy, it is vital that shareholders continue to understand and support the Company's performance, investment thesis as well as the wider market in which we operate. The Board oversees the Investment Adviser's formal investor relations programme which is supported by the Company's broker and public relations consultants, providing shareholders with frequent business updates as well as facilitating regular meetings both in person and on-line. The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws.

### How did we engage?

- The 2023 AGM was held as a physical meeting in London and was attended by all the board. The meeting details were announced by RNS and open to all shareholders.
- The Company's broker arranged a roadshow for institutional shareholders following the FY 23 interim results
- The Board approves all resolutions and related documentation to be put to shareholders at the AGM, together with circulars, prospectuses, listing particulars and regulatory announcements concerning the Company.
- The Company's website contains comprehensive information about our business, regulatory news and press releases alongside information about its approach to ESG issues.
- The formal investor relations programme is designed to promote engagement with major investors, generally defined as those holding more than approximately 1% of the shares in the Company. Major investors are offered meetings after each results announcement or other significant announcements. The Investment Adviser also held multiple virtual and in person meetings with prospective investors.

### Topics discussed

- Financial performance of the Company and disclosures contained within the interim report
- Share price performance and pathway to reducing the discount to NAV
- Macroeconomic themes including the impact of inflation, merchant power prices and government decisions in relation to energy prices.

### How did we respond?

- Investor feedback has helped shape our disclosures, with additional supplementary information provided in these annual results.
- Feedback suggest that the use of virtual meetings has improved accessibility to our international and regional based Shareholders. We anticipate that on-line engagement will continue to play an important part in engagement with our shareholders in addition to helping to reduce associated carbon emissions in line with our sustainability strategy. Further details on our sustainability strategy can be found on pages 27 to 43.

### EPC contractors

We recognise the importance of EPC contractors to our business, not only to develop and build the solar projects for us and our clients, but also to recognise us as an experienced partner to fund their projects and to deliver a constant stream of pipeline work for us. We currently have a strong relationship with selected EPC contractors, and regularly interact with them during the design and installation process of a project. Our EPC contractors on site are currently performing in line with our expectations. No major health and safety incidents have been reported at the time of writing this report.

### How did we engage?

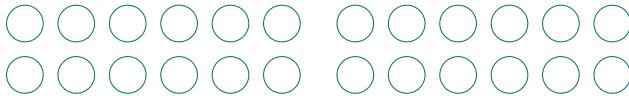
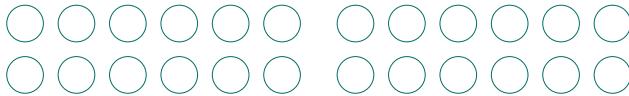
- Regular meetings held with EPC contractors to discuss development pipeline and performance on current projects in construction.
- We carried out site visits, both internally and using third party technical advisors, to assess construction quality and verify construction is in line with contractual timelines.

### Topics discussed

- Issues on sites, particularly those related to safety on site and timelines.
- New PPA projects on the horizon, contractors' ability to deliver such sites, and potential PPA pricing.
- Design issues pre-construction, to ensure that the solar PV plants are in line with our specifications.
- Topics related to commissioning, acceptance and handover documentation.

### How did we respond?

- We provided PPA prices to EPC contractors for projects that met our investment criteria.
- We translated contractor's reports and provided them to the off-takers as required under the PPA.
- We manage the EPC contractors to ensure that projects are built on time and budget, and that all acceptance criteria are being met.



### Operations and maintenance contractors

The Company recognises the importance of the operations and maintenance contractors to ensure the ongoing operation of the projects. The relationship with these providers is managed via the asset manager who has regular interaction with the providers to ensure the ongoing performance of the sites. The Investment Adviser oversees this interaction and is regularly updated on performance and health and safety related situations.

### The Investment Adviser

The Board's main working relationship is with the Investment Adviser. The Investment Adviser brings a depth of experience in the renewable energy sector. This gives the Company a competitive advantage through its knowledge, specialist focus and network of industry contacts. The Investment Adviser has a crucial role in the performance and long-term success of the Company. The Board has a diverse skillset and is experienced across a range of disciplines both in the listed and private sectors. As such they are well placed to work with the Investment Adviser and engage efficiently with them. Full details of the Board's experience is available on page 55.

Whilst the Company has no employees, the Board has regard to the interests of the individuals who are responsible for delivery of investment advisory services to the Company to the extent that they are able to do so. The Board does not have direct responsibility for any employees.

The Board and the Investment Adviser maintain a positive and transparent relationship to ensure alignment of values and business objectives.

#### How did we engage?

- The Board engages with the Investment Adviser at a minimum on a quarterly basis which follows the Company corporate calendar. In addition to the scheduled quarterly meetings, the Board also have separate unscheduled Board meetings to approve recommendations for all acquisitions, approval of asset management opportunities, and appointment of advisers.
- The Management Engagement Committee met during the year and has performed a detailed review of the Investment Adviser's performance.
- The Directors obtain and assess feedback from investors, advisers and other market participants, where appropriate, in order to monitor standards of conduct, including the conduct and reputation of the Investment Adviser and the reputation of the business.
- The Board also engages with the Investment Adviser through the annual strategy day in addition to informal meetings as and when required. For the 2023 strategy day the Investment Adviser took the board on a site visit of the London Road project as well as presenting an in depth presentation on fund performance, macro backdrop and future strategy.

#### Topics discussed

- The process for operating the delegated authorities and related controls at the Investment Adviser.
- Deployment speed and pipeline updates.

#### How did we respond?

- Included a section on activities undertaken pursuant to the delegated authorities within the quarterly Investment Advisers report.
- Established monthly meetings to update the Board on the pipeline and deployment progress.

### Asset Manager

We recognise that the success of the Company relies on the continued success of the asset manager, appointed by Holdco and managed by the Investment Adviser, to provide financial and technical services on the projects. The asset manager relies on the quality of the operations and maintenance contractors to succeed. Therefore, we place particular emphasis on having a strong relationship with the asset manager to better understand the challenges and opportunities facing their business.

#### How did we engage?

Regular meetings between the Investment Adviser and the asset manager are held to understand current and future needs. Any potential opportunities or risks facing the Company are fed back to the Board to help inform future strategy. The Investment Adviser visits sites on a periodic basis and feeds back on material issues to the Board.

#### Topics discussed

- Issues on sites, particularly in connection with the asset managers ability to monitor the meters and operation and maintenance contractors remotely.
- Performance of the solar assets and their generation during the relevant year.
- Performance of the operations and maintenance service providers.
- Financial issues that have arisen on any of the assets in the portfolio.

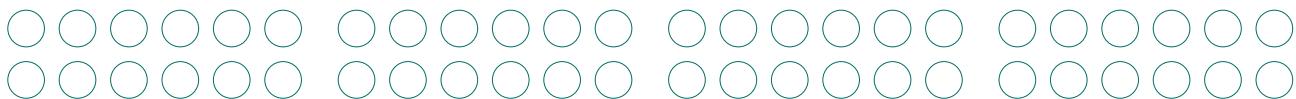
#### How did we respond?

- The asset manager's monitoring software is connected to all sites.
- Monthly and quarterly reports provided by the asset manager are reviewed and discussed at informal weekly meetings with the Investment Adviser and the formal quarterly Board meetings.

### Our Suppliers

The Company's key suppliers include professional firms such as accounting and law firms and transaction counterparties, which can vary in size and sophistication.

Whilst most engagements are subject to a tender process to ensure the Company continues to obtain value for money, we aim to partner with suppliers who share our values and ethos and work to secure the best people with an established track record and, where possible, retain key partners on successive transactions and workstreams.



Where material counterparties are new to the business, checks, including anti money laundering checks, are conducted prior to transacting any business to ensure that no reputational or legal issues would arise from engaging with that counterparty. The Company also reviews the compliance of all material counterparties with relevant laws and regulations such as the Criminal Finances Act 2017.

The Company and its subsidiary entities have a policy of paying suppliers in accordance with pre agreed terms as reported in the Supplier Payment Policies:

#### **How did we engage?**

- Key suppliers such as our Company's corporate broker Stifel are invited to attend the quarterly Board meetings in order for the Board to be kept informed of the current market within which we operate.
- The Board and its Committees were able to speak with accounting and law firms on an informal or one to one basis to discuss specific issues relating to the Company.

#### **Topics discussed**

- Service levels and annual performance.
- Fees charged by key suppliers engaged during the year.
- Relationship management.

#### **How did we respond?**

- There was direct engagement between the Investment Adviser and the Board in respect of suppliers engaged during the year. Feedback has continued to be positive on all our key supplier arrangements.
- The Board has established a Management Engagement Committee, which reviews the supplier performance and fees on an annual basis to ensure that the Company continues to obtain best value for money on services procured.

- Face to face meetings with key service providers are arranged in order to discuss the ongoing relationship with the Company – these are held without the Investment Adviser present.
- The Company has implemented a procurement policy, which aims to eliminate the practices of modern slavery in the supply chain of module suppliers. Our procurement policy states that the purchasing of panels should include a guarantee that the raw materials and manufacturing will exclude any forced labour and should be procured outside of the regions where these practices are known to be happening. The policy, which has been developed in line with the UK's Modern Slavery Act 2015, is set out below and is reviewed annually. Suppliers are reviewed at least semi-annually to ensure that procurement procedures are up to date and align with the Company's procurement policy.

#### **Supplier payment policies**

The Company and its subsidiary undertakings seek to always pay suppliers within the pre-agreed credit terms.

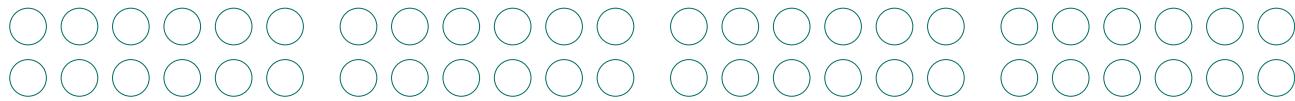
#### **Modern slavery and human trafficking policy**

The Company is committed to maintaining the highest standards of ethical behaviour and expects the same of its business partners. Slavery and human trafficking are entirely incompatible with the Company's business ethics. We believe that every effort should be made to eliminate slavery and human trafficking in the Company's supply chain. The Board has considered and approved our Modern Slavery Statement, which demonstrates our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or suppliers. A copy of our Modern Slavery Statement is available at <https://atratorenewables.com/regulatory-documents/>.

#### **Our Key Stakeholder Relationships**

Some examples of how the Board has considered stakeholder interests and s.172 matters in its decision making during the period are set out below.

Decision	Stakeholders	Board rationale and considerations	Impact
New RCF agreement	Shareholders	The facility was important as it provided additional liquidity to acquire pipeline assets. The Board also carefully weighed the risks associated with the entry into the facility against the longer-term consequences of not being able to fund pipeline acquisitions which would have implications for shareholders as their preference is to grow the fund to a level that is considered scaled	Proceeds were used to acquire further assets and grow the Company
E-Comms adoption	Shareholders Communities	E-Comms was adopted in light of the benefits which would flow from the corresponding reduced paper usage. The Board also considered the fact that this change in practices would reduce expenses incurred by the Company	Not yet fully implemented
Investment policy amendment	Shareholders	The change to the policy was adopted on 10 March 2023 and was considered appropriate as it enabled the Company to offer a wider spectrum of solar solutions to better position the Company within the changing market backdrop and this was expected to increase returns to shareholders in the long term	Britvic's 28MW 'London Road' Project was acquired which enables the Company to decarbonise at scale



## Risk Management

The Board has ultimate responsibility for the Company's risk management and internal controls, with the Audit Committee reviewing the effectiveness of the Board's risk management processes on its behalf. The Investment Policy sets out the level of risk that the Company is willing to take and the constraints that the Board determines that the Investment Adviser must adhere to on behalf of the Company. The AIFM also undertakes risk management subject to the overall policies, supervision and review of the Board.

The Board and the AIFM recognise that effective risk management is key to the Company's success. Risk management ensures a defined approach to decision making that seeks to decrease the uncertainty surrounding anticipated outcomes, balanced against the objective of creating value for Shareholders.

The Board determines the level of risk it will accept in achieving its business objectives, and this has not changed throughout the year. We have no appetite for risk in relation to regulatory compliance or the health, safety and welfare of our contractors, service providers and the wider community in which we work. We continue to have a moderate appetite for risk in relation to activities which drive revenues and increase financial returns for our investors.

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance over the forthcoming financial year and could cause actual results to differ materially from expected and historical results.

The risk management process includes the Board's identification, consideration and assessment of those emerging risks which may impact the Company.

Emerging risks are specifically covered in the risk framework, with assessments made both during the regular quarterly risk review and as potentially significant risks arise. The quarterly assessment includes input from the Investment Adviser and review of information by the AIFM, prior to consideration by the Audit Committee.

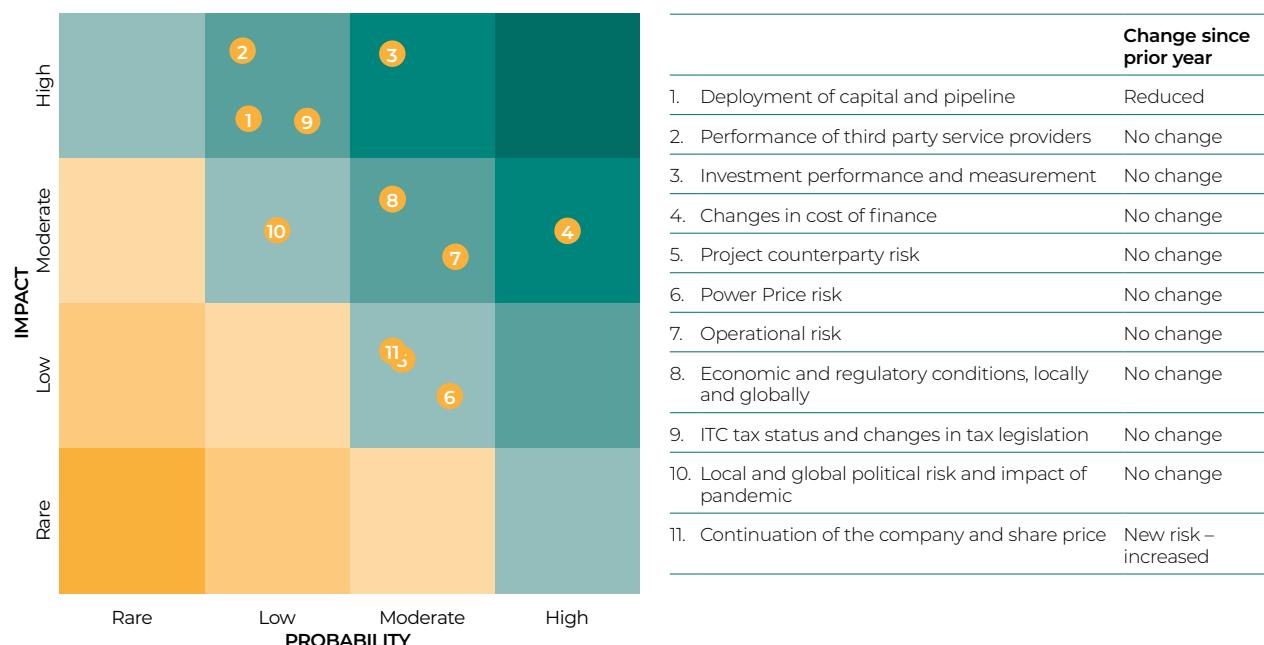
The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the emerging and principal risks facing the Company, together with a review of any new risks which may have arisen during the year, including those that would threaten its business model, future performance, solvency or liquidity. These risks are formalised within the Company's risk matrix, which is regularly reviewed by the Audit Committee.

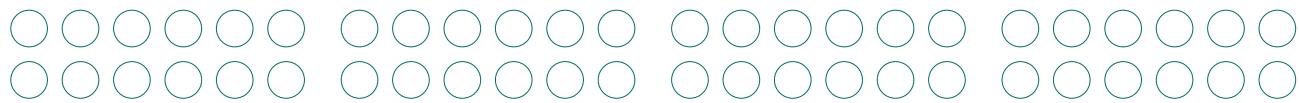
During the year under review, the Directors have not identified, nor been advised of, any failings or weaknesses which they have determined to be of a material nature. The principal risks and uncertainties which the Company faces are set out below.

Information about the Company's internal control and risk management procedures are detailed in the report from the Audit Committee on pages 68 to 71. The principal financial risks and the Company's policies for managing these risks, and the policy and practice with regard to the financial instruments, are summarised in Note 19 to the financial statements.

The matrix below illustrates our assessment of the impact and the probability of the principal risks identified after the application of mitigating measures. The rationale for the perceived increases and decreases in the risks identified is contained in the commentary for each risk category. A new risk relating to the share price discount and continuation of the Company has been added this year.

### This risk map shows our assessment of each area of principal risk after mitigation

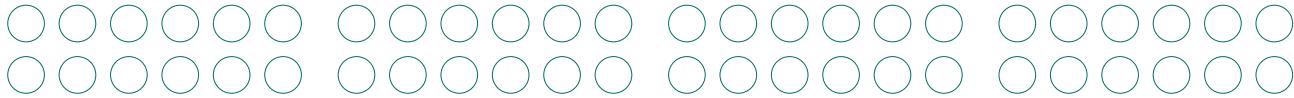




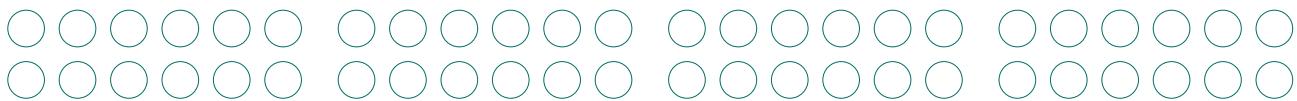
## Principal Risks

Risk category	Potential impact	Mitigation
<p><b>1. Ability to fund and pipeline</b></p> <p><b>Probability:</b> Low</p> <p><b>Impact:</b> High</p>	<p>In line with the majority of the listed renewables market, the Company is trading at a material discount to NAV and is therefore restricted in its ability to raise capital via a public placing. The Investment Adviser has a significant pipeline in excess of £400 million that requires funding. There is a risk that the Company is uncompetitive and fails to secure the assets that meet the investment objectives in a timely manner to provide the target return to the investors. Delays in deployment will impact returns. There is a risk that due diligence carried out on acquisition of or investment in any Clean Energy Asset is insufficient and does not reveal all the facts that are relevant to the opportunity, leading to the Company overpaying.</p>	<p>During the year the Company entered into an £30 million RCF which was a further £20 million accordion option, providing significant debt capacity. In addition to the public market fundraising, there are a number of other options available to it that it will consider with its broker. Once the portfolio is fully operational the Company will be generating significant free cash flow which can be used to fund further projects.</p> <p>The Company will consider all available fund options across equity and debt products. It will also investigate joint ventures as an alternative to raising equity via equity capital markets.</p>
<p><b>2. Performance of third-party service providers</b></p> <p><b>Probability:</b> Low</p> <p><b>Impact:</b> High</p>	<p>The Company has no employees and is reliant on third party services providers to perform services, particularly the Investment Adviser &amp; AIFM, their systems, reputation and any conflicts of interest between their clients. The achievement of the Company's investment objective depends heavily upon the experience and expertise of the Investment Adviser's team.</p> <p>There is no certainty that the Company could find a replacement Investment Adviser in the event of resignation of the Investment Adviser or termination of the Investment Advisory Agreement. Operational risks which disrupt the Investment Adviser's &amp; the AIFM's business could impact their systems and their ability to provide services to the Company.</p> <p>The Company's performance can be affected by the reputation of the Investment Adviser. The Investment Adviser and AIFM provide services to other clients which could be in direct competition with the Company. Contractual limitations on the liability of and indemnification in favour of the Investment Advisor means that the Company may have no recourse to recover losses from the IA.</p>	<p>The Company will engage with reputable and knowledgeable service providers to provide due diligence and appropriate contractual protection for liabilities is sought.</p> <p>The Board has established a Management Engagement Committee to keep the performance of the Investment Adviser under continual review. The AIFM and the Investment Adviser have robust processes and systems in place including, but not limited to, a conflicts of interest policy and register and a business continuity plan, which was tested during the pandemic and all staff were able to work remotely without loss of function or data. Systems are tested and frequently backed up.</p>
<p><b>3. Investment performance and measurement</b></p> <p><b>Probability:</b> Moderate</p> <p><b>Impact:</b> High</p>	<p>Investment valuation and decisions are based on financial projections, judgements and assumptions captured in a financial model. These assumptions may change from time to time and the actual performance may vary significantly from the assumptions. Assumptions are reliant on various factors, including environmental conditions, which are not guaranteed. Historical trends are only an indication of future conditions.</p> <p>The financial model may contain errors that will impact the forecast returns.</p>	<p>The Investment Adviser bases assumptions on industry data and reputable solar irradiance databases. The P50 irradiance scenario is used as a base case and sensitivity to changes in irradiation are assessed. Assumptions are updated and benchmarked frequently and the model itself is regularly reviewed. The Investment Adviser is engaging a third party specialist to review and update the model functionality.</p>

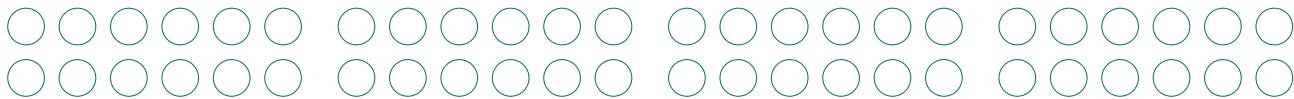
## Strategic Report Principal Risks continued



Risk category	Potential impact	Mitigation
<b>4. Changes in cost of finance</b> <b>Probability:</b> High <b>Impact:</b> Moderate	<p>The discount rates used in the valuation represents the Investment Adviser's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. Increased underlying interest rates or expectations of prolonged high inflation may lead to increased discount rates being applied by the market and a consequential decrease in the portfolio value.</p> <p>The Company's use of debt may also be affected by changes in the cost and availability of finance. While the use of borrowings should enhance the total return on the ordinary shares, it is possible that borrowing costs will exceed income and therefore returns will be negatively impacted.</p>	<p>The discounts rates are reviewed on a regular basis and updated, where appropriate, to reflect changes in the market and in project risk characteristics.</p> <p>Any future debt would be subject to the 40% cap set out in the investment policy. The Company will enter interest rate caps and swaps where appropriate to mitigate the risk of interest rate rises.</p>
<b>5. Project delivery &amp; counterparty risk</b> <b>Probability:</b> Moderate <b>Impact:</b> Low	<p>Each revenue generation agreement is subject to the credit worthiness of the counterparty and in the event of non-payment or insolvency of the off-taker, the revenue will be lost and there is no guarantee that an alternative user is found.</p> <p>Service providers are engaged to install, operate and manage Clean Energy Assets. If these providers fail to perform, experience significant delays or have financial difficulties, the financial performance, including ability to pay dividends &amp; the NAV valuation, together with the reputation of the Company could be adversely affected.</p>	<p>The portfolio of off-takers is diversified to alleviate concentration risk. Credit assessments are conducted prior to and during the PPA term to identify default risk. Each property is assessed for suitability for alternative occupiers and the availability of an export connection to the grid to allow for sale of generation via the public grid to a licensed supplier.</p> <p>Service providers are subject to credit assessments and appropriate security is sought where advance payments are required. Performance levels are stipulated in the contracts and performance is regularly monitored and reported on, by the Investment Advisors asset management team, during the period of contract performance.</p>
<b>6. Power price risk</b> <b>Probability:</b> Moderate <b>Impact:</b> Low	<p>Investments in Clean Energy Assets may have exposure to power prices. Where the counterparty does not use all the electricity generated the rate at which the excess can be sold will be determined by market prices, which may be lower than the contracted rates.</p> <p>Ofgem regulates energy markets. A change of UK government or Ofgem's direction and regulations could lead to unfavourable energy or grid policies and potentially reduce merchant power prices.</p> <p>If market rates are very low, users may not be willing to enter into an agreement for supply from the Company.</p>	<p>The Company's strategy is to seek to enter long term fixed price PPAs for at least 80% of the energy generated from its Onsite Solar Assets. Any excess generation is exported to the grid under shorter term arrangements. The sensitivity of the NAV to a change in wholesale power prices is monitored by the Investment Adviser and the impact of any new asset on the portfolio sensitivity is reported during the investment approval process.</p> <p>The Investment Adviser has a data analytics resource to assist with analysing information for reporting to the AIFM and the Board and the Board will respond/take action as appropriate.</p> <p>The Company is well positioned to both monitor the political landscape as well as engage in consultations and contribute to policy making. As the operating portfolio grows, this ability to engage and contribute will grow in significance.</p> <p>Third party wholesale power price forecasts are monitored by the Investment Adviser relative to the prices available under PPAs for Onsite Solar Assets to confirm that PPAs remain attractive.</p>



Risk category	Potential impact	Mitigation
<b>7. Operational risk</b> <b>Probability:</b> Moderate <b>Impact:</b> Moderate	<p>The Company's indirect subsidiaries own assets on third party property and assume obligations under the contracts and could be liable for non-performance. In some instances, parent company guarantees are required in respect of a portfolio company's obligations under its contracts.</p> <p>Assets can fail due to technical faults, lifespan and theft of components and there is a risk of an absence of direct connection to the grid. Where a connection exists, there is a risk the connection fails.</p> <p>Clean Energy Assets can cause environmental hazards and nuisance.</p> <p>In addition, assets profitability is dependent upon weather conditions over which the Company has no control.</p> <p>Insurances may not cover specific risks and changes in environmental laws may have an impact on the Company's activities.</p>	<p>When conducting due diligence on potential investments, the Investment Adviser considers the potential impact of asset failures and provides for appropriate contractual and insurance protections. Security around assets is reviewed regularly and assets are inspected regularly for damage or for signs of decay.</p> <p>Technical due diligence is undertaken prior to acquisition or development of an asset to identify risks and appropriate mitigating measures. Installation contracts include taking over provisions and defects liability periods, and major equipment is supplied with long-term warranties.</p> <p>Environmental surveys are undertaken, where appropriate.</p> <p>Energy generation is based on P50 forecasts which are deemed appropriate for long-term assets.</p> <p>Insurance brokers advise on appropriate insurance coverage.</p>
<b>8. Economic and regulatory conditions, locally and globally</b> <b>Probability:</b> Moderate <b>Impact:</b> Moderate	<p>The Company and its portfolio may be materially affected by conditions in the global financial markets and economic conditions, including inflation and deflation, business and consumer confidence, currency exchange rates and controls, trade barriers and commodity prices. These factors are outside the Company's control and may affect the valuation of its investments.</p> <p>Brexit continues to cause financial and regulatory uncertainty, both in the short and longer term. This could cause volatility in the energy and financial markets and impact supply chains and increase costs.</p> <p>There is a risk of loss of supply licence or similar exemptions. Any government subsidies and incentives to which the portfolio is entitled may reduce over time. Regulations around renewable energy may change without significant notice, invalidating the operating model of the Company. Network charges are subject to change.</p>	<p>The Investment Adviser will continually monitor the macro environment and ensure that it adopts appropriate mitigating strategies, including hedging, entering long term contracts and linking pricing to inflation.</p> <p>The Investment Adviser engages with industry specialists to ensure it is up to date with any potential changes and will where possible feed into consultations.</p>
<b>9. ITC tax status and changes in tax legislation</b> <b>Probability:</b> Low <b>Impact:</b> High	<p>The Company may breach the conditions of an Investment Trust leading to it being subject to UK tax on gains.</p> <p>Tax legislation is subject to change in both the UK and any other jurisdiction in which the Company invests. There is a risk that corporation or other tax rates may increase as governments seek to finance deficits arising from, amongst other things, the consequences of the COVID-19 pandemic.</p>	<p>The Investment Adviser has engaged specialist tax advisers for compliance and monitors and regularly reports to the board on compliance with the Investment Trust Company conditions referencing the tax structuring advice received at IPO.</p> <p>The Investment Adviser with the appointed tax adviser monitor potential changes in tax legislation, including rates, and assess their impact on the Company and its investment portfolio.</p>



Risk category	Potential impact	Mitigation
<b>10. Local and global political risk and impact of pandemics</b> <b>Probability:</b> Low <b>Impact:</b> Moderate	<p>The ongoing instability caused by conflicts in both Ukraine and the middle east together with the threat from China in relation to Taiwan continue to cause significant volatility in energy and financial markets.</p> <p>A pandemic, like COVID-19, could create operational challenges for the assets incurring failures, as service providers may not be able to attend to the failures. Energy demand at certain sites may be reduced.</p> <p>A pandemic could also disrupt supply chains, delaying installation assets.</p>	<p>The Investment Adviser will monitor industry and national news to ensure that any proposed changes are anticipated, and appropriate mitigations are taken.</p> <p>Asset performance can be monitored remotely and regular contact with the service providers is maintained to ensure ongoing service.</p> <p>Assets, where practicable, benefit from the ability to export excess generation to the grid.</p>
<b>11. Continuation of the Company and share price</b> <b>Probability:</b> Moderate <b>Impact:</b> Moderate	<p>If the Company does not have a NAV of greater than or equal to £250m on the third anniversary of admission (23 November 2024) The Board will propose a discontinuation resolution at the AGM. This resolution requires 75% or more shareholder votes.</p> <p>If the Company's shares continue to trade at a discount to NAV it will not be possible to issue additional shares to raise equity funding.</p>	<p>The Company has one more year to raise additional capital to prevent this provision being triggered. The Board and its Investment Adviser are optimistic that the total NAV will be greater than £250m by the third anniversary, but will monitor the situation at each Board meeting. The Investment Adviser is proactively looking at ways to increase the NAV.</p> <p>The ability to raise additional equity requires the Company's shares to be trading at a premium, which is in large part dependent on market conditions and sentiment.</p> <p>The Investment Adviser and the Broker will monitor the discount regularly and inform the Board if shares are trading at a significant discount. The Directors may repurchase shares if they have traded at more than a 10% discount during any 12 month rolling period starting on the date 18 months from Initial Admission.</p>

### Emerging Risks

The Directors have identified the following emerging risks:

#### Debt financing covenants

During the year the Company took on debt financing, through the use of its RCF and the acquisition of a ASG portfolio, post balance sheet date, which contained existing project finance. This finance contains covenants, which if breached will lead to forced sale of assets or require significant cash injections. The Board, through the AIFM and Investment Adviser will monitor compliance with covenants to ensure sufficient headroom and provide early warning of any issues that may arise.

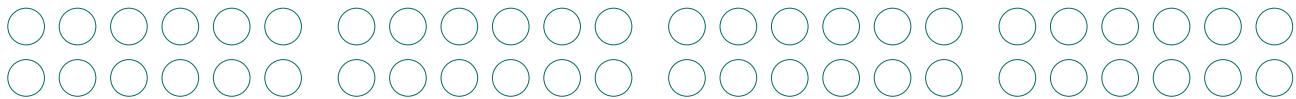
#### Share price discount and discontinuation vote

The Company's shares have been trading at a discount to NAV which restricts the ability to issue new shares and therefore access additional equity. The Company has an active pipeline which requires funding. The Investment Adviser and the Board continue to monitor the share price and work closely with the broker to assess financing opportunities.

### Going concern

In light of the current macroeconomic backdrop, the Directors have continued to place significant focus on the appropriateness of adopting the going concern basis in preparing the Company's financial statements for the year ended 30 September 2023. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council.

The Board regularly monitors the Company's ability to continue as a going concern. Included in the information reviewed at quarterly Board meetings are summaries of the Company's liquidity position, cash flow forecasts, scenarios and sensitivities, operational and market impact, and the financial strength of its customers. Based on this information, the Directors are satisfied that the Company is able to continue in business for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements, and therefore have adopted the going concern basis in the preparation of these financial statements.



In light of the Company's current position and principal risks, the Board has assessed the prospects of the Company for the period to 10 January 2025, reviewing the Company's liquidity position, and the financial strength of its counterparties, together with forecasts of the Company's future performance under various scenarios. The Board has concluded there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities over that period.

The Company generated a net cash outflow from operating activities in the year of £3.1 million, with its cash balances at 30 September 2023 totalling £37.9 million. The Company had £26.3 million in capital commitments as at the balance sheet date. Contractual income for the year has been collected in full. The Company's subsidiary, Holdco, secured a RCF of £30 million in September 2023, which benefits from an accordion of £20 million. As at 30 September 2023, the facility was unutilised. Since balance sheet date £25 million of the RCF has been allocated to post balance sheet events.

All clients credit risk is assessed at engagement with an annual review to highlight any risk arising post engagement.

As a result, the Directors believe that the Company is well placed to manage its financing and other business risks and will remain viable, continuing to operate and meeting its liabilities as they fall due over the assessment year. The Directors are therefore of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

#### **Viability Statement**

The Board has assessed the prospects of the Company over the five years from the balance sheet date to 30 September 2028, which is the period covered by the Company's longer term financial projections. The Board considers five years to be an appropriate forecast period, although the Company's contractual income extends beyond five years, since the availability of most finance and market uncertainty reduces the overall reliability of forecast performance over a longer period.

The assumptions underpinning these forecast cash flows were sensitised to explore the resilience of the Company to the potential impact of the Company's significant risks, or a combination of those risks. The principal risks on pages 49 to 52 summarise those matters that could prevent the Company from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten the Company's ability to continue in business in its current form if they were to occur. The Directors paid particular attention to the risk of a deterioration in economic outlook which could impact solar assets, including taxes on power generation

companies, which would have a negative impact on valuations. In assessing the resilience of the Company, consideration was given to operations, the geographical diversification and availability of alternative service providers who could take over existing contracts or provide additional services to ensure business continuity.

The sensitivities performed were designed to be severe but plausible; and to take full account of the availability of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks. Based on the sensitivity results on the Portfolio, a combination of generation (60% of capability), inflation 100bps higher, interest rates 100bps higher than Sonia and operating cost increases of 20% were applied to assess the Company's resilience. The outcome of these results supported the Company's resilience. In addition, the Board considered the strength of services providers and the availability of alternative options to replace underperforming providers.

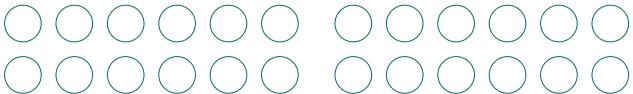
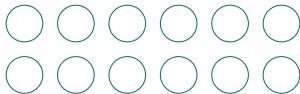
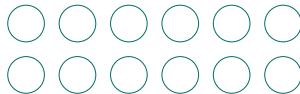
The Board considers the resilience of projected liquidity, as well as compliance with the Investment Trust Company ("ITC") rules, under a range of RPI and valuation assumptions.

The principal risks and the key assumptions that were relevant to this assessment are as follows:

Risk	Assumption
<b>Inflation risk</b>	The increase in inflationary costs is managed by capping the inflation applicable to main supplier contracts in line with inflation caps applied to PPA revenues.
<b>Liquidity risk</b>	The Company continues to generate sufficient cash to cover its costs while retaining the ability to make distributions.
<b>Off-taker risk</b>	Off-takers comply with their obligations over the term of the PPA and no key off-taker suffers an insolvency event over the term of the review.

Based on the work performed, the Board has a reasonable expectation that the Company will be able to continue in business over the five-year period of its assessment.

Notwithstanding the analysis assessed above, the Company's Prospectus included a Discontinuation Resolution at the annual general meeting following the third anniversary of admission to the London Stock Exchange. This resolution is effective should the Company's Net Asset Value not be £250 million or above. The Directors have considered this in their assessment and recognise the risk and have assessed there to be sufficient appetite for the continuation of the fund at this time.



### Other disclosures

Disclosures in relation to the Company's business model and strategy have been included within the Investment Adviser's report on pages 10 to 23. Disclosures in relation to the main industry trends and factors that are likely to affect the future performance and position of the business have been included within "Our Market" on page 26. Disclosures in relation to environmental and social issues have been included within the ESG section on pages 27 to 43.

### Employees, human rights, social and community issues

The Board recognises the requirement under Companies Act 2006 to detail information about human rights, employees and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. As the Company has no employees, all the Directors are non-executive and it has outsourced all its functions to third party service providers these requirements technically do not apply, and the Company has therefore not reported further in respect of these provisions. Despite this, both the Board and the Investment Adviser will remain vigilant of any social and community issues and human rights concerns. Details of the Company's anti-corruption and anti-bribery policies are detailed on page 33. An assessment of the effectiveness of these policies is not made within this report.

The Company has implemented a procurement policy, developed in line with the UK's Modern Slavery Act 2015 and detailed on page 43.

### Diversity

As at 30 September 2023, the Board comprised two female and one male Directors. See pages 59 and 60 for further details of the Board's diversity policy and compliance with the recommended diversity targets.

As the Company has no employees, there is nothing further to report in respect of gender representation within the Company.

### Key Performance Indicators (KPIs)

The Company's Board of Directors meets regularly and at each meeting reviews performance against a number of key performance indicators, which include:

- Portfolio yield – the Company's objective is to seek to provide Shareholders with an attractive level of distributions with modest capital growth over the long term. In alignment with the target at the time of the Company's IPO, an annualised dividend of five pence per share (2022: five pence per share) has been declared, while the deployment of capital has secured a portfolio yield of 9%. The Portfolio yield is the average yield of the next five years for the existing portfolio, where the yield is net cash generated in each year from the Portfolio over the cost of investment.

- Dividend cover forecast – dividends form a key component of the total return to Shareholders. As at 30 September 2023, dividend cover of operational projects was 0.15x (2022: 1.04x). Once the portfolio is fully operational in March 2024, dividend cover is expected to be in excess of 1.3x (2022: 0.5x).
- Ongoing charges ratio – the expenses of managing the Company are carefully monitored by the Board. The standard performance measure of these is the ongoing charges ratio ("OCR"), which is calculated by dividing the sum of such expenses over the course of the year by the average NAV over the year. This ratio provides a guide to the effect on this performance of annual operating costs. The Company's OCR for the year was 1.8% (2022: 1.4%) against a target of 1.5%. The increase in OCR was principally driven by the lower average NAV in 2023 (£138.6 million) compared to 2022 (£143.0 million).
- Premium/discount of share price to NAV per share – The Board monitors the price of the Company shares in relation to their NAV and the premium/discount at which the shares trade. The level of discount or premium is mostly a function of investor sentiment and demand for the shares, over which the Board may have limited influence. The share price stood at a 22.2% discount (2022: 7.2% premium) as at 30 September 2023.
- Environmental KPIs – these are included as part of the Sustainability Report, on page 32.

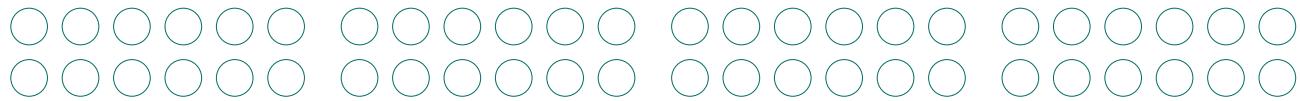
### Approval

This Strategic Report has been approved by the Board and signed on its behalf by:

#### Duncan Neale

Director

10 January 2024



### The Board of Directors:



**Juliet Davenport**  
Chair

### Relevant Skills and experience:

- Over 24 years' experience
- Founded Good Energy Group plc
- Non-executive director of Connected Kerb, TAG Limited (as the group which owns Energy Ombudsman Services), The Crown Estate and Abatable
- Juliet has had various appointments with academic organisations and think tanks focusing on sustainability and innovation, including Bath University, Bristol University, University of Wales, Grantham Institute at Imperial College and London School of Economics, and the Smith School of Enterprise and the Environment at the University of Oxford.

### Career Highlights:

- In 1998, Juliet founded the AIM-listed company Good Energy plc, a 100% renewable energy utility specialising in decentralised small-scale renewables. She pioneered some of the work around early renewable PPA and onsite renewable generation and grew a portfolio of over 250,000 independent renewable generators.
- In her role as CEO she oversaw its growth to a £130 million turnover business, including developing over 100MW of renewable assets and signing over 1500 PPA with renewable generators. Juliet stepped down as CEO in 2021, moving to a non-executive board director role.
- Juliet has a wealth of non-executive and advisory experience. She serves on the board of The Crown Estate and supports its integration of sustainability across the organisation together with the development of renewables on Crown property. In July 2022, Juliet was appointed as the President of the Energy Institute.



**Faye Goss**  
Chair of Management  
Engagement Committee

- Over 20 years' experience as a property lawyer and senior business adviser
- General Counsel for Lendlease Europe and member of the Regional Leadership Team, leading all advisory, legal and compliance activities, transactions and governance.
- Spent over 11 years at Tesco PLC where she led Tesco's group property legal function with responsibility across its international and domestic property portfolio and responsibilities included oversight of elements of Tesco's carbon reduction commitments such as the roll-out of solar panels across the estate and the associated off-take arrangements.

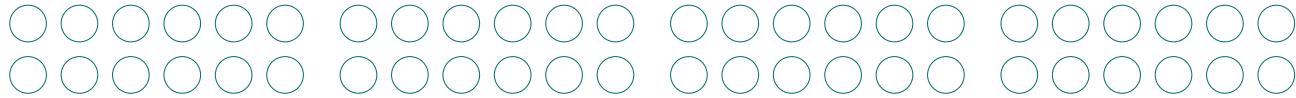
- Faye trained as a real estate solicitor and worked for both CMS and Brian Cave Leighton Paisner LLP (previously Berwin Leighton Paisner LLP).
- Prior to leaving Tesco, Faye held the role of Group Corporate and Property Legal Director with accountability encompassing legal oversight of group finance, group property, M&A, and group procurement.



**Duncan Neale**  
Chair of Audit Committee

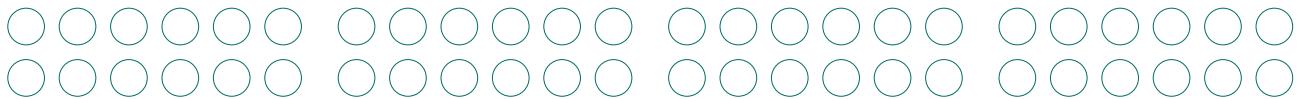
- Over 20 years' experience in senior finance roles
- Fellow of the Institute of Chartered Accountants
- Extensive experience in listed company governance with a strong emphasis on the energy sector
- Non-executive director and chair of the audit committee of Gresham House Energy Storage Fund plc and a non-executive director and chair of the audit committee of AFC Energy plc

- Qualified as a Chartered Accountant with Price Waterhouse in London
- Duncan's previous finance roles include chief financial officer and finance director roles for listed and private energy & technology companies operating within the audit, corporate finance, fundraising and M&A sectors
- Trustee of Cambodian Children's Fund UK.

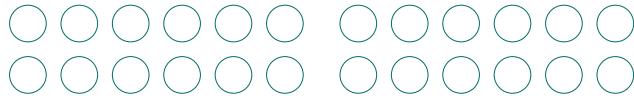
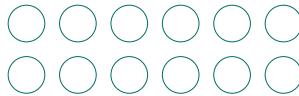
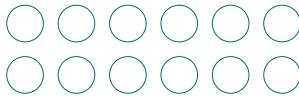


The Atrato Group is an alternatives investment management platform founded by Ben Green and Steve Windsor in 2016. The Group had £1.9 billion under advisement as at 30 September with over 49 employees, headquartered in London. Atrato Capital Limited, an Atrato Group company, is the investment adviser to Supermarket Income REIT, a FTSE 250 company. Atrato Partners Limited, an Atrato Group company, is the Investment Adviser to Atrato Onsite Energy.

The Investment Adviser	Relevant Skills and experience	Career Highlights
 <p><b>Ben Green</b> Principal</p>	<p>Ben is a principal at Atrato and is responsible for leading the development and execution of the firm's long-term strategy. Ben is a member of the Atrato Group Leadership Team and a member of the firm's Investment Committee.</p> <ul style="list-style-type: none"> <li>• Over 20 years' experience structuring and executing real estate transactions</li> <li>• Completed more than £3.5 billion of sale and leaseback transactions, with major occupiers including Tesco, Barclays and the BBC</li> <li>• Expert in executing transactions for grocery real estate and real estate corporate finance</li> <li>• Qualified Lawyer</li> </ul>	<ul style="list-style-type: none"> <li>• Co-founded Atrato and led the IPO of Supermarket Income REIT and Atrato Onsite Energy plc</li> <li>• Managing Director Lloyds Bank Commercial Banking, where he ran the team providing corporate finance services to corporates, infrastructure and real estate clients</li> <li>• Managing Director and Head of European Structured Finance at Goldman Sachs from 2007 to 2013</li> <li>• Director Barclays Capital</li> </ul>
 <p><b>Steve Windsor</b> Principal</p>	<p>Steve is a principal at Atrato and is responsible for leading the development and execution of the firm's long-term strategy. Steve is a member of the Atrato Group Leadership Team and a member of the firm's Investment Committee.</p> <ul style="list-style-type: none"> <li>• Over 20 years' experience specialising in finance and risk management</li> <li>• Expert in capital markets, risk management and financing</li> <li>• Highly experienced in senior management positions</li> </ul>	<ul style="list-style-type: none"> <li>• Co-founded Atrato and led the IPO of Supermarket Income REIT and Atrato Onsite Energy plc</li> <li>• Partner and Head of EMEA Debt Capital Markets and Risk Solutions at Goldman Sachs</li> <li>• Held various roles across both Trading and Banking divisions at Goldman Sachs from 2000 to 2016</li> <li>• Member of Goldman Sachs Investment Banking Risk Committee</li> <li>• Advised numerous FTSE 100 firms on managing risk and financing their business</li> </ul>
 <p><b>Steven Noble</b> Chief Investment Officer</p>	<p>Steven is the Chief Investment Officer and responsible for overseeing all investments for the Group. Steven is a member of the Atrato Group Leadership Team and a member of the firm's Investment Committee.</p> <ul style="list-style-type: none"> <li>• Over 20 years' experience specialising in finance, risk management and real estate</li> <li>• Extensive supermarket property transaction experience</li> <li>• Specialist in corporate finance, with a primary focus on commercial real estate</li> <li>• Chartered Financial Analyst and Chartered Accountant</li> </ul>	<ul style="list-style-type: none"> <li>• Co-founded Atrato and led the IPO of Supermarket Income REIT</li> <li>• Transacted over 30 supermarket property transactions, growing Supermarket Income REIT's portfolio to £1.2 billion</li> <li>• Senior Manager at Lloyds Bank in Corporate Finance</li> </ul>
 <p><b>Natalie Markham</b> Chief Financial Officer, Director of Holdco and member of the Investment Committee</p>	<p>Natalie is the Chief Financial Officer for the Atrato Group and is responsible for the management of its finance and investor relations functions. Natalie is a member of the Atrato Group leadership team and Chair of the Investment Committee.</p> <ul style="list-style-type: none"> <li>• Over 20 years' experience in finance, specialising in real estate investment funds</li> <li>• Experienced in senior management positions and financial management positions of real estate investment companies</li> <li>• Assisting with the sustainability strategy with the Atrato COO</li> <li>• Qualified Chartered Accountant and Fellow of the Chartered Institute of Accountants</li> </ul>	<ul style="list-style-type: none"> <li>• European CFO of Macquarie Global Property Advisors, member of MGPA European Management Team and Director of the MGPA European advisory business</li> <li>• Manager RSM Robson Rhodes, audit and assurance</li> </ul>
 <p><b>Lara Townsend</b> COO, MD Origination, Director of Holdco and member of the Investment Committee</p>	<p>Lara is the Chief Operating Officer for the Atrato Group and is responsible for corporate development and the group's operations. Lara is a member of the Atrato Group leadership team and the Investment Committee.</p> <ul style="list-style-type: none"> <li>• More than 20 years' experience of infrastructure and asset finance</li> <li>• Responsible for the establishment and integration of the Atrato Group's sustainability strategy alongside the CFO</li> <li>• Manages the team's compliance and legal function</li> </ul>	<ul style="list-style-type: none"> <li>• Previously a Director within Lloyds Bank's capital markets division, where she focused on the provision of funding for real estate and infrastructure projects</li> <li>• Lara studied Economics and Business Studies at the University of Edinburgh</li> </ul>



The Investment Adviser	Relevant Skills and experience	Career Highlights
 <p><b>Gurpreet Gujral CFA</b> Managing Director, Renewable Energy</p>	<p>Gurpreet is the fund manager of Atrato Onsite Energy plc and is responsible for leading the Renewable Energy investment strategy for the Atrato Group.</p> <ul style="list-style-type: none"> <li>• Over 15 years of renewable energy experience</li> <li>• Specialist knowledge of the development and commercialisation of rooftop solar PV on industrial and commercial sites</li> <li>• Worked across the full spectrum of renewable energy</li> <li>• Masters in Sustainable Urban Development</li> </ul>	<ul style="list-style-type: none"> <li>• 7 years with the Macquarie Group in the Green Investment Group (GIG) and in the equities business as the lead renewable energy analyst</li> <li>• Coordinated and structured the sale of infrastructure assets including a fibre-to-the-home network connected to one million building units in Spain</li> <li>• Responsible for the sale of a £300 million industrial and commercial energy meter portfolio to a leading infrastructure investor in the UK</li> </ul>
 <p><b>Gustaf Schuler</b> Technical Director, Renewable Energy</p>	<p>Gus is the Technical Director in the renewable energy team, responsible for all technical aspects of a system's design, installation and operations.</p> <ul style="list-style-type: none"> <li>• Over 10 years' experience in the energy industry</li> <li>• Primary focus on renewables and solar PV's</li> <li>• Masters in Renewable Energy and Sustainability</li> <li>• Diploma in Electrical Engineering</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Delivery Manager at Cero Generation where he managed the development and construction of c. 80MW of BHM C&amp;I solar projects and has vast experience in advising lenders, investors and developers in PV projects</li> </ul>
 <p><b>Jon Ashford</b> Head of Engineering, Renewable Energy</p>	<p>John is the Head of Engineering in the renewable energy team, and works closely with Gustaf to ensure the technical aspects of the system operate to the standard that is expected.</p> <ul style="list-style-type: none"> <li>• Over 25 years' experience in the property sector, focusing on operations and engineering</li> <li>• 9 years as the Head of Engineering, Energy and Sustainability at Sainsbury's</li> <li>• Responsible for carbon reduction planning and the application of renewable energy across the Sainsbury's portfolio</li> <li>• 7 years at Tesco, latterly as the Head of Engineering and Energy</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Operations at Engenie UK, an electric vehicle rapid charging start-up</li> <li>• Owner, Director and Company Secretary for Sustainable Design Solutions</li> <li>• Head of Engineering and Energy at Tesco Property Services</li> </ul>
 <p><b>Brett Pieterse</b> Finance Director, Renewable Energy</p>	<p>Brett is the Finance Director for Atrato Onsite Energy plc, responsible for finance, tax and operations.</p> <ul style="list-style-type: none"> <li>• Over 20 years' experience in finance and Infrastructure investment</li> <li>• 5 years as Finance Director at Vercity, an award-winning infrastructure and real estate project leadership group</li> <li>• Chartered Accountant and member of the South African Institute of Chartered Accountants</li> </ul>	<ul style="list-style-type: none"> <li>• Established the financial framework for investing and managing renewable energy projects at Vercity and John Laing</li> <li>• Over 10 years at John Laing, latterly as Divisional Finance Director responsible for asset management, renewable energy and primary investments</li> </ul>



The Corporate Governance Report on pages 55 to 79 forms part of the Directors' Report.

### **Role of the Board**

The Board has a duty to promote the long-term sustainable success of the Company for its shareholders. The Board is responsible for the overall leadership of the Company, setting its values and standards, including approval of the Company's strategic aims and objectives and oversight of its operations.

The Board currently comprises the Chair and two independent non-executive Directors. It is supported by Apex Secretaries LLP which acts as the Company Secretary.

Juliet Davenport is the Chair of the Company and is responsible for leading the Board and for setting the tone in respect of the Company's purpose, values and culture. As part of her role in leading the Board, she ensures that the Board provides constructive input into the development of strategy, understands the views of the Company's key stakeholders and provides appropriate oversight, challenge and support. The Chair was independent of the Investment Adviser at the time of her appointment and is deemed by her fellow Board members to continue to be independent in character and judgement and to have no conflicting relationships. She considers herself to have sufficient time to commit to the Company's affairs. The role and responsibilities of the Chair of the Board are clearly defined and set out in writing, a copy of which is available on the Company's website.

Given the structure and size of the Board, it fulfils the responsibilities typically undertaken by a nomination committee and a remuneration committee and has not appointed a senior independent director. During the year, the Company had two Committees in operation, namely, the Audit Committee, chaired by Duncan Neale, and the Management Engagement Committee, chaired by Faye Goss. All Directors are members of each Board committee. The terms of reference of the Committees are available on the Company's website.

The Board is well balanced and possesses a sufficient breadth of skills, variety of backgrounds, relevant experience and knowledge to ensure that it functions effectively and promotes the long-term sustainable success of the Company. All Directors have access to the advice and services of external counsel and the Company Secretary and the AIFM, who advise the Chair on matters of corporate governance. Further details of each Director's experience can be found in their biographies on page 55.

### **Tenure policy**

The Board recognises that Directors' independence is not a function of service or age, and that continuity and experience add significantly to the strength of the Board. The Board's policy for Directors, including the Chair of the Board, is that they serve for no more than nine years and, in order to ensure continuity, the Board's succession planning will allow for gradual changes to its composition. The Board is cognisant of the benefits of timely succession planning and keeps this under consideration. However, as the Company has only been in operation for two years, it is considered too early to put formal succession plans in place. In accordance with the Company's Articles of Association and the AIC Code, all Directors stand for re-election annually.

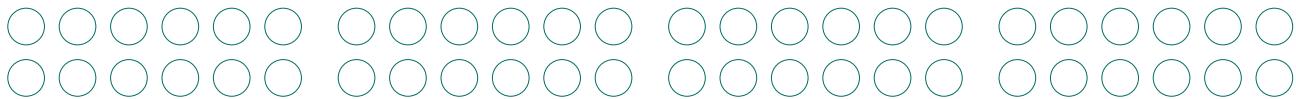
### **Appointment of new Director during the year**

When considering the appointment of new Directors, the Board actively considers a range of factors including the expertise and experience required in a prospective candidate and the diversity, including gender and ethnicity diversity, of the Board and is mindful of the recommendations of the Hampton Alexander Review and the Parker Review in this regard. These factors were taken into consideration by the Committee as part of the appointment process undertaken during the year which culminated in the appointment of Duncan Neale as a Director of the Company on 12 April 2023.

For the appointment, the Board undertook a formal, rigorous and transparent process, shortlisting a pool of candidates who were known by either the Investment Adviser or the Company's advisers. This method was considered effective in place of using an external search consultancy or open advertising, which are steps typically taken for the appointment of the chair and non-executive directors. The candidates were assessed solely on merit, taking into account the candidates' experience to date as well as their cognitive and personal strengths and their other significant external commitments. In undertaking the process, the Board had regard to both the AIC Code and FRC Guidance on Board Effectiveness.

### **Induction of new Directors**

The Company has an established process in place for the induction of new Directors. An induction pack is provided to new Directors by the Company Secretary, containing relevant information about the Company, its constitutional documents and its processes and procedures. New appointees meet with relevant persons at the Investment Adviser and the Company's Broker. Training and guidance is also provided to each new Director by the Company's legal adviser. During the year, this induction process was implemented in respect of the appointment of Duncan Neale as a Director of the Company.



### **Performance evaluation**

The Directors consider the evaluation of the Board, its Committees, the Chair of the Board and each Director to be an important aspect of corporate governance and as such the Board has a formal policy to evaluate its own performance annually. The Chair leads the assessment which covers:

- the performance of the Board and its committees, including how the Directors work together as a whole;
- the balance of skills, experience, independence and knowledge of the Directors; and
- individual performance, particularly considering whether each Director continues to make an effective contribution.

The internal assessment involves the completion of written questionnaires, specifically designed to assess the strengths and independence of the Board and the performance of its Committees, the Chair and the individual Directors. These are complemented by a discussion with all Directors as a group, and between the Chair and the individual Directors.

Following the completion of this year's evaluation process during August 2023, the Chair held one-to-one discussions with the Board members to consider the feedback on their performance. The evaluation of the Chair was led by Faye Goss, the Chair of the Management Engagement Committee.

The results of the evaluation process were discussed by the Board in September 2023 and it was concluded that the Board was functioning effectively. An externally-facilitated evaluation will be undertaken during the next financial year and every three years thereafter.

The Board considered the balance of skills, experience, diversity and independence of the Board, as well as the strategy and likely future developments in order to assess the suitability of the current composition of the Board. No gaps were identified in this regard which would necessitate any changes required in the longer term.

The Board's discussion of the evaluation results concluded that:

- as a whole, the Board functions effectively and the current Committee structure remains appropriate;
- the Chair leads the Board effectively and promotes a culture of openness and debate and facilitates constructive Board relations and effective contribution of all Directors. In liaison with the Company Secretary, she ensures that the Directors receive accurate, timely and clear information;
- each Director provides constructive challenge, strategic guidance, offers specialist advice and holds third party service providers to account;

- all Directors are considered to be independent in line with the AIC Code, including being independent of the Investment Adviser in both character and judgement. None of the Directors sit on the boards of any other companies managed by the Investment Adviser; and
- all of the current Directors make an effective contribution to the Company's operations which is important to its long-term sustainable success. They have the requisite skills and experience to continue to provide able leadership and direction for the Company.

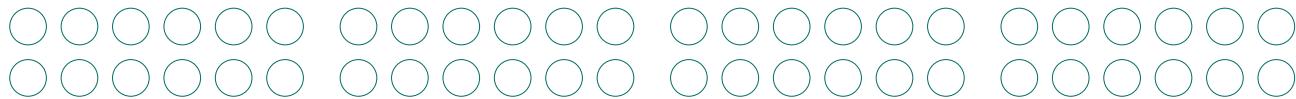
### **Diversity**

The Company does not have any employees and only has non-executive Directors on the Board. In respect of appointments to the Board, it is considered that each candidate should be appointed on merit to make sure that the best candidate for the role is appointed. The Board supports diversity and inclusion at the Board level and encourages candidates from all educational backgrounds and walks of life. What is important to perform the role of a director successfully is professional achievement and the individual's skill set and experience. Professional qualifications are considered important and particularly so when considering appointments to the Audit Committee.

The Board has adopted a formal diversity policy. It supports the recommendations set out in the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity, and also recognises the value and importance of cognitive diversity in the boardroom. As at the date of this report, the Board comprised two women and one man.

According to new Listing Rule requirements, companies are required to include a statement in their annual report and financial statements setting out whether they have met the following targets on board diversity as at a chosen reference date within its accounting period:

- 1) At least 40% of individuals on the board are women;
- 2) At least one of the senior board positions (chair, chief executive, senior independent director or chief financial officer) is held by a woman\*; and
- 3) At least one individual on the board is from a minority ethnic background.



As at 30 September 2023, the Company makes the following disclosures:

**Gender diversity**

	Number of Board members	Percentage of the Board	Number of senior positions on the Board*
Women	2	67	1
Men	1	33	1
Not specified/prefer not to say	–	–	–

**Ethnic diversity**

White British or other White (including minority white groups)	3	100	–
Mixed/Multiple ethnic groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The data in the above tables was collected through self-reporting by the Directors.

\* As an externally-managed investment company, the Company has no executive directors, employees or internal operations and, as noted on page 58, a senior independent director has not been appointed. Therefore, as allowed by the rules, the Company does not need to report against the target in respect of one of senior positions as it is not applicable, and the columns relating to executive management have been excluded in the tables. The Board does consider the senior roles specified by the Listing Rules, that the senior positions include the position of the Chair, which is occupied by a woman. However, the Company reconsiders that the positions of the Chair and the Chair of its permanent sub-committees, that is the Audit Committee and the Management Engagement Committee are all senior positions, of which, one is occupied by a woman and one by a man.

The Board aims to ensure that the gender diversity target continues to be met. It recognises that it is currently not meeting the target on ethnic diversity and aims to focus on this criterion as a priority when it is looking to appoint another Director on the Board.

**How we operate**

The Company's business model and strategy were established at the time of the IPO in November 2021. The business seeks to support the net zero agenda whilst delivering capital growth and progressive dividend income to its shareholders; integrate ESG best practice with a focus on investing in new renewable energy capacity and onsite clean energy solutions; and target long-term secure income with limited exposure to wholesale power prices. The Company seeks to achieve its investment objective by investing in onsite solar assets.

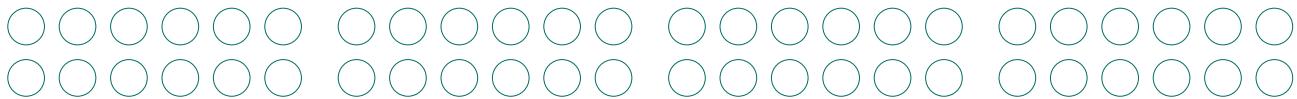
The Company's investment policy and strategy are determined by the Board. The Board is responsible for investment decisions, other than to the extent delegated to the AIFM and/or the Investment Adviser, and the appointment, supervision and monitoring of the Company's service providers, including amongst others, the AIFM and the Investment Adviser. A formal schedule of matters reserved for decision by the Board has been adopted. This is available on the Company's website.

To facilitate timely execution of the business strategy, the Board and the AIFM have formally delegated certain pre-agreed authorities to the board of its wholly-owned subsidiary, Atrato Onsite Energy Holdco Limited, whose directors are provided by the Investment Adviser (the 'Holdco Board'). The Investment Adviser has adopted a formalised review process, incorporating ESG factors at all stages of the asset lifecycle, and the delegated authorities granted by the Company and the AIFM to the Holdco Board are conditional upon adherence to this review process.

Every six months, the Investment Adviser conducts a review of its approach to delivery of the investment strategy. Any resulting revisions to the investment strategy are subject to agreement by the Board and the AIFM and revisions to delegated authorities are documented accordingly.

The sustainability of returns is fundamental to the Company's strategy, as summarised in the outline of the Company's business model on pages 60 to 61 and on the Company's website: [www.atratorenewables.com](http://www.atratorenewables.com). The Company's investment strategy is described in the Strategic Report on pages 2 to 54.

The Company has an outsourced operating model. JTC Global AIFM Solutions Limited has been appointed by the Company, pursuant to the AIFM Agreement,



to be the Company's AIFM. The AIFM has the responsibility for the overall portfolio management and compliance with the Company's investment policy, ensuring compliance with the requirements of the Alternative Investment Fund Manager Directive ('AIFMD') that apply to the Company, and undertaking risk management processes in coordination with the Investment Adviser. The AIFM has delegated certain services in relation to the Company and its portfolio, such as advising in relation to financing and asset management opportunities, to the Investment Adviser. The Investment Adviser advises the Company and the AIFM on acquisitions into its investment portfolio and on the development, management and disposal of clean energy assets within its portfolio, pursuant to the Investment Advisory Agreement.

The Management Engagement Committee keeps the appropriateness of the Investment Adviser's and the AIFM's appointments under review. In doing so, the Committee considers the past investment performance of the Company and the capability and available resources of the Investment Adviser for the delivery of long-term satisfactory investment performance. It also reviews the fees payable to the Investment Adviser, together with the standard of services provided by key service providers to the Company, including the AIFM.

#### **Conflicts of interest**

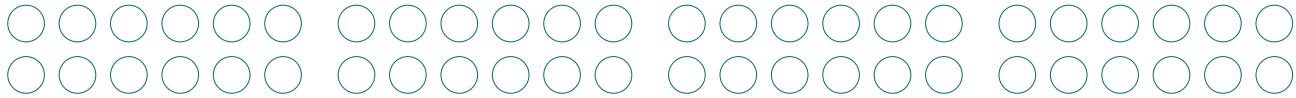
All the Directors are considered by the Board to be independent of the AIFM and of the Investment Adviser. As such they are considered to be free from any business or other relationships that could interfere with the exercise of their judgements.

Each Director has a duty to avoid a situation in which he or she has a direct or indirect interest that may conflict with the interests of the Company. The Board may authorise any potential conflicts, where appropriate, in accordance with the Articles of Association. Where a potential conflict of interest arises, a Director will declare their interest at the relevant Board meeting and not participate in the decision making in respect of that item of business. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed at each Board meeting, to ensure that authorised conflicts remain appropriate. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest.

#### **Culture**

The culture and ethos of the Company are integral to its success. The Board promotes open dialogue and frequent, honest and open communication between the Investment Adviser and other key advisors to the Company. Whilst the Company has no employees, the Board pays close attention to the culture of the Investment Adviser and its employees and believes that its forward thinking and entrepreneurial approach, combined with its rigour and discipline, is the right fit for delivering the Company's strategy and purpose.

The Board believes that its positive engagement and working relationship with the Investment Adviser helps the business achieve its objectives by creating an open and collaborative culture, whilst allowing for constructive challenge. The non-executive Directors speak regularly with members of the Investment Adviser outside of Board meetings to discuss various key Company-related issues. The Company's success is based upon the effective implementation of its strategy by the Investment Adviser and third-party providers under the leadership of the Board. The Board's culture provides a forum for constructive and robust debate, and the Board believes that this is fundamental to the success of the Company.



### The Atrato Onsite Energy plc Board (The 'Board')

The Board is responsible for promoting the long-term sustainable success of the Company, working towards strategic objectives and generating value for Shareholders and other stakeholders.

#### Audit Committee

- Monitors the effectiveness of the audit process
- Monitors Group's risk management processes
- Reviews integrity of the financial statements

#### Management Engagement Committee

- Overseeing new tenders and appointments
- Reviewing performance of key suppliers including the Investment Adviser

### JTC Global AIFM Solutions Limited (The "AIFM")

The AIFM, together with the Board, makes investment decisions following recommendations from the Investment Adviser. The AIFM is responsible for the oversight of the portfolio management activities and undertakes the risk management function of the Company.

#### Responsibilities

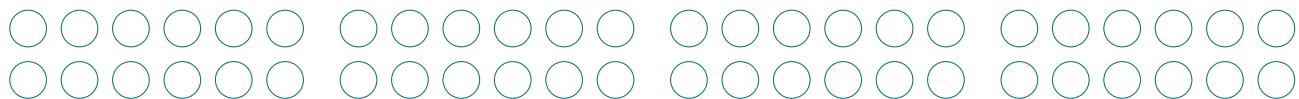
Portfolio	Risk Management
Marketing	

### Atrato Partners (The 'Investment Adviser')

The Investment Adviser's activities comprise of sourcing opportunities, conducting due diligence, providing investment recommendations, assisting with carrying out transactions and reporting on the management of the investments. The Investment Adviser will also make recommendations on financing decisions and strategy which is approved by the Investment Manager and Board.

#### Delegated responsibilities

Acquisitions & Disposals	Funding
Marketing	Fund Management



#### **Scheduled Board and Committee meetings held during the year**

All Directors are expected to devote sufficient time to the Company's affairs to fulfil their duties as Directors and to attend all scheduled meetings of the Board and of the Committees on which they serve. Where Directors are unable to attend a meeting, they provide their comments on the meeting papers made available to them in advance of the meeting to the relevant Chair, which will be conveyed by the Chair to the rest of the Board or Committee.

Attendance at scheduled Board and Committee meetings held during the year is set out below:

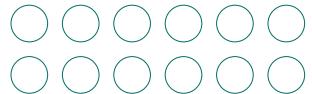
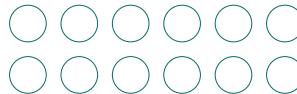
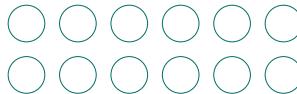
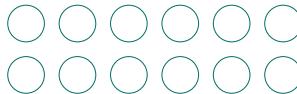
	Quarterly Board meetings	Audit Committee	Management Engagement Committee
<b>Number of scheduled meetings</b>	4	3	2
<b>Meetings attended</b>			
Juliet Davenport	4	3	2
Marlene Wood*	3	2	1
Faye Goss	4	3	2
Duncan Neale**	2	2	1

\* Resigned on 23 June 2023.

\*\* Appointed on 12 April 2023.

In addition to the above, ad hoc meetings of the Board or its committees were held to deal with approval of documentation and administrative matters in respect of the quarterly interim dividends, annual and interim report, and Company transactions.

## Corporate Governance Key Board Statements



### Statement of Compliance

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (February 2019) (the “AIC Code”) and that these provide the most appropriate framework for the Company’s governance arrangements, including reporting to shareholders.

The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (July 2018) (the “UK Code”) and sets out additional provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to the Company’s shareholders.

The Company has complied with the principles and provisions of the AIC Code throughout the year, except for the three provisions set out below:

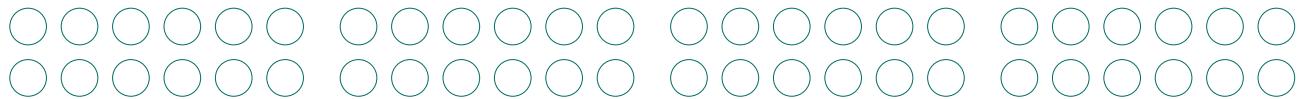
- The role of the chief executive
- Executive directors’ remuneration
- The need for an internal audit function

The Board considers that the first two provisions are not relevant, as the Company is an externally-managed investment company. All of the Company’s day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported against these provisions.

The Company does not have an internal audit function. The need for this is reviewed annually by the Audit Committee, as explained in the Audit Committee report on pages 68 to 71.

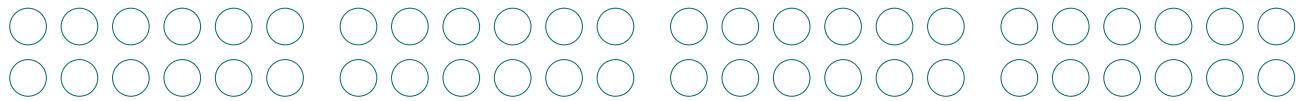
A copy of the AIC Code can be obtained via the AIC’s website, [www.theaic.co.uk](http://www.theaic.co.uk). It includes an explanation of how the AIC Code has adapted the principles and provisions set out in the UK Code to make them relevant to investment companies.

AIC Code	Principle	Evidence of compliance/ explanation of departure from the AIC Code
A	A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.	Section 172(1) Statement on page 44. Leadership and Purpose on pages 58 to 63. Strategic Report on pages 1 to 54.
B	The Board should establish the Company’s purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	Strategic Report on pages 1 to 54. Leadership and Purpose on pages 58 to 63.
C	The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Our Principal Risks on pages 49 to 54. Audit Committee Report on pages 68 to 71. Directors’ Report on pages 76 to 78.
D	For the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	Section 172(1) Statement on page 44. Our Key Stakeholders on pages 45 to 47.
F	The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive board relations and the effective contribution of all non-executive Directors, and ensures that Directors receive accurate, timely and clear information.	Board activities during the year on pages 44 to 47.
G	The Board should consist of an appropriate combination of directors (and, in particular, independent non-executive Directors) such that no one individual or small group of individuals dominates the Board’s decision making.	Leadership and Purpose on pages 58 to 63.
H	Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	Leadership and Purpose on pages 58 to 63. Management Engagement Committee report on page 67.
I	The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Board Activities during the year on pages 44 to 47. Leadership and Purpose on pages 58 to 63.

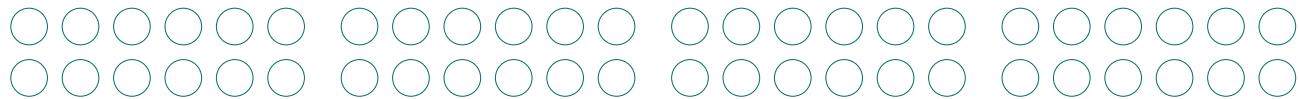


AIC Code	Principle	Evidence of compliance/ explanation of departure from the AIC Code
J	Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Leadership and Purpose on pages 58 to 63.
K	The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	Directors' biographies on page 55. Leadership and Purpose on pages 58 to 63.
L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.	Leadership and Purpose on pages 58 to 63.
M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	Audit Committee Report on pages 68 to 71.
N	The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	Audit Committee Report on pages 68 to 71.
O	The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	Audit Committee Report on pages 68 to 71. Alternative Investment Fund Manager's Report on pages 80 to 81.
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	Directors' Remuneration Report on pages 72 to 75.
Q	A formal and transparent procedure for developing a remuneration policy should be established. No Director should be involved in deciding their own remuneration outcome.	Directors' Remuneration Report on pages 72 to 75.
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Directors' Remuneration Report on pages 72 to 75.

## Corporate Governance Key Board Statements continued



Requirement	Board statement	Where to find further information
Going concern basis	The Board is of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.	Pages 52 to 53 in the Strategic Report.
Viability statement	The Board is of the opinion that the viability statement made in the Annual Report is appropriate.	Page 53 in the Strategic Report.
Annual review of systems of risk management and internal control	A continuing process for identifying, evaluating and managing the risks the Company faces has been established, and the Board has reviewed the effectiveness of the internal control systems.	Audit Committee Report on pages 68 to 71. Page 48 in the Strategic Report.
Robust assessment of the Company's emerging and principal risks to the business model, future performance, solvency and liquidity of the Company.	The Audit Committee and the Board undertake a full risk review annually where all the emerging, principal risks and uncertainties facing the Company and the portfolio are considered.	Principal Risks in the Strategic Report on pages 49 to 54.
Fair, balanced and understandable	The Directors confirm that to the best of their knowledge the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.	Audit Committee Report on pages 68 to 71.
Appointment of the Investment Adviser	The Directors consider the continuing appointment of the Investment Adviser on the terms agreed in the Investment Advisory Agreement dated 1 November 2021 to be in the best interests of the Company.	Directors' report on pages 76 to 78. Note 6 to the financial statements.
s172(1)	The Directors have considered the requirements of s172(1) when making strategic decisions.	Section 172(1) Statement on page 44.



## Dear Shareholders,

I am pleased to present the report of the Management Engagement Committee (the "Committee") of the Company for the year ended 30 September 2023.

The Committee's primary role is to monitor and evaluate performance of the Investment Adviser and the AIFM and to review the basis for the fees charged by them. The Committee also monitors and evaluates the other key service providers of the Company (such as the Company Secretary, the Registrar and the Broker) to ensure their continued competitiveness and effectiveness.

The Committee shall ensure that processes have been put in place to review the Company's risk management and internal control systems designed to safeguard shareholders' investment and the Company's assets.

## How the Committee operates

All Board members are members of the Committee. The Committee believes that its members have the right balance of skills and experience to be able to function effectively. The Committee's Terms of Reference are available on the Company's website and on request from the Company's registered office. The quality of discussion and level of challenge by the Committee with the Investment Adviser, the AIFM, the Broker and the Company secretary, ensure that the Committee can perform its role effectively. Details of how its performance evaluation has been conducted are set out on page 59.

Two meetings of the Committee were held during the year. Details of the Directors' attendance at those meetings is set out in the Corporate Governance Statement.

## Activities during the period

During the year, a survey was conducted to assess the Directors' views on the performance of the Investment Adviser and the AIFM. The Committee reviewed the results of this survey, along with the feedback from the Company's key service providers on the Investment Adviser's performance. A benchmarking exercise was undertaken by the Company to evaluate how the fees paid to the Company's Investment Adviser and the AIFM compared to its peer group. Following this exercise and the Committee's deliberation, it was determined that the fees paid by the Company for the investment advisory and the AIFM services were within the range paid by comparable peers.

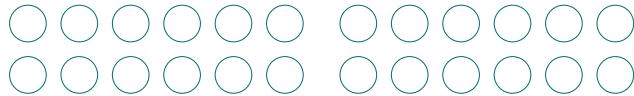
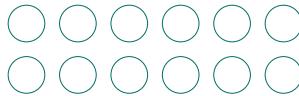
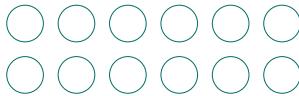
Following its review, the Committee is satisfied that the Investment Adviser and the AIFM have the suitable skills and experience to manage the Company's investments. It concluded that the Investment Adviser had diligently invested the available funds during the year in line with the Company's investment policy. The Directors are satisfied that the collective skillset of the Investment Adviser's team contains the necessary skills and experience to best serve the interests of the shareholders in performing its delegated responsibilities. Details of the Investment Adviser's activities during the year are included in the Strategic Report. The Committee believes that the continuing appointments of the Investment Adviser and the AIFM are in the best interests of shareholders.

The performance of the Company's other service providers is also closely monitored by the Board, through the Committee. The Committee reviewed the performance of the key service providers during the year, considered the Investment Adviser's views on their ongoing performance and the quality of their services, and assessed the terms of their fees to ensure they remained effective and competitive.

Following a comprehensive review, the Committee concluded that the performance of all the Company's key service providers had been satisfactory and recommended their continuing appointment on the current terms.

## Faye Goss

Chair of the Management Engagement Committee  
10 January 2024



The Committee's primary role includes:

- monitoring the integrity of the Company's financial statements, including its annual and half-yearly reports and any other formal announcements relating to its financial performance, and reviewing and reporting to the Board on significant financial reporting issues and judgements;
- reviewing the risk management and internal controls in place within the AIFM and the Investment Adviser, including the monitoring of the internal financial controls, and their ongoing effectiveness;
- approving the remuneration and terms of engagement of the external Auditor;
- reviewing and monitoring the external auditor's activities, independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- reviewing the valuation of the Company's portfolio prepared by the Investment Adviser; and
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required.

## How the Committee operates

The Committee's Terms of Reference are available on the Company's website and on request from the Company's registered office.

As noted in the Corporate Governance Statement, the Committee was chaired by Marlene Wood until 12 April 2023. I took over as the Chair of the Committee with effect from such date. All three Directors are members of the Committee. As stated on page 58, given the small size of the Board, it is considered appropriate for the Chair of the Company to be a member of the Committee as she provides a valuable contribution to the Committee's operations and its interaction with the Board. The Committee believes that its members have the right balance of skills and experience within the renewable energy sector to be able to function effectively. It is considered that there is an appropriate range of recent and relevant financial experience amongst the members of the Committee and the Committee, as a whole, has competence relevant to the investment trust sector.

During the year, three formal meetings of the Committee were held and these meetings were aligned to the Company's financial reporting timetable. Members of the Investment Adviser and the Company's Auditor were invited to attend the Committee meetings. The Company Secretary and I ensure that the meetings are of sufficient length to allow the Committee to consider all important matters and the Committee is satisfied that it receives full information in a timely manner to allow it to fulfil its obligations.

As the Committee's Chair, I have had regular communications with the Auditor and senior members of the Investment Adviser. In addition, the Committee members have discussions throughout the year outside of the formal Committee meetings.

The quality of discussion and level of challenge by the Committee with the Investment Adviser and the external audit teams, together with the timeliness and quality of papers received by the Committee, ensures the Committee can perform its role effectively. Details of how the Committee's performance evaluation has been conducted are set out on page 59.

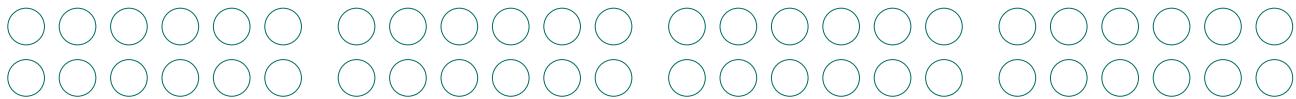
## Activities during the period

During the year under review, the Committee:

- conducted a review of the internal controls and risk management systems of the Company and its third party service providers;
- conducted reviews of the Company's risk register;
- reviewed the interim and annual valuation reports of the Company's portfolio prepared by the Investment Adviser;
- reviewed the disclosures made in the annual and interim reports in relation to internal controls and risk management, viability, going concern and related parties;
- reviewed the Company's annual and interim financial statements and recommended these to the Board. In particular, the Committee advised the Board that taken as a whole, the Annual Report is fair and balanced and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- agreed the plan with the Auditor in respect of the review of the Interim Report for the period ended 31 March 2023 and the statutory audit of the Annual Report for the year ended 30 September 2023, including the principal areas of focus;
- reviewed and agreed the audit fees for the statutory audit of the Company and for the interim review for 2023;
- received and discussed with the Auditor its report on the results of the review of the interim financial statements and the year-end audit; and
- discussed and considered the Auditor's performance, objectivity and independence and the effectiveness of the external audit.

## Financial reporting and significant judgements

The Committee monitors the integrity of the financial information published in the Interim and Annual Reports and any other formal announcement relating to financial performance. It considers whether suitable and appropriate estimates and judgements have been made in respect of areas which could have a material impact on the financial statements. The Committee has considered the most significant risks and issues, both operational and financial, which are likely to impact the Company's financial statements.



A variety of financial information and reports were prepared by the Investment Adviser and provided to the Board and to the Committee over the course of the year. These included budgets, periodic re-forecasting following acquisitions or corporate activity, an updated risk register and general compliance.

All financial information was fully reviewed and debated both at Committee and Board level across a number of meetings. The Investment Adviser and the Auditor

update the Committee on changes to accounting policies, legislation and best practice, and areas of significant judgement by the Investment Adviser. They pay particular attention to transactions which they deem important due to size or complexity.

The significant issue considered by the Committee in respect of the year ended 30 September 2023, which contained a significant degree of estimation uncertainty, is set out in the table below.

#### **Significant issue**

##### **Valuation of portfolio**

The Investment Adviser is responsible pursuant to the Investment Advisory Agreement for the preparation of the valuation of the Company's assets, on a bi-annual basis. The Company's Portfolio value as at 30 September 2023 was £99.3 million.

The valuation of the Company's portfolio is a key determinant of the Company's net asset value as well as directly impacting the fee payable to the Investment Adviser. The nature of the valuation process is inherently subjective due to the assumptions made in determining market comparable discount rates and estimated generation levels.

#### **How the issue was addressed**

The Committee Chair met with the Investment Adviser and the Auditor in October 2023 to review the valuation included within the year-end financial statements. This review included the valuation process undertaken, changes in market conditions, recent transactions in the market and how these impacted the Company's portfolio, and reference to the discount rates used by Company's peer group. The Committee Chair challenged the assumptions used and verified the external evidence used for the valuation process to ensure a robust valuation had taken place.

In preparing the valuation for September 2023, the Investment Adviser considered and addressed all the Auditor's review points raised from previous audits.

As a result of these reviews, the Committee concluded that the valuation had been carried out appropriately.

#### **Internal audit function**

The Company does not have an internal audit function. The need for this is reviewed annually by the Committee. Due to the relative lack of complexity and the outsourcing of the majority of the day to-day operational functions of the Company, the Committee continues to be satisfied that there is currently no requirement for an internal audit function.

#### **Audit and non-audit fees**

The Committee continues to believe that, in some circumstances, the external Auditor's understanding of the Company's business can be beneficial in improving the efficiency and effectiveness of advisory work. For this reason, we will continue to engage BDO as reporting accountant on the Company's issues of equity and debt capital in the normal course of the Company's business, subject to monitoring and safeguards. Reputable firms, other than BDO, have been engaged during the year to assist with financial and tax due diligence on corporate acquisitions as well as general tax compliance advice.

The Company's Non-Audit Services Policy requires that the approval of the Committee is obtained before the external Auditor can be engaged to provide any permitted non-audit services. During the year, pursuant to the authority given by the Committee, the Company engaged BDO to review the interim accounts, which is considered to be a non-audit service. No other non-audit services were obtained from the Auditor during the year.

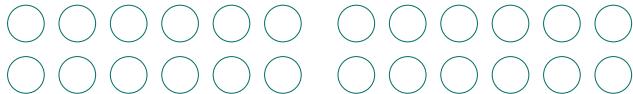
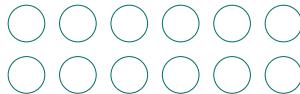
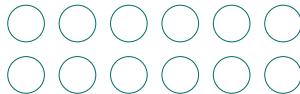
In addition to ensuring compliance with the Company's Non-Audit Services Policy, the Committee also receives confirmation from BDO that it remains independent and has maintained internal safeguards to ensure its objectivity.

Details of the audit and non-audit fees paid to the Auditor are set out in Note 7 to the financial statements.

#### **Relationship with the Auditor**

The Committee has the primary responsibility for managing the relationship with the Auditor, including assessing their performance, effectiveness and independence annually and recommending to the Board their re-appointment or removal.

BDO was appointed as the Company's Auditor in April 2022. In accordance with the statutory requirements relating to mandatory auditor rotation, the Company will be required to put the external audit out to tender in the financial year ended 30 September 2032. Eran Wieder continues to remain as the audit lead and, in line with the policy on lead partner rotation, he is expected to rotate off the audit ahead of the 2027 audit.



The Committee met with the key members of the audit team over the course of the year. As the Chair of the Committee, I regularly speak with the external audit lead without the Investment Adviser present to ascertain if there are any concerns, to discuss the audit reports and to ensure that the Auditor has received the support and information requested from management. There have been no concerns identified to date.

#### **Effectiveness and independence**

The Committee meets with the Auditor and the Investment Adviser before the preparation of each of the annual and interim results, to plan and discuss the scope of the audit or review as appropriate, and challenge, where necessary, to ensure its rigour. At these meetings, the Auditor prepares a detailed audit or review plan which is discussed and questioned by the Committee and the Investment Adviser to ensure that all areas of the business are adequately reviewed and that the materiality thresholds are set at the appropriate level, which varies depending on the matter in question. The Auditor's views over significant risk areas and why it considers these to be risk areas are also discussed at these meetings.

The Committee, where appropriate, continues to challenge and seek comfort from the Auditor over those areas which drive audit quality. The timescale for the delivery of the audit or review is also set at these meetings. The Committee meets with the Auditor again just prior to the conclusion of the audit or review to consider, challenge and evaluate their findings in depth.

The Committee has considered the objectivity and effectiveness of the Auditor and considers that the audit team assigned to the Company by BDO has the necessary experience, qualifications and understanding of the business to enable it to produce a detailed, high-quality, in-depth audit and permits the team to scrutinise and challenge the Company's financial procedures and significant judgements. The Auditor is asked to explain the key audit risks and how these have been addressed. The Committee also considered BDO's internal quality control procedures and transparency report and found them to be satisfactory. Overall, the Committee is satisfied that the audit process is transparent and of good quality, and that the Auditor has met the agreed audit plan.

The Committee also conducted a review of nonaudit services which the Auditor has provided during the year. It receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit services. The Committee is satisfied that the Auditor's objectivity and independence is not impaired by the performance of these non-audit services and that the Auditor has fulfilled its obligations to the Company and its shareholders.

#### **Re-appointment of the Auditor**

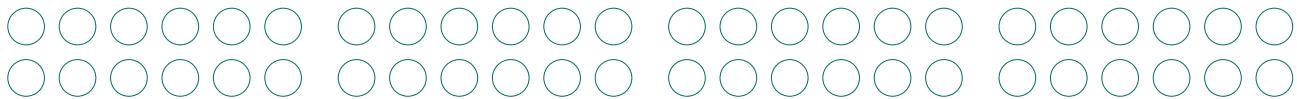
Following consideration of the performance of the Auditor, the services provided during the year and a review of its independence and objectivity, the Committee has recommended to the Board the re-appointment of BDO as Auditor to the Company. The Auditor has indicated their willingness to continue in office. Accordingly, resolutions to re-appoint BDO LLP as Auditor to the Company and authorising the Audit Committee to determine their remuneration will be proposed at the Annual General Meeting.

#### **Fair, balanced and understandable financial statements**

The production and audit of the Company's Annual Report is a comprehensive process, requiring input from a number of contributors. To reach a conclusion on whether the Annual Report is fair, balanced and understandable, as required under the AIC Code, the Board has requested that the Committee advise on whether it considers that the Annual Report fulfils these requirements. In formulating its advice, the Committee has considered the following:

- The comprehensive documentation that outlines the controls in place to produce the Annual Report, including the verification processes to confirm the factual content.
- The detailed reviews undertaken at various stages of the production process by the Investment Adviser, the AIFM, the Company Secretary, financial advisers, the Auditor and the Committee, which are intended to ensure consistency and overall balance.
- Controls enforced by the Investment Adviser and other third-party service providers to ensure complete and accurate financial records and security of the Company's assets.
- The satisfactory ISAE 3402 control report produced by the JTC (UK) Limited, who are engaged to undertake payment processing for the Company, for the year ended 31 March 2023. This report has been reviewed and reported upon by their external auditor, to verify the effectiveness of their internal controls over cash management.
- The Investment Adviser has a highly experienced team with a strong proficiency in producing financial statements.

As a result of the work performed, we have concluded and reported to the Board that the Annual Report for the year ended 30 September 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.



### **Risk management and internal controls**

The Board oversees the Company's risk management and internal controls and determines the Company's risk appetite. The Board has, however, delegated responsibility for review of the risk management methodology and the effectiveness of internal controls to the Committee. The Company's system of internal controls includes financial, operational and compliance controls, and risk management. Policies and procedures, including clearly defined levels of delegated authority, have been communicated throughout the Company.

Internal controls are implemented by the Investment Adviser in respect of the key operational and financial processes of the business. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of the financial statements.

At the time of the Company's IPO, a Board memorandum was prepared which documented the financial position and prospects procedures ("FPPP") of the Company. This FPPP was independently reviewed by an external accountancy firm and no major deficiencies were identified, which provided the Committee with additional comfort that the Company's system of internal controls remained fit for purpose and robust. The Investment Adviser maintains the FPPP on behalf of the Board and makes any necessary updates to the document to ensure that it reflects the Company's current position at any time and liaises with the Board and the Committee about these amendments, as required.

Post year end, the Committee also performed a review and walk through of the key systems and controls in place at the Investment Adviser which were found to be suitable for the Company taking into account its size and complexity. This review is conducted on at least an annual basis.

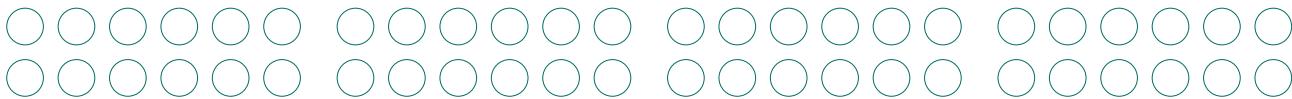
### **Risk register**

During the year, the Committee reviewed the Company's risk register, which is maintained by the AIFM in conjunction with the Investment Adviser and is subject to the supervision and oversight of the Committee.

The Committee has reviewed and approved all statements included in the Annual Report concerning internal controls and risk management, taking into consideration the review of the risk register and its assessment of the Company's internal controls and knowledge of the business. It has also reviewed the adequacy of the Investment Adviser's Whistleblowing policy which enables a relevant party to raise concerns, in confidence, about possible wrongdoing in financial reporting, regulatory or other relevant matters and the procedures of both the Company's AIFM and the Investment Adviser for detecting fraud and preventing bribery. The Committee considers these to be appropriate.

### **Duncan Neale**

Chair of the Audit Committee  
10 January 2024



## Annual report on Directors' remuneration

The law requires the Company's Auditor to audit certain disclosures provided in the Annual Report on Directors' remuneration. Where disclosures are audited, they are indicated as such. The Auditor's opinion is given in their report on pages 82 to 87.

## Annual Statement

I am pleased to present the Directors' remuneration report for the year ended 30 September 2023.

The Board comprises only independent non-executive Directors. The Company has no executive Directors or employees. For these reasons and given the size of the Board, it is not considered necessary to have a separate Remuneration Committee. The full Board determines the level of Directors' fees. It aims to develop a fair and transparent framework for setting the levels of Directors' remuneration while having regard to the Company's financial position and performance, remuneration in other companies of comparable scale and complexity, and market statistics generally. It also reviews the ongoing appropriateness and relevance of the Directors' remuneration policy. No Director is involved in determining their own remuneration.

For the year ended 30 September 2023, the annual fees for the Directors were set at the rate of £50,000 for the Chair of the Board, £37,500 for the other Directors and an additional fee of £5,000 for the Chair of the Audit Committee. The Directors' fees are fixed with no variable element.

The fees payable to the Directors are reviewed annually, as detailed in the Directors' Remuneration Policy. Following a recent review, it was decided that there would be no increase in Directors' Remuneration for the year ended 30 September 2024 but that this could be reassessed by the Board during the year.

The Company is required to obtain formal approval from shareholders of the Directors' Remuneration Policy once every three years and in any year if there are any changes proposed to the policy. Shareholders are requested to approve the Directors' Remuneration Report on an annual basis. The Directors' Remuneration Policy is subject to a binding vote, while the vote on the Directors' Remuneration Report is an advisory vote.

The Directors' Remuneration Policy was approved by shareholders at the AGM held on 10 March 2023. No significant changes are proposed to the way in which this current, approved Directors' Remuneration Policy will be implemented during the course of the next financial year. An ordinary resolution will be put to shareholders at the forthcoming AGM of the Company to be held on 6 March 2024 to receive and approve the Directors' Remuneration Report.

## Directors' emoluments – single total figure table (audited)

The Directors who served during the year received the following emoluments, all of which were in the form of fees, which are fixed and there is no discretionary remuneration. All expenses in relation to travel and accommodation for meetings are reimbursed.

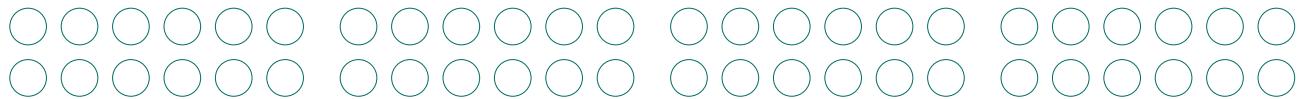
Directors	Fees		Expenses		Total		Percentage change in fees <sup>2</sup> %
	For the year ended 30 September 2023	For the period ended 30 September 2022 <sup>1</sup>	For the year ended 30 September 2023	For the period ended 30 September 2022	For the year ended 30 September 2023	For the period ended 30 September 2022 <sup>1</sup>	
	£	£	£	£	£	£	
Juliet Davenport	50,000	48,000	311	230	50,311	48,230	–
Faye Goss	37,500	37,000	–	–	37,500	37,000	–
Duncan Neale <sup>3</sup>	19,833	–	116	–	19,949	–	–
Marlene Wood <sup>4</sup>	30,500	41,000	1,478	226	31,978	41,226	–
	137,833	<b>126,000</b>	1,905	456	139,738	<b>126,456</b>	–

<sup>1</sup> Fees accrued with effect from the Company's IPO on 23 November 2021.

<sup>2</sup> As the prior period fees accrued with effect from the Company's IPO on 23 November 2021, on a year-on-year basis, there has been no change to the Directors' fees levels.

<sup>3</sup> Appointed as a Director and Chair of the Audit Committee on 12 April 2023.

<sup>4</sup> Stepped down as the Chair of the Audit Committee on 12 April 2023 and resigned as a Director on 23 June 2023.



There are no other taxable benefits payable by the Company. None of the above fees was paid to third parties. Other than the payments made to Ms Wood during the year, as noted in the above table, no payments were made to any past Directors.

#### **Relative importance of spend on pay**

The table below sets out:

- a) the remuneration paid to the Directors;
- b) the management fee and expenses which have been included to give shareholders a greater understanding of the relative importance of spend on pay; and
- c) distributions to shareholders by way of dividends to provide a comparison of the shareholders' returns against Directors' remuneration.

	Period ended 30 September 2023 £'000	Period ended 30 September 2022 £'000	Change %
Directors' fees	140	126	11.1
Management fee and expenses	1,444	1,224	18.0
Dividends paid	7,500	4,515	66.1

Directors' fees as a percentage of	Period ended 30 September 2023 %	Period ended 30 September 2022 %
Management fee and expenses	9.70	10.29
Dividends paid	1.87	2.79

#### **Directors' shareholdings (audited)**

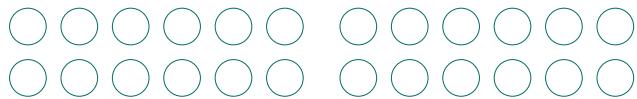
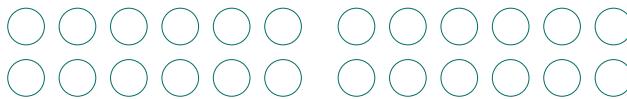
The Company does not oblige the Directors to hold shares in the Company, but this is encouraged to ensure the appropriate alignment of interests. The Directors had the following beneficial interests in the Company:

Directors	30 September 2023	30 September 2022
Juliet Davenport	33,000	20,000
Faye Goss	20,000	20,000
Duncan Neale <sup>1</sup>	2,980	–
Marlene Wood <sup>2</sup>	–	20,000
<b>Total</b>	<b>55,980</b>	<b>60,000</b>

<sup>1</sup> Appointed on 12 April 2023.

<sup>2</sup> Resigned on 23 June 2023.

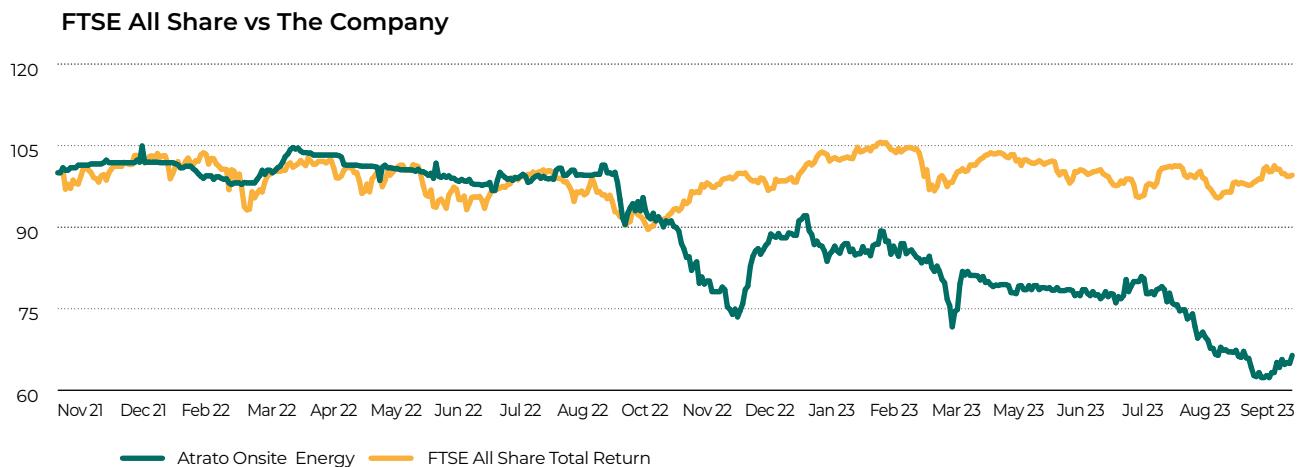
There have been no changes to these interests between 30 September 2023 and the date of this report. None of the Directors or any persons connected with them had a material interest in the Group's transactions, arrangements or agreements during the year.



### Company performance – Total Shareholder Return

The Board is responsible for the Company's investment strategy and performance, whilst the management of the investment portfolio is delegated to the AIFM. The AIFM has, in turn, delegated certain services, including but not limited to, advice on acquisitions and financing, to the Investment Adviser. The graph below compares the total return (assuming all dividends

are reinvested) to ordinary shareholders to the FTSE All-Share Index, for the period from the Company's IPO in November 2021 to 30 September 2023. This index was chosen as it is considered an indicative measure of the expected return from an equity stock. An explanation of the performance of the Company for the year ended 30 September 2023 is given in the Strategic Report.



It is a company law requirement to compare the performance of the Company's share price to a single broad equity market index on a total return basis. However, it should be noted that constituents of the comparative index used above are larger in size than the Company. The Company does not have a benchmark index.

### Voting at Annual General Meeting

The Directors' Remuneration Report for the period ended 30 September 2022 and the Directors' Remuneration Policy were approved by shareholders at the AGM held on 10 March 2023. The votes cast by way of a poll were as follows:

	Directors' Remuneration Report		Directors' Remuneration Policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	97,832,834	99.99	93,394,157	95.45
Against	8,692	0.01	4,447,369	4.55
Total votes cast	97,841,526	100.0	97,841,526	100.0
Number of votes withheld	933		933	

### Directors' remuneration policy

The Board considers the level of Directors' fees at least annually. A review of Directors' fees takes place in each financial year with any changes being applicable from the start of the next financial year. The remuneration of the Directors was benchmarked at the time of the Company's listing in November 2021.

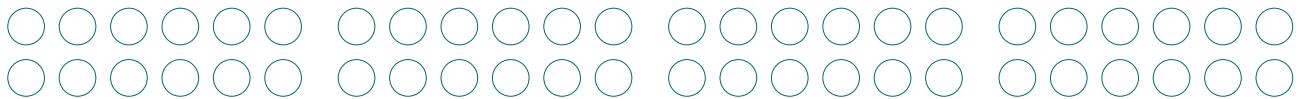
### Remuneration Policy

The Company's policy is to determine the level of Directors' fixed annual fees in accordance with its Articles of Association.

When setting the level of Directors' fees, the Company will have due regard to the experience of the Board as a whole, the time commitment required, the responsibilities of the role and to set levels which are fair and comparable to non-executive directors of similar companies.

Furthermore, the level of remuneration should be sufficient to attract and retain the calibre of Directors needed to oversee the Company properly and to reflect its specific circumstances. The Company may also periodically choose to benchmark Directors' fees with an independent review, to ensure they remain fair and reasonable.

Directors' fees are reviewed annually and will be adjusted from time to time, as may be determined by the Board subject to the Articles of Association and this policy. In terms of the Company's Articles of Association, the aggregate remuneration of all the Directors shall not exceed £500,000 per annum but this may be changed by way of ordinary resolution. The Directors are also entitled to be paid their reasonable expenses incurred in undertaking their duties.



Additional Directors' fees may be paid by the Company where Directors are involved in duties beyond those normally expected as part of the Directors' appointment. In such instances, where additional remuneration is paid, the Board will provide details of the events, duties and responsibilities that gave rise to any additional Directors' fees in the Company's annual report.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company. Directors' fees are payable in cash, monthly in arrears.

The Directors hold their office in accordance with the Articles of Association and their appointment letters. The Directors' appointments can be terminated in accordance with the Articles of Association and without compensation.

The Company is committed to engagement with shareholders and will seek major shareholders' views in advance of making significant changes to its Directors' Remuneration Policy and how it is implemented.

The Board will attend the AGM to hear the views of shareholders on remuneration and to answer any questions.

It is the Board's policy that Directors do not have service contracts, but each new Director is provided with a letter of appointment, and these are available for inspection at the Company's registered office. Each Director is appointed for an initial three-year term subject to annual re-election at the Company's AGM. Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. The Directors' appointments can be terminated at no notice in accordance with the terms of the letters of appointment, without compensation for loss of office.

In determining the Directors' Remuneration Policy, the Board considers all factors which it deems necessary, including the Company's strategy and the risk environment in which it operates, relevant legal and regulatory requirements, the provisions and recommendations of the AIC Code considered to be relevant, and associated guidance. To obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity, the Board may appoint remuneration consultants and commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Company but within any budgetary constraints imposed by the Board.

The Board, as a whole, is responsible for appropriately managing Directors' conflicts of interests. Directors' other interests have been disclosed. No conflicts have been identified during the year. If a conflict were to be identified, the Board would take the appropriate steps to disclose it promptly and to resolve and manage such conflicts appropriately.

The Directors' Remuneration Policy was tabled for shareholders' approval at the Company's first AGM on 10 March 2023. The Remuneration Policy is next subject to a binding vote at the 2026 AGM.

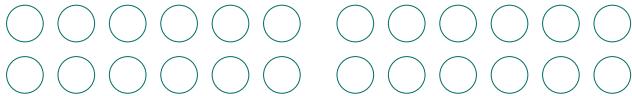
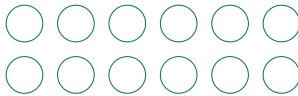
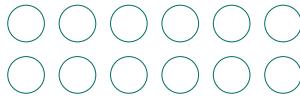
#### **Approval**

This Directors' Remuneration Report is approved by the Board.

**Juliet Davenport**

Chair of the Board  
10 January 2024

# Corporate Governance Directors' Report



The Directors present their report together with the audited financial statements for the year ended 30 September 2023.

## Corporate Governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 55 to 61 of this Annual Report. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

## Principal activities and status

The Company is registered as a UK public limited company under the Companies Act 2006. It is an investment company as defined by Section 833 of the Companies Act 2006 and has been established as a closed-ended investment company with an indefinite life. The Company has a single class of shares in issue which are traded on the Premium Segment of the

London Stock Exchange's main market. The Company has been approved as an Investment Trust pursuant to Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 Statutory Instrument 2011/2999 for the purposes of UK taxation.

The Company is a member of the Association of Investment Companies (the 'AIC').

## Results and dividends

The results for the year ended 30 September 2023 are set out in the financial statements on pages 88 to 91. It is the policy of the Board to declare and pay dividends as quarterly interim dividends.

In respect of the financial year ended 30 September 2023, the Company has declared interim dividends amounting to an aggregate of 5.0 pence per share. The following dividends were declared during the year and subsequently:

Date declared	Amount per share (pence)	Payment date
26 January 2023	1.26	24 February 2023
19 April 2023	1.23	26 May 2023
27 July 2023	1.25	25 August 2023
22 November 2023	1.26	18 December 2023

## Dividend policy

Subject to market conditions and the Company's performance, financial position and outlook, it is the Directors' intention to pay an attractive level of dividend income to shareholders on a quarterly basis.

## Directors

The Directors who served throughout the period unless otherwise stated, are detailed below:

Director	Service in the year to 30 September 2023
Juliet Davenport	Served throughout the period
Marlene Wood	Served until 23 June 2023
Faye Goss	Served throughout the period
Duncan Neale	Served since 12 April 2023

Biographical details of the current Directors of the Company are shown on page 55.

## Powers of Directors

The Board will manage the Company's business and may exercise all the Company's powers, subject to the Articles of Association, the Companies Act 2006 and any resolutions passed by the Company in a general meeting.

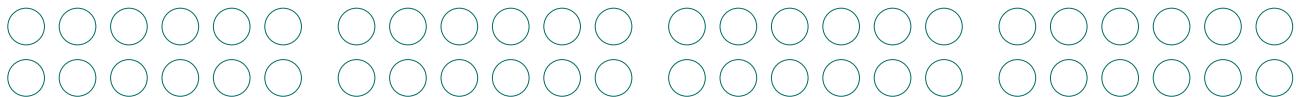
The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. It also sets up the Company's strategic aims, ensuring that the necessary resources are in place for the Company to meet its objectives and review investment performance. The Board also sets the Company's values, standards and culture. Further details on the Board's role can be found in the Corporate Governance Report.

## Independent professional advice, insurance and indemnity

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the expense of the Company. The Company also maintains directors' and officers' liability insurance, which includes cover of defence expenses. The Company's Articles of Association provide the Directors of the Company, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Apart from this, there are no qualifying third-party indemnity provisions in force.

## Political contributions

The Company made no political contributions during the year.



### Share capital structure

As at 30 September 2023, and at the date of this report, the Company's issued share capital consisted of 150,000,000 ordinary shares of £0.01 each nominal value, all fully paid. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held. At 30 September 2023, and at the date of this report, the total voting rights in the Company were 150,000,000.

No shares were issued or bought back by the Company during the year.

Further details of the share capital are summarised in note 14 of the financial statements.

### Significant shareholdings

The table below shows the interests in shares notified to the Company in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, issued by the Financial Conduct Authority, who have a disclosable interest of 3% or more in the ordinary shares of the Company as at 30 September 2023.

Shareholder	Number of shares	Percentage of total voting rights
Close Asset Management Limited	17,979,688	11.99
Schroders PLC	15,486,714	10.32
River and Mercantile Asset Management LLP	7,170,000	4.78

The table below shows the interests in shares who have a disclosable interest of 3% or more in the ordinary shares of the Company as at 30 September 2023.

Shareholder	Number of shares	Percentage of total voting rights
Close Asset Management Limited	17,603,188	11.74
Schroders PLC	17,120,714	11.41
Liontrust Sustainable Investments	12,403,443	8.27
Sarasin & Partners	9,556,182	6.37
River and Mercantile Asset Management LLP	7,170,000	4.78
Charles Stanley	6,580,084	4.39
Transact (EO)	4,740,763	3.16
West Yorkshire PF	4,518,974	3.01

Since the year end, and up to the date of this report, the Company has been notified of the following interests in its ordinary shares in accordance with DTR 5. The information provided is correct as at the date of notification:

Shareholder	Number of shares	Percentage of issued share capital
Schroders PLC	19,622,314	13.1

### Shareholder rights

The following information is disclosed in accordance with The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules:

- the Company's capital structure and voting rights and details of the substantial shareholders in the Company are set out on page 77;
- an amendment to the Company's articles of association and the giving of powers to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals to grant powers to the Board to issue and buy back shares are set out in the Notice of AGM; and

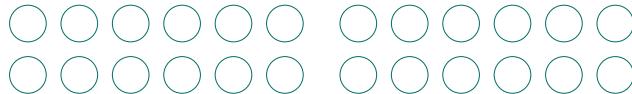
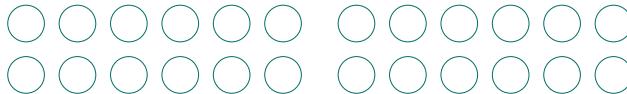
- there are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities that may restrict their transfer or voting rights, as known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

### Branches outside the UK

The Company has no branches outside the UK.

### Employees

The Company has no employees and therefore no employee share scheme or policies for the employment of disabled persons or employee engagement.



### Greenhouse gas emissions

The Company is considered to be a low energy user due to the fact it did not consume more than 40,000 kWh of energy in the reporting period (the Company has no Scope 1 or Scope 2 emissions) and therefore is not required to make any disclosures under the Streamlined Energy and Carbon Reporting (SECR) Framework.<sup>34</sup> The Company's GHG emissions are voluntarily disclosed on page 29.

### Other disclosures

Disclosures of financial risk management objectives and policies and exposure to financial risks are included in Note 18 to the financial statements. Details of future developments are included in the Strategic Report.

No additional disclosures are required in accordance with Listing Rule (LR) 9.8.4R.

### Management arrangements

#### AIFM

The Company has appointed JTC Global AIFM Solutions Limited as the Company's alternative investment fund manager pursuant to the AIFM Agreement under which it provides alternative investment fund manager services, providing guidance to the Company on its compliance with the requirements of the AIFM Directive that apply in respect of the marketing of the shares of the Company in the UK, and undertaking risk management subject always to the overall policies, supervision and review of the Board.

#### Investment Adviser

In reviewing the terms of the Investment Advisory Agreement (material terms of which are summarised in note 6 to the financial statements) and the fee arrangements within it, the Board has considered the extent to which the outcome for shareholders and management is consistent with the provisions of the AIC Code. Specifically:

- the structure of the Investment Advisory Agreement is designed for clarity and transparency as the Investment Adviser is compensated through the advisory fee for all overheads and running costs relating to the Company. The Investment Advisory Agreement aligns to shareholder interests through the payment of the semi-annual fees. The IA uses cash received in respect of the annual fee to acquire an equivalent amount (net of fees and taxes) of shares in the Company. Shares are acquired at the Board's discretion.
- The rationale for the structure of the Investment Adviser's fees is explained in note 6 to the financial statements. The structure is designed for simplicity and seeks to remove subjectivity from any of the calculations required to be performed therein.
- Given the simple arithmetic underlying the fee calculations, the range of potential outcomes is straightforward to calculate and not subject to discretion.

While the AIC Code recommends oversight of the level of reward to individual team members, this is not appropriate in the case of an externally-managed structure where the independent non-executive Directors do not have reporting lines over individuals within the Investment Adviser.

The Board has sought and received confirmation from the Investment Adviser that it complies with all governance requirements relevant to it. This confirmation is sought at least annually.

### Continuing appointment of the Investment Adviser

The Board keeps the performance of the Investment Adviser under continual review. The Management Engagement Committee conducts an annual review of the Investment Adviser's performance and makes a recommendation to the Board about its continuing appointment. It is considered that the Investment Adviser has executed the Company's investment strategy according to the Board's expectations. Accordingly, the Directors believe that the continuing appointment of Atrato Partners Limited as the Investment Adviser of the Company, on the terms agreed, is in the best interests of the Company and its shareholders as a whole. Further details are set out in the Report from the Management Engagement Committee on page 67.

### Disclosure of information to auditor

All of the Directors have taken all requisite steps, that they ought to have taken as Directors, to inform themselves of any information needed by the auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

### Auditor

BDO LLP was appointed as auditor by the Directors in April 2022, and BDO LLP have expressed their willingness to continue as auditor for the financial year ending 30 September 2024. A resolution to reappoint BDO LLP as the Auditor of the Company will be put to shareholders at the forthcoming Annual General Meeting ("AGM").

### Post balance sheet events

For details of events since the year-end date, please refer to note 23 of the financial statements.

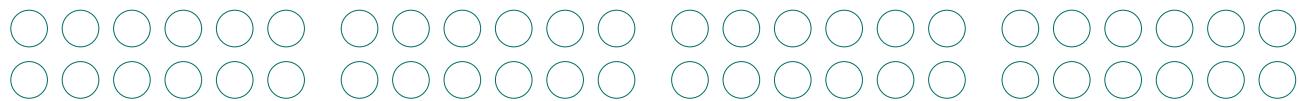
For and on behalf of the Board.

**Duncan Neale**

Director

10 January 2024

<sup>34</sup> The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). The 2018 Regulations require large unquoted companies that have consumed (in the UK), more than 40,000 kilowatt-hours (kWh) of energy in the reporting period to include energy and carbon information within their directors' (trustees') report. The Company is below the 40,000kWh threshold and therefore qualifies as a low energy user, meaning it is not required to make a disclosure under SECR.



The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Company financial statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' report, a Strategic report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006 (the "Act").

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

### Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors have delegated the hosting and maintenance of the Company's website content to Squibble Design and its materials are published on [www.atratorenewables.com](http://www.atratorenewables.com).

### Directors' responsibilities pursuant to DTR4

The Directors confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company.
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.
- they consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

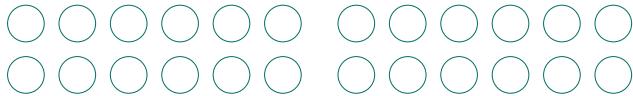
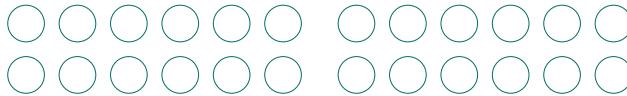
### Approval

This Directors' responsibilities statement was approved by the Board of Directors.

### Juliet Davenport

Chair

10 January 2024



## Background

The Alternative Investment Fund Manager's Directive (the "AIFMD") came into force on 22 July 2013. The objective of the AIFMD was to ensure a common regulatory regime for funds marketed in or into the EU which are not regulated under the UCITS regime. This was primarily for investors' protection and also to enable European regulators to obtain adequate information in relation to funds being marketed in or into the EU to assist their monitoring and control of systemic risk issues.

JTC Global AIFM Solutions Limited (the "AIFM") is a non-EU Alternative Investment Fund Manager (a "Non-EU AIFM"), the Company is a non-EU Alternative Investment Fund (a "Non-EU AIF") and the Company is currently marketed only into the UK. Although the AIFM is a non-EU AIFM, so the depositary rules in Article 21 of the AIFMD do not apply, the transparency requirements of Articles 22 (Annual report) and 23 (Disclosure to investors) of the AIFMD do apply to the AIFM and therefore to the Company. In compliance with those articles, the following information is provided to the Company's shareholders by the AIFM.

## 1. Material Changes in the Disclosures to Investors

During the financial year under review, there were no material changes to the information required to be made available to investors before they invest in the Company under Article 23 of the AIFMD from that information set out in the Company's prospectus dated 1 November, 2021, save as disclosed below and in certain sections of the annual financial report, those being the Chair's Statement, Investment Adviser's Report, the sections headed "Our Market", "Sustainability" and "Our Principal Risks" and the Directors' Report.

## 2. Risks and Risk Management Policy

The current principal risks facing the Company and the main features of the risk management systems employed by AIFM, the Investment Adviser and the Company to manage those risks are set out in the section headed "Our Principal Risks", the Directors' Report, the Audit Committee Report and in the notes to the financial statements.

## 3. Leverage and borrowing

The Company is entitled to employ leverage in accordance with its investment policy and as set out in the Company's prospectus. As at the balance sheet date, the Company had not drawn down any debt. There were no changes in the Company's borrowing powers and policies.

## 4. Environmental, Social and Governance ("ESG") Issues

Because the AIFM is a non-EU AIFM and the Company is not marketed into the EEA, the AIFM is not required to comply with Regulation (EU) 2019/2099 on Sustainability-Related Disclosures in the Financial Services Sector (the "SFDR") in respect of the Company.

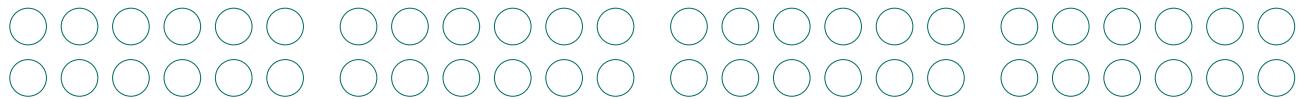
As a member of the JTC group of Companies, the AIFM's ultimate beneficial owner and controlling party is JTC Plc, a Jersey-incorporated company whose shares have been admitted to the Official List of the UK's Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for Listed Securities (mnemonic JTC LN, LEI 213800DVUG4KLF2ASK33). In the conduct of its own affairs, the AIFM is committed to best practice in relation to ESG matters and has therefore adopted JTC Plc's ESG framework, which can be viewed online at [https://www.jtcgroup.com/wp-content/uploads/2023/AR/sustainability\\_jtcAR22\\_230418.pdf](https://www.jtcgroup.com/wp-content/uploads/2023/AR/sustainability_jtcAR22_230418.pdf).

As at the date of this report, JTC Plc is a signatory of the U.N. Principles for Responsible Investment. The JTC group is also carbon neutral, works to support the achievement of ten of the U.N.'s Sustainable Development Goals and reports under TCFD and under the SASB framework.

The AIFM and Atrato Partners Limited ("Atrato") as the Company's alternative investment fund manager and investment adviser respectively do consider ESG matters in their respective capacities, as explained in the Company's prospectus dated 1 November, 2021, a copy of which can be found at <https://jtcglobalaifmsolutions.com/clients/atrato-onsite-energy-plc/>.

Since the publication of those documents, the AIFM, Atrato and the Company have continued to enhance their collective approach to ESG matters and detailed reporting on (a) enhancements made to each party's policies, procedures and operational practices and (b) our collective future intentions and aspirations is included in the Investment Adviser's Report, Sustainability Report, the Section 172 (1) Statement and the section entitled "Our Key Stakeholder Relationships".

The AIFM also has a comprehensive risk matrix (the "Matrix"), which is used to identify, monitor and manage material risks to which the Company is exposed, including ESG and sustainability risks, the latter being an environmental, social or governance event or condition that, if it occurred, could cause an actual or a potential material negative impact on the value of an investment. We also consider sustainability factors, those being environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



The AIFM is cognisant of the announcement published by H.M. Treasury in the UK of its intention to make mandatory by 2025 disclosures aligned with the recommendations of the Task Force on Climate-Related Disclosures, with a significant proportion of disclosures mandatory by 2023. The AIFM also notes the roadmap and interim report of the UK's Joint Government-Regulator TCFD Taskforce published by H.M. Treasury on 9 November, 2020. The AIFM continues to monitor developments and intends to comply with the UK's regime to the extent either mandatory or desirable as a matter of best practice.

## **5. Remuneration of the AIFM's Directors and Employees**

During the financial year under review, no separate remuneration was paid by the AIFM to two of its executive directors, Graham Taylor and Kobus Cronje, because they were both employees of the JTC group of companies, of which the AIFM forms part. The third executive director, Matthew Tostevin, is paid a fixed fee of £10,000 for acting as a director. Mr Tostevin is paid additional remuneration on a time spent basis for services rendered to the AIFM and its clients. Other than the directors, the AIFM has no employees. The Company has no agreement to pay any carried interest to the AIFM. During the year under review, the AIFM paid £10,000 in fixed fees and £52,203.29 in variable remuneration to Mr Tostevin.

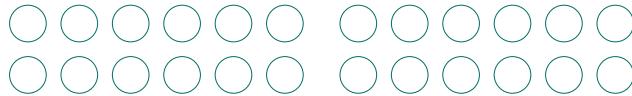
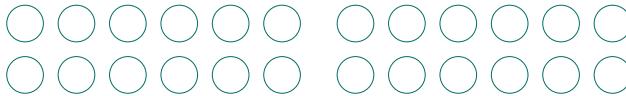
## **6. Remuneration of the AIFM Payable by the Company**

The AIFM was during the year under review paid a fee of 0.04% *per annum* of the net asset value of the Company, subject to a minimum of £50,000 *per annum*, such fee being payable quarterly in arrears. Other significant non-routine work may be agreed between the AIFM and the Company and charged for on a time-spent basis. The total fees paid to the AIFM during the year under review were £55,873.

### **JTC Global AIFM Solutions Limited**

Alternative Investment Fund Manager

10 January 2024



### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Atrato Onsite Energy Plc (the 'Company') for the year ended 30 September 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

### Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 21 October 2021 to audit the financial statements for the period ended 30 September 2022 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the period ended 30 September 2022 and year ended 30 September 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the inputs and assumptions within the forecast that forms the basis of the Director's assessment of the going concern status of the Company to supporting documentation and our own understanding of the Company;
- assessing and challenging the inputs in the cashflow forecast prepared by the Directors against existing contractual commitments, including performing stress testing considering downside scenarios and assessing the impact on the Company's liquidity position;
- assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including the consideration of the available cash resources relative to forecast expenditure and commitments;
- calculating financial ratios to consider the financial health of the Company;
- review and test the commitments disclosed within the Notes to the Financial Statements; and
- confirm the significant balance at the year end and at 31 December 2023 to support the Going Concern assessment and ensure the accuracy of forecast models.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

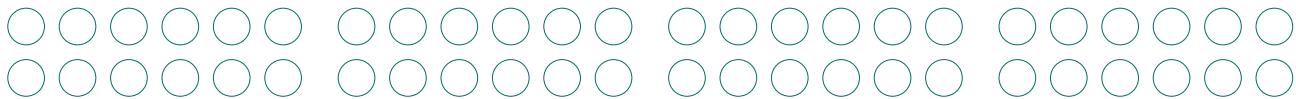
Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Overview

Key audit matters	2023	2022
Valuation of investments	x	x
Materiality	<i>Company financial statements as a whole</i> £2,761,000 (2022: £2,086,000) based on 2% (2022: 1.5%) of the Net Asset Value.	

### An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

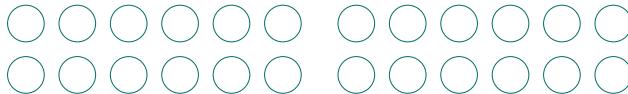
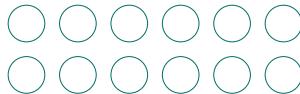
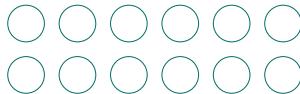


### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which

had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the scope of our audit addressed the key audit matter
<b>Valuation of Investments</b> See note 4 and accounting policy on page 95 to 97.	<p>The Company holds investments through Atrato Onsite Energy Holdco Limited. As the Company meets the definition of an investment entity it measures this investment at fair value through profit and loss.</p> <p>The fair value of the Company's investment is determined in reference to the fair values of the underlying investments held by Atrato Onsite Energy Holdco Limited, which comprise of various solar asset investments. These investments are not traded, and their valuation is derived from discounted cash flow models ("DCFs") which incorporate unobservable inputs and management judgements. As such there is a high level of estimation uncertainty involved in determining the investment valuations.</p> <p>The Investment Adviser's fee is based on the value of the net assets of the Company. The investment adviser is responsible for preparing the valuation of investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations.</p> <p>We, therefore, have determined the valuation of investments to be a key audit matter.</p> <p>In respect of the unquoted investments in the solar assets held by Atrato Onsite Energy Holdco Limited as at 30 September 2023, which are valued using discounted cash flow models with net asset adjustments, we performed the following specific procedures:</p> <ul style="list-style-type: none"> <li>• Performed walkthroughs to understand management's processes and obtain an understanding of the design and implementation of controls related to valuation of investments;</li> <li>• Critically assessed the appropriateness of management's valuation policy in relation to IFRS 9 and IFRS 13 accounting standards;</li> <li>• Challenged the appropriateness of the selection and application of key assumptions in the discounted cash flow model including the discount rate, energy yield, power price, inflation rate and asset life applied by benchmarking to available industry data and with the assistance of our valuations experts where appropriate, considering each key assumption within a reasonable range;</li> <li>• Agreed energy yields, non-contracted future power prices, inflation rates and asset life used in the model to independent reports;</li> <li>• Assessed whether all agreements and contracts, such as sales &amp; purchases agreements, power price agreements, leases agreements etc, were accurately reflected in the valuation model;</li> <li>• Used spreadsheet analysis tools to assess the integrity of the model;</li> <li>• Agreed cash balances to bank statements and other net assets to investee company management accounts to support the net asset adjustments from underlying investments in Atrato Onsite Energy Holdco Limited;</li> <li>• Performed sensitivity analysis by adjusting certain key inputs in order to calculate a reasonable range of possible valuations where appropriate to determine the effect on the valuation; and</li> <li>• Considered the accuracy of historical energy, yield and cashflow forecasts by comparing to actual results.</li> </ul> <p>For loan investments to Atrato Onsite Energy Holdco Limited, we performed the following:</p> <ul style="list-style-type: none"> <li>• Agreed to loan agreements and verified the terms of the loan;</li> <li>• Agreed the movement in loan balance to bank statements; and</li> <li>• Reviewed and challenged management's calculation for fair value of the loan as per IFRS9, determining whether the interest rates were in line with a market rate and discounted appropriately.</li> </ul> <p><b>Key observations:</b>            Based on the procedures performed, consider the estimates and judgements made in the valuation of investments to be appropriate.</p>



### **Our application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	<b>Company financial statements</b>	
	<b>2023</b>	<b>2022</b>
<b>Materiality</b>	£2,761,000	£2,086,000
<b>Basis for determining materiality</b>	2% of Net Asset Value	1.5% of net asset value
<b>Rationale for the benchmark applied</b>	Net Asset Value is a key indicator of performance and as such was considered to be the most relevant benchmark on which to base materiality for the users of the financial statements.	
<b>Performance materiality</b>	£2,070,000	£1,460,000
<b>Basis for determining performance materiality</b>	75% of Materiality	70% of Materiality
<b>Rationale for the percentage applied for performance materiality</b>	The level of performance materiality applied was set after having considered a number of factors including our assessment of the Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the year.	

### **Lower Testing Threshold**

We also determined that for those items impacting realised return, a misstatement of less than materiality for the financial statements as a whole, could influence the economic decisions of users. As a result, we determined materiality for these items to be £264,000 (2022: £118,000), based on 5% of revenue return before tax (2022: 5% of total expenditure).

### **Reporting threshold**

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £55,000 (2022: £41,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

### **Other information**

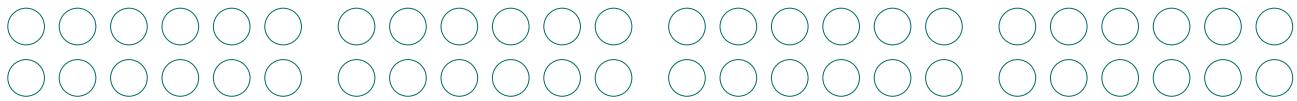
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do

not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Corporate governance statement**

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.



Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"><li>• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and</li><li>• The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.</li></ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"><li>• Directors' statement on fair, balanced and understandable;</li><li>• The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;</li><li>• The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and</li><li>• The section describing the work of the Audit Committee.</li></ul>

### **Other Companies Act 2006 reporting**

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below:

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"><li>• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li><li>• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li></ul> <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<b>Directors' remuneration</b>	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<b>Matters on which we are required to report by exception</b>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"><li>• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or</li><li>• the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or</li><li>• certain disclosures of Directors' remuneration specified by law are not made; or</li><li>• we have not received all the information and explanations we require for our audit.</li></ul>

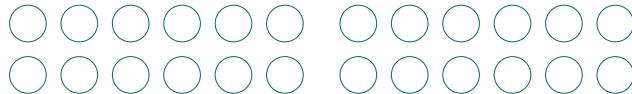
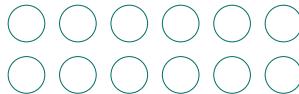
### **Responsibilities of Directors**

As explained more fully in the statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



***Extent to which the audit was capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

***Non-compliance with laws and regulations***

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Association of Investment Companies' Statement of Recommended Practice (SORP), the applicable accounting framework, and the Company's qualification as an Investment Trust under UK tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Enquiries of management and those charged with governance regarding known or suspected instances of non-compliance with laws and regulations;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to Investment Trust compliance to verify that the Company was meeting its requirements to retain its Investment Trust status.

***Fraud***

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

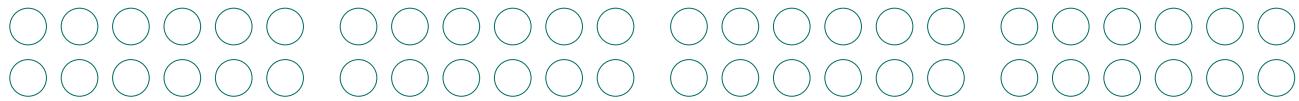
- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering Investment Advisor fees, performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be valuation of investments and management override of controls.

Our procedures in respect of the above included:

- Assessing significant estimates made in valuation of unquoted investments by management for bias by performing the procedures set out in the Key Audit Matters section above;
- Testing period end financial reporting journals to supporting evidence; and
- Recalculating the investment advisory fee in total to assess existence and accuracy of the expense.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

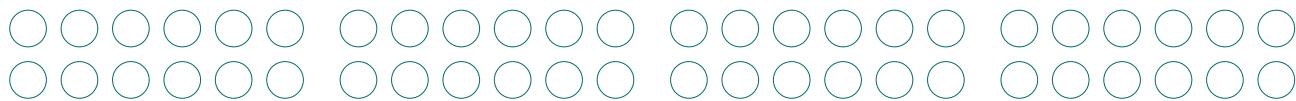
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Eran Wieder (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom  
10 January 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of Comprehensive Income Year ended 30 September 2023



	Notes	Year Ended 30 September 2023			Year Ended 30 September 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Movement in fair value of investments	4	–	<b>3,705</b>	<b>3,705</b>	–	(1,850)	(1,850)
Investment Income	5	<b>3,919</b>	–	<b>3,919</b>	483	–	483
Bank interest	5	<b>1,366</b>	–	<b>1,366</b>	298	–	298
Total net income		<b>5,285</b>	<b>3,705</b>	<b>8,990</b>	781	(1,850)	(1,069)
Investment advisory fees	6	(1,444)	–	(1,444)	(1,285)	–	(1,285)
Other expenses	7	(1,115)	–	(1,115)	(684)	(401)	(1,085)
<b>Profit/(loss) before taxation</b>		<b>2,726</b>	<b>3,705</b>	<b>6,431</b>	(1,188)	(2,251)	(3,439)
Taxation	9	–	–	–	–	–	–
<b>Profit/(loss) and total comprehensive income for the year</b>		<b>2,726</b>	<b>3,705</b>	<b>6,431</b>	(1,188)	(2,251)	(3,439)
Earnings per share (pence) – basic and diluted	8	<b>1.82p</b>	<b>2.47p</b>	<b>4.29p</b>	(0.92p)	(1.75p)	(2.67p)

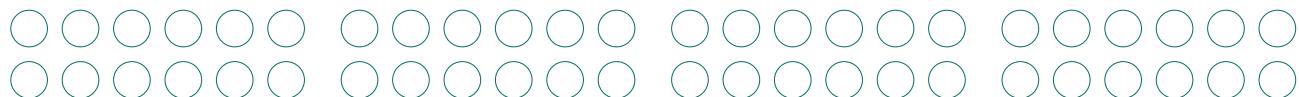
The “total” column of the Statement of Comprehensive Income is the profit and loss account of the Company prepared in accordance with the requirements of the Act and in accordance with international accounting standards adopted by the UK. The supplementary revenue return and capital columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP).

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

Profit/(loss) on ordinary activities after taxation is also the total comprehensive income for the year.

The accompanying Notes on pages 92 to 112 are an integral part of these financial statements.

# Statement of Financial Position Year ended 30 September 2023



	Notes	As at 30 September 2023 £'000	As at 30 September 2022 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	4	<b>99,289</b>	47,105
<b>Current assets</b>			
Fixed deposits	10	–	20,000
Cash and cash equivalents	11	<b>37,867</b>	69,361
Other receivables and prepayments	12	<b>1,549</b>	3,215
		<b>39,416</b>	92,576
<b>Current liabilities</b>			
Trade and other payables	13	<b>(648)</b>	(555)
<b>Net current assets</b>		<b>38,768</b>	92,021
<b>Net assets</b>		<b>138,057</b>	<b>139,126</b>
<b>Capital and reserves</b>			
Share capital	14	<b>1,500</b>	1,500
Capital reduction reserve	16	<b>133,691</b>	141,065
Revenue and capital reserve		<b>2,866</b>	(3,439)
<b>Total Shareholders' funds</b>		<b>138,057</b>	<b>139,126</b>
Net assets per share (pence)	17	<b>92.0</b>	92.8

Approved and authorised by the Board of Directors for issue and signed on its behalf by:

**Duncan Neale**

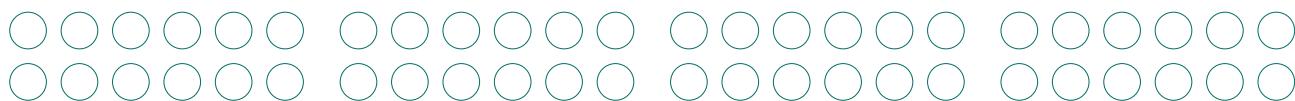
Director

10 January 2024

Atrato Onsite Energy Plc was incorporated in England and Wales with registered number 13624999.

The accompanying Notes on pages 92 to 112 are an integral part of these financial statements.

## Statement of Changes in Equity Year ended 30 September 2023



	Notes	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>As at 1 October 2022</b>		1,500	–	141,065	(2,251)	(1,188)	139,126
Profit/Loss and total comprehensive income for the year		–	–	–	3,705	2,726	6,431
Dividend distribution	15	–	–	(7,374)	–	(126)	(7,500)
<b>Closing equity as at 30 September 2023</b>		1,500	–	133,691	1,454	1,412	138,057

Period from Incorporation on 16 September 2021 to 30 September 2022

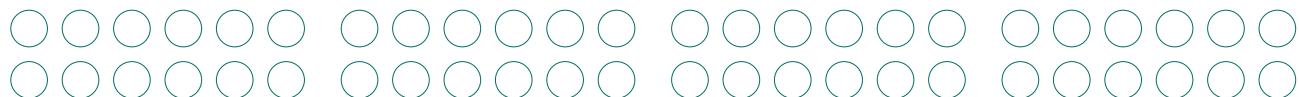
	Notes	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Opening equity as at 16 September 2021</b>		–	–	–	–	–	–
<b>Transactions with Shareholders</b>							
Shares issued at IPO	14	1,500	148,500	–	–	–	150,000
Share issue costs		–	(2,920)	–	–	–	(2,920)
Transfer to capital reduction reserve	14	–	(145,580)	145,580	–	–	–
Dividend distribution	15	–	–	(4,515)	–	–	(4,515)
<b>Total transactions with Shareholders</b>		1,500	–	141,065	–	–	142,565
Loss and total comprehensive income for the period		–	–	–	(2,251)	(1,188)	(3,439)
<b>Closing equity as at 30 September 2022</b>		1,500	–	141,065	(2,251)	(1,188)	139,126

The Company's distributable reserves consist of the capital reduction reserve, capital reserve attributable to realised gains and revenue reserve. Total distributable reserves as of 30 September 2023 were £136.6 million. (2022: £137.6 million).

The Company may use its distributable reserves to fund dividends, redemptions of shares and share buy backs.

The accompanying Notes on pages 92 to 112 are an integral part of these financial statements.

# Statement of Cash Flows Year ended 30 September 2023

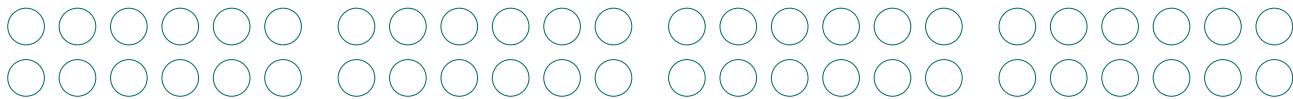


	Notes	As at 30 September 2023 £'000	As at 30 September 2022 £'000	Restated*
<b>Operating activities</b>				
Profit/(loss) on ordinary activities before taxation		<b>6,431</b>	(3,439)	
Adjustment for unrealised losses arising on the revaluation of investments at the year ending		<b>(3,705)</b>	1,850	
Interest income		<b>(5,285)</b>	(781)	
Decrease/(increase) in other receivables and prepayments*		<b>110</b>	(650)	
Increase in trade and other payables		<b>93</b>	555	
<b>Net cash flow used in operating activities</b>		<b>(2,356)</b>	<b>(2,465)</b>	
<b>Investing activities</b>				
Purchase of investments	4	<b>(46,887)</b>	(48,955)	
Repayment of shareholder loans		<b>670</b>	–	
Decrease/(increase) in fixed deposit		<b>20,000</b>	(20,000)	
Working capital financing		<b>1,073</b>	(2,565)	
Increase in interest receivable		–	614	
Interest income received		<b>3,506</b>	167	
<b>Net cash flow used in investing</b>		<b>(21,638)</b>	<b>(70,739)</b>	
<b>Financing activities</b>				
Proceeds of share issues	14	–	150,000	
Share issue costs		–	(2,920)	
Dividends paid	15	<b>(7,500)</b>	(4,515)	
<b>Net cash flow from financing</b>		<b>(7,500)</b>	<b>142,565</b>	
<b>Decrease/(increase) in cash</b>		<b>(31,494)</b>	<b>69,361</b>	
<b>Cash and cash equivalents at start of the year</b>		<b>69,361</b>	–	
<b>Cash and cash equivalents at end of the year</b>		<b>37,867</b>	<b>69,361</b>	
		As at 30 September 2023 £'000	As at 30 September 2022 £'000	
<b>Cash and cash equivalents</b>				
Cash at bank		<b>37,867</b>	49,361	
Fixed deposits with original maturity less than 3 months		–	20,000	
<b>Total cash and cash equivalents at end of the year</b>		<b>37,867</b>	<b>69,361</b>	

\* The Company has assessed that prior year classification of £2,565,000 relating to Working Capital finance given to its subsidiary, within increase in other receivables and prepayments in the operating cash flow section should have been classified as investing cash flows. The prior year cash flow statement has been adjusted to reduce the increase in other receivables and prepayments to £650,000 from £3,215,000.

The accompanying Notes on pages 92 to 112 are an integral part of these financial statements.

# Notes to the Financial Statements



## 1. General Information

Atrato Onsite Energy Plc is a closed-ended investment company domiciled and incorporated in the United Kingdom on 16 September 2021 with registered number 13624999. The registered office of the Company is at 6th Floor, 125 London Wall, London, United Kingdom, EC2Y 5AS. Its share capital is denominated in Pounds Sterling (GBP) and currently consists of one class of ordinary shares. The shares are publicly traded on the London Stock Exchange under a premium listing. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

The financial statements of the Company are for the year ended 30 September 2023 and have been prepared on the basis of the accounting policies set out below.

At the Company's IPO, 150,000,000 shares were admitted to the premium segment of the LSE on 23 November 2021, upon raising gross proceeds of £150.0 million.

The Company's investment objective is to: support the net zero agenda whilst delivering capital growth and progressive dividend income to its shareholders; integrate ESG best practice with a focus on investing in new renewable energy capacity and onsite clean energy solutions; and target long-term secure income with limited exposure to wholesale power prices.

The financial statements comprise only the results of the Company, as its investment in Atrato Onsite Energy Holdco Limited (Holdco) is included at fair value through profit or loss as detailed in the significant accounting policies below. The Company and its subsidiary invest in a diversified portfolio of onsite energy assets generally on the rooftops of UK commercial buildings, which benefit from long-term growing income streams with limited exposure to wholesale power prices.

Atrato Partners Limited provides investment advisory services and JTC Global AIFM Solution Limited as the AIFM provides investment management services to the Company, each under the terms of the agreement between it and the Company.

## 2. Basis of Preparation

The financial statements, which aim to give a true and fair view, have been prepared in accordance with UK adopted International Accounting Standards and the applicable legal requirements of the Companies Act 2006.

The financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in April 2022 where the SORP is not inconsistent with IFRS.

The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments at Fair Value through Profit and Loss ("FVTPL"). The principal accounting policies adopted are set out below. These policies have been consistently applied throughout the year ended 30 September 2023.

The financial statements are prepared on the going concern basis.

The currency of the primary economic environment in which the Company operates and where its investments are located (the functional currency) is Pounds Sterling. The financial statements are presented in Pounds Sterling and rounded to the nearest thousand.

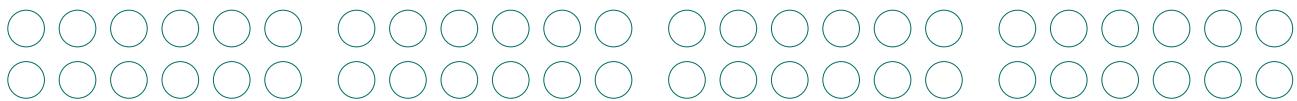
Estimates and underlying assumptions are reviewed regularly on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. The significant estimates, judgments or assumptions for the year are set out below under "Critical accounting judgements, estimates and assumptions".

The comparatives shown in these financial statements refer to the period ended 30 September 2022.

### Basis of consolidation

The Company has adopted the amendments to IFRS 10, which states that investment entities should measure all of their subsidiaries that are themselves investment entities at fair value.

The Company owns 100% of its subsidiary, HoldCo. The Company invests in special purpose vehicles through its investment in HoldCo. The Company and HoldCo meet the definition of an investment entity as described by IFRS 10. Under IFRS 10 investment entities measure subsidiaries at fair value rather than being consolidated on a line-by-line basis, meaning HoldCo's cash, debt and working capital balances are included in the fair value of the investment rather than in the Company's current assets. HoldCo has one investor, which is the Company, who has outsourced some investor related services to a third party relating to the operational and financial management of the underlying Special Purpose Vehicles ("SPV"). However, in substance, HoldCo is investing the funds of the investors of the Company on its behalf and is effectively performing investing activity on behalf of many unrelated beneficiary investors.



## **2. Basis of Preparation** continued

### **Characteristics of an investment entity**

Under the definition of an investment entity, the Company should satisfy all three of the following tests:

- a) the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both (including having an exit strategy for investments); and
- c) the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10, the Directors note that:

- a) the Company has multiple investors and obtains funds from a diverse group of shareholders who would otherwise not have access individually to investing in renewable energy and infrastructure assets;
- b) the Company's purpose is to invest funds for both investment income and capital appreciation. HoldCo and SPVs will have indefinite lives. However, the underlying assets do not have unlimited life and have minimal residual value at the end of that life, meaning they will not be held indefinitely. The Company intends to hold the renewable assets on a long-term basis to achieve its investment objectives and hand the assets over to the lessor at the end of the PPA; and
- c) the Company measures and evaluates the performance of all of its investments on a fair value basis which is the most relevant for investors in the Company. Management uses fair value information as a primary measurement to evaluate the performance of all of the investments and in decision making.

The Directors are of the opinion that the Company meets all the typical characteristics of an investment entity and therefore meets the definition set out in IFRS 10.

The Directors agree that investment entity accounting treatment reflects the Company's activities as an investment trust.

The Directors have considered the potential impact on the income statement and the statement of financial position were Holdco to be consolidated and assessed the changes not to be significant to the net asset value and loss for the year. The Directors believe the treatment outlined above provides the most relevant information to investors.

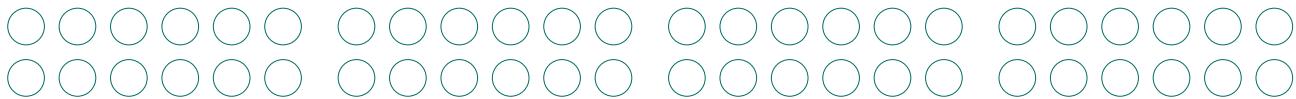
### **Going concern**

The Directors have adopted the going concern basis in preparing the financial statements. The following is a summary of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources, the impacts of climate change and the continued unrest in Ukraine.

In reaching their conclusion, the Directors considered the Company's cash flow forecasts, cash position, income and expense flows. The Company's net assets at 30 September 2023 were £138.1 million. As at 30 September 2023, the Company held £37.8 million in cash. The Company continues to meet its day-to-day liquidity needs through its cash resources. The total ongoing expenses for the year ended 30 September 2023 was £2.6 million, which represented approximately 1.8% of average net assets during the year. At the date of approval of this Annual Report, based on the aggregate of investments and cash held, the Company had substantial cover for its operating expenses.

The major cash outflows of the Company are the costs relating to the acquisition of new investments and the payment of dividends. The Directors review finance reporting at the quarterly Board meeting, which includes reporting related fund investment limits. The Directors are confident that the Company has sufficient cash balances and access to equity and debt markets, in order to fund commitments to acquisitions detailed in note 22 to the financial statements, should they become payable. The Company has provided an initial £125 million loan facility, of which £64 million (2022: £48.4 million) had been drawn by 30 September 2023, to its immediate subsidiary repayable on 31 December 2028. The facility has been provided out of the £150 million raised in the initial public offering. As at 30 September 2023, the Company had capital commitments of £25.8 million (2022: £1.4 million). A RCF for £30 million with an accordion to increase the facility to £50 million, has been secured by Holdco. This facility provides additional capacity for the Company to invest in new opportunities and meet the Company's commitments.

In light of the macro-economic situation brought about by the Russian invasion of Ukraine and the potential invasion of Taiwan, the Directors have fully considered each of the Company's investments and the sourcing of supplies. The Directors do not foresee any immediate material risk to the Company's investment portfolio and income from underlying SPVs. A prolonged and deep market decline could lead to falling values in the underlying investments or interruptions to cashflow, however the Company currently has sufficient liquidity available to meet its future obligations. The Directors are also satisfied that the Company would continue to remain viable under downside scenarios, including increasing inflation scenarios.



### 2. Basis of Preparation continued

Underlying SPV revenues are derived primarily from the sale of electricity by project companies through PPAs in place with creditworthy corporations. Most of these PPAs are contracted over a long period with a weighted average remaining term as at 30 September 2023 of 11 years (September 2022: 19 years). The decrease is due to the three year term on the 55MW site in North Yorkshire.

During the year end up to the date of this report, there has been no significant impact on revenue and cash flows of the SPVs. The SPVs have contractual operating and maintenance agreements in place with appropriately qualified service providers. Therefore, the Directors and the Investment Adviser do not anticipate a material threat to SPV revenues.

The market and operational risks and financial impact as a result of the ongoing conflict in the Ukraine were discussed by the Board, with updates on operational resilience received from the Investment Adviser and other key service providers. The Investment Adviser actively monitors risks with the potential to impact the Company's investments through its recurring engagement with service providers including operators, installation contractors, and project asset managers. The Board was satisfied that the Company's key service providers have the ability to continue to operate.

Over the past year inflation slowed and started to decrease, however slower than forecasts expected. Having considered the impact of inflation, the Board do not anticipate a material adverse effect on the portfolio.

The Company's ability to continue as a going concern has been assessed by the Directors for a year from the date these financial statements were authorised for issue.

### Critical accounting judgements, estimates and assumptions

Preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates, by their nature, are based on judgment and available information; hence actual results may differ from these judgments, estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments as disclosed in note 4 to the financial statements.

### Key sources of estimation uncertainty: investments at fair value through profit or loss

The Company's investments in unquoted investments are valued by reference to valuation techniques approved by the Directors and in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

The Company's investment in Holdco has been made through equity and loans, providing Holdco with funds to invest in the Portfolio through equity and loans. The Company used discounted cash flow ("DCF") models to determine the fair value of the underlying assets in HoldCo. The value of HoldCo not apportioned to the investment in the underlying entities includes any working capital not accounted for in the DCF models, such as cash or entity level payables and receivables. The fair value of each asset is derived by projecting the future cash flows of an asset, based on a range of operating assumptions for revenues and expenses, and discounting those future cash flows to the present with a discount rate appropriately calibrated to the risk profile of the asset and market dynamics. The key estimates and assumptions used within the DCF include the discount rates, annual energy production, future power prices and various operating expenses and associated annual escalation rates often tied to inflation, including operations and maintenance, asset management, land leases and insurance. A change in the key valuation assumptions would lead to a corresponding change in the fair value of the investments as described in note 4 to the financial statements. The Company's investments at fair value are not traded in active markets.

The estimates and assumptions are those used to determine the fair value of the investments as disclosed in note 4 to the financial statements. As noted above, the Board has concluded that the Company meets the definition of an investments entity as defined in IFRS10. This conclusion involved a degree of judgement and assessment as to whether the Company meets the criteria outlined in the accounting standards.

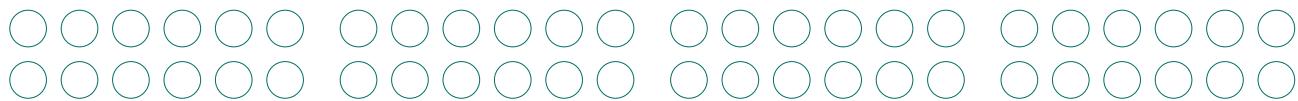
As disclosed in note 21, the Company provided parent company guarantees to some investments from which the expected economic or cash outflows are expected to be £nil.

### Segmental reporting

The Board is of the opinion that the Company is engaged in a single segment of business, being investment in renewable energy infrastructure assets to generate investment returns whilst preserving capital. The financial information used by the Board to manage the Company presents the business as a single segment.

All the Company's income is generated within the UK.

All the Company's non-current assets are located in the UK.



## **2. Basis of Preparation** continued

### **Adoption of new and revised standards**

The Company has adopted all the applicable and effective IFRSs since incorporation. The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements, are disclosed below. These standards are not expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions.

#### **- Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

#### **- New standard not yet adopted: IFRS 17 Insurance Contracts**

IFRS 17 is applicable for annual periods beginning on or after 1 January 2023. The Directors do not expect that the adoption of the standard will have a material impact on the Company's reported results.

## **3. Significant accounting policies**

### **a) Statement of compliance**

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS").

The principal accounting policies of the Company are set out below.

### **IFRS 9 Classification of Financial Assets and Financial Liabilities**

#### **Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Company holds both a debt instrument and a controlling interest in equity shares in Holdco. The Company measures the fair value of its investments in Holdco on an aggregate basis as this is how the instruments are managed, potentially divested and how the fair value would be maximised.

#### **Classification of investments**

##### **Fair value through profit or loss**

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The collection of contractual cash flows is only incidental to achieving the Company business model's objective. Consequently, all investments are measured at FVTPL. Once invested, the Company's indirect investments in SPVs will be designated at FVTPL, as SPVs are themselves considered to be investment entities and exist only to hold underlying assets in line with the overarching AIFM agreement, and therefore will not be consolidated but held at FVTPL in line with IFRS 10.

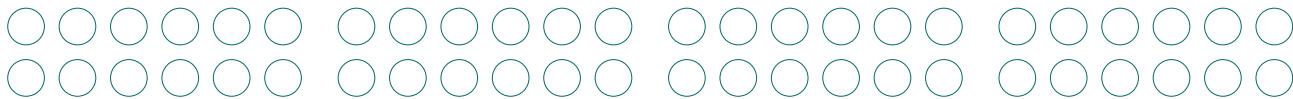
##### **Financial instruments and equity**

Financial assets such as cash at bank, fixed deposits at bank, trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as loans and other receivables measured at amortised cost.

Debts and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the point proceeds are received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.



### **3. Significant accounting policies** continued

#### **Recognition, derecognition and measurement**

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment and the contract to purchase or sell is wholly unconditional. Financial assets at FVTPL are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Loans, trade, and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the year end date in which case they are classified as non-current assets.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at FVTPL' category are presented in the Statement of Comprehensive Income.

Income from financial assets at FVTPL is recognised in the Statement of Comprehensive Income within "income" when the Company's right to receive payments is established.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Gains and losses on fair value of investments in the Statement of Comprehensive Income represent gains or losses that arise from the movement in the fair value of the Company investment in HoldCo.

Dividends, if any from HoldCo are recognised when the Company's right to receive payment has been established.

Investment income comprises interest income received from the Company's subsidiary and interest income on fixed deposits. Interest income from fixed deposits is recognised in the Statement of Comprehensive Income using the effective interest method.

#### **b) Expenses**

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses, including investment advisory fees, are presented in the revenue column of the Statement of Comprehensive Income as they are directly attributable to the operations of the Company with the exception of costs incurred in the initial public offering that were not off-set against the share premium, which have been charged as a capital item in the Statement of Comprehensive Income.

Details of the Company's fee payments to the Investment Adviser are disclosed in note 6 to the financial statements.

#### **c) Taxation**

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains. Shortly after listing the Company received approval as an Investment Trust by HMRC.

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

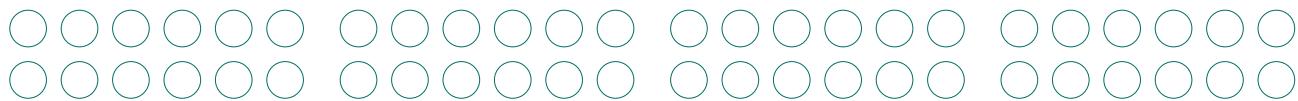
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

#### **Deferred taxation**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.



### **3. Significant accounting policies** continued

#### **d) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in deposits held at call with banks and other short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value. This is measured using the effective interest rate method.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted accounts are not considered as cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### **e) Fixed deposits**

Cash that is placed on fixed deposits for longer than three months at the inception of the deposit is disclosed in fixed deposits. This is measured using the effective interest rate method.

#### **f) Other receivables and prepayments**

Other receivables and prepayments are recognised initially at fair value and subsequently measured using the effective interest method.

#### **g) Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently measured using the effective interest method.

#### **h) Dividends**

Subject to the provisions of company law, the Company may by resolution declare dividends in accordance with the respective rights of the shareholders, but no dividend shall exceed the amount recommended by the Board of Directors. Dividends payable are recognised as distributions in the financial statements when the Company's obligation to make payment has been established.

#### **i) Equity**

Share capital consists of ordinary shares and is classified as equity.

#### **j) Share premium account**

The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. This is a non-distributable reserve.

#### **k) Capital reserve**

The net profit or loss arising in the Statement of Comprehensive Income during the year is added to or deducted from this reserve where they are capital in nature. The realised element of the capital reserve forms part of distributable reserves and may be distributed.

#### **l) Revenue reserve**

The net profit or loss arising in the Statement of Comprehensive Income during the year is added to or deducted from this reserve where they are revenue in nature. This is a distributable reserve.

#### **m) Capital reduction reserve**

On 28 January 2022, the Company lodged with the Registrar of Companies its statement of capital and successful court application which permitted the transfer of £145,579,902 from its share premium account to the capital reduction reserve (refer to note 4). This is a distributable reserve.

#### **n) Capital management**

The Company's capital is represented by the ordinary shares, share premium account, profit and loss account and capital reduction reserve. The Company is not subject to any externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective. Capital management activities may include the allotment of new shares and the buy back or re-issuance of shares from treasury.

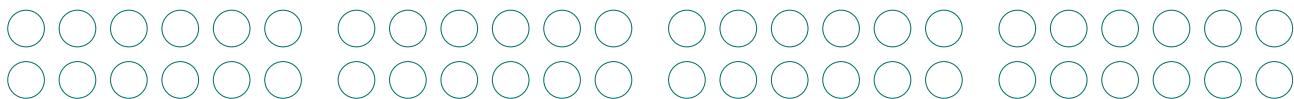
#### **o) Foreign currencies**

Items included in the financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates and is the Company's functional currency.

#### **Transactions and balances**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.



#### 4. Investment held at fair value through profit or loss

The Company owns 100% of its subsidiary Holdco through which the Company has acquired all its underlying investments in SPVs. As at 30 September 2023, the cost of the equity investment in Holdco is £33 million, while the debt investment in Holdco is £64 million.

	As at 30 September 2023 £'000	As at 30 September 2022 £'000
<b>(a) Summary of valuation</b>		
Analysis of closing balance:		
Investment at fair value through profit or loss	99,289	47,105
<b>Total investment</b>	<b>99,289</b>	<b>47,105</b>
<b>(b) Movements during the year:</b>		
Opening balance of investment	47,105	–
Additions, at cost	46,796	48,955
Capitalised interest	2,392	–
<b>Cost of investment</b>	<b>96,293</b>	<b>48,955</b>
Revaluation of investments to fair value:		
Realisation of fair value	(709)	–
Unrealised movement in fair value of investment	3,705	(1,850)
<b>Fair value of investment</b>	<b>99,289</b>	<b>47,105</b>
<b>(c) Profits or loss on investment in the year:</b>		
Unrealised movement in fair value of investment	3,705	(1,850)
<b>Profit/(loss) on investment</b>	<b>3,705</b>	<b>(1,850)</b>

#### Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

##### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

##### Level 2

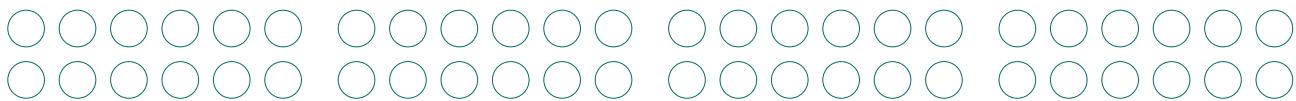
Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

##### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

	30 September 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment at fair value through profit or loss	–	–	38,147	38,147
Equity investment in Holdco	–	–	61,142	61,142
<b>Total investment as at 30 September 2023</b>	<b>–</b>	<b>–</b>	<b>99,289</b>	<b>99,289</b>

	30 September 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment at fair value through profit or loss	–	–	–	–
Equity investment in Holdco	–	–	47,105	47,105
<b>Total investment as at 30 September 2022</b>	<b>–</b>	<b>–</b>	<b>47,105</b>	<b>47,105</b>



#### 4. Investment held at fair value through profit or loss continued

The financial instruments held at fair value are the instruments held by the Company in the SPVs indirectly via Holdco, which are fair valued at each reporting date. The investments have been classified within level 3 as the investments are not traded and contained certain unobservable inputs. The Company's investment in Holdco is also considered to be level 3 assets. There have been no transfers between levels during the year. As the fair value of the Company's equity and loan investments in Holdco is ultimately determined by the underlying fair values of the equity and loan investments, made by Holdco, the Company's sensitivity analysis of reasonably possible alternative input assumptions is the same as for those investments. Except for the availability of cash in the relevant entity, there are no restrictions in relation to the loans.

The movement on the Level 3 unquoted investment during the year is shown below:

	As at 30 September 2023 £'000	As at 30 September 2022 £'000
Opening balance	47,105	–
Additions during the Year	49,188	48,955
Realised gain on sale of contract	(709)	–
Unrealised movement in fair value of investment	3,705	(1,850)
<b>Total investment</b>	<b>99,289</b>	<b>47,105</b>

#### Valuation methodology

The Company owns 100% of its subsidiary Holdco through which the Company has acquired all its underlying investments in SPVs. As discussed in note 2, the Company meets the definition of an investment entity as described by IFRS 10, and as such the Company's investment in Holdco is valued at fair value.

Fair value of operating assets is derived using a DCF methodology, which follows International Private Equity Valuation and Venture Capital Valuation Guidelines. DCF is deemed the most appropriate methodology when a detailed projection of future cash flows is possible. The fair value of each asset is derived by projecting the future cash flows of an asset, based on a range of operating assumptions for revenues and expenses, and discounting those future cash flows to the present day with a post-tax discount rate appropriately calibrated to the risk profile of the asset and market dynamics. Due to the asset class and available market data over the forecast horizon, a DCF valuation is typically the basis upon which renewable assets are traded in the market.

The Company measures the total fair value of Holdco by its net asset value, which is made up of cash at bank and other receivables (£1.3 million) (2022: £3.4 million), trade payables and accruals (£1.2 million) (£2022: £0.3 million) and the aforementioned fair value of the underlying investments (£187.0m) as derived from the DCF of each asset. As at 30 September 2023, Holdco net current liability is offset by the fair value of the underlying investments, resulting in a reduction in the fair value of the Portfolio.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied and the valuation.

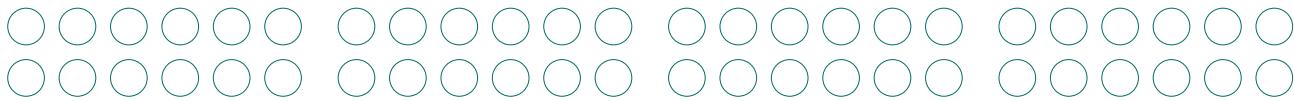
#### Valuation analysis

An analysis of the key assumptions is produced to show the impact on NAV of changes to key assumptions. For each of the scenarios, it is assumed that potential changes occur independently of each other with no effect on any other key assumption, and that the number of investments in the portfolio remains static throughout the modelled life. Accordingly, the NAV per share impacts are discussed below.

##### (i) Discount rates

Post-tax unlevered discount rates applied in the DCF valuation are determined by the Investments Adviser using a multitude of factors, including post-tax discount rates disclosed by the Company's peers in the renewable energy sector, phase at which the project is, credit risk of key counterparties, exposure to merchant power risk, adjustment due to the portfolio being unlevered as well as the internal rate of return inherent in the original purchase price when underwriting the asset. The DCF valuations uses one post-tax discount rate applied to cash generated by each asset over the contract term.

The post-tax discount rates used in the DCF valuation of the investments and forecast cash flows are considered judgemental input through which an increase or decrease would have a material impact on the fair value of the investments at FVTPL. As of 30 September 2023, the blended post-tax discount rates applied to the portfolio ranged from 6.5% to 9.0% with the overall weighted average of 7.4%.



**4. Investment held at fair value through profit or loss** continued

An increase of 50bps and decreases of 50bps and 100bps in the discount rates would have the following impact on NAV:

Discount Rate	+ 100 bps	+ 50 bps	- 50 bps	-100bps
Increase/(decrease) in NAV (£'000)	(9,755)	(5,070)	5,498	11,477
NAV per share	85.5p	88.7p	95.7p	99.7
NAV per share change	(6.5p)	(3.4p)	3.7p	7.7p
Change	(7.1)%	(3.7)%	4.0%	8.3%

**(ii) Energy Production**

Energy production, as measured in MWh per annum, assumed in the DCF valuations is based on a P50 energy yield profile, representing a 50% probability that the energy production estimate will be met or exceeded over time. An independent engineer has derived this energy yield estimate for each asset by considering a range of irradiation, weather data, ground-based measurements and design/site-specific loss factors including module performance, module mismatch, inverter losses, and transformer losses, among others. The P50 energy yield case includes a 0.5% annual degradation through the entirety of the useful life. In addition, the P50 energy yield case includes an assumption of availability, which ranges from 99% to 100%, as determined reasonable by an independent engineer at the time of underwriting the asset.

Solar assets are subject to variation in energy production over time. An assumed "P90" level of energy yield (i.e. a level of energy production that is below the "P50", with a 90% probability of being exceeded) would cause a decrease in the total portfolio valuation, while an assumed "P10" level of power output (i.e. a level of energy production that is above the "P50", with a 10% probability of being achieved) would cause an increase in the total portfolio valuation.

The application of a P90 and a P10 energy yield case would have the following impact on NAV:

Energy Production	P90	P10
Increase/(decrease) in NAV (£'000)	(8,454)	8,138
NAV per share	86.4p	97.5p
NAV per share change	(5.6p)	5.4p
Change	(6.1)%	5.9%

**(iii) Merchant Power Prices**

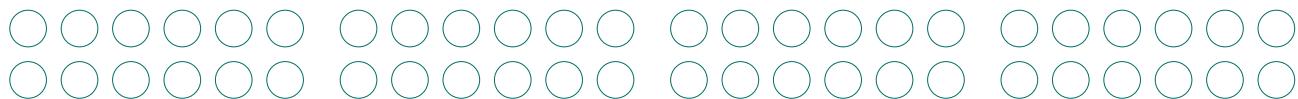
The Company's assets have long term PPAs at fixed or index-linked uplifts and some incentive contracts with credit worthy energy purchasers. Excess generation not consumed under the PPA agreement in place sell to the network, which is 6% of the portfolio based on current market prices for 2024. Thus, PPA prices are not materially impacted by fluctuations in market prices. Excess generation that is exported to the network is priced on the solar PV curtailed capture price forecast, that are derived from the forecast power price curves provided by an independent third parties. Power price forecasts are updated quarterly and the prices used ranges from £68/MW to £94/MW over the next five years, with an average of £77/MW.

An increase or decrease of 10% in the forecast merchant power price curves would have the following impact on NAV:

Merchant power prices	-10%	+10%
Increase/(decrease) in NAV (£'000)	(5,568)	5,502
NAV per Share	88.3p	95.7p
NAV per Share Change	(3.7)p	3.7p
Change	(4.0)%	4.0%

**(iv) Operating Expenses**

Operating expense include operations and maintenance, asset management, leases, rates, insurance, decommissioning and other costs. Most operating expenses are contracted with annual escalation as per available market forecasts of the inflation indices (RPI and CPI, where applicable) and capped where a cap exists in the contract. As such there is typically little variation in annual operating expenses, however inflationary pressures in the short and long-term could affect future operating expenses. Expenses subject to uncapped inflation has been inflated in the short-term peaking at 6.0%, reducing to 3.4% by September 2027 and a long-term average of 3.1%.



#### 4. Investment held at fair value through profit or loss continued

An increase or decrease of 10% in operating expenses would have the following impact on NAV:

Operating expenses	+10%	-10%
Increase/(decrease) in NAV (£'000)	(2,658)	2,261
NAV per share	90.3p	93.8p
NAV per share change	(1.8)p	1.7p
Change	(1.9)%	1.9%

#### 5. Income

	For the year ended 30 September 2023 £'000	For the Period ended 30 September 2022 £'000
Interest from Holdco	<b>3,919</b>	483
Deposit interest	<b>1,366</b>	298
<b>Total Income</b>	<b>5,285</b>	781

#### 6. Investment advisory fees

	For the year ended 30 September 2023			For the Period ended 30 September 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment advisory fees	<b>1,444</b>	–	<b>1,444</b>	1,285	–	1,285

The Investment Advisory Agreement ("IAA") dated 1 November 2021 between the Company and Atrato Partners Limited as the Investment Adviser and JTC Global AIFM Solutions Limited as the AIFM, appointed the Investment Adviser to act as the Company's investment adviser. The AIFM has been appointed pursuant to the AIFM agreement dated 1 November 2021 between the AIFM and the Company as the alternative investment fund manager for the purposes of the AIFM Directive. Accordingly, the AIFM is responsible for providing portfolio management and risk management services to the Company.

Under the IAA, the Investment Adviser receives a per annum management fee of 0.7125% of the adjusted NAV up to and including £500 million; and 0.5625% of the adjusted NAV above £500 million, invoiced monthly in arrears. The Investment Adviser also receives a management fee of 0.2375% of the last published NAV up to and including £500 million; and 0.1875% of the last published NAV above £500 million, each invoiced semi-annually in arrears. With the agreement of the Company, Holdco and the Adviser, this semi-annual fee shall be applied by the Adviser in acquiring ordinary shares at the absolute discretion of the Board by any combination of methods as set out in the IAA.

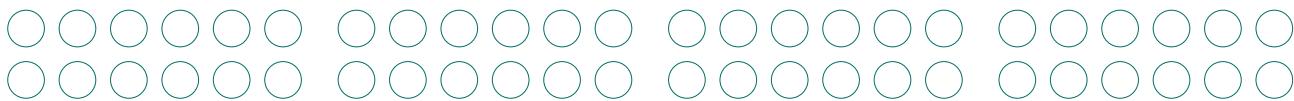
The Investment Adviser receives an accounting and administration fee of £50,000 per annum plus 0.02% of the adjusted NAV in excess of £200 million up to and including £500 million plus 0.015% of adjusted NAV in excess of £500 million. An accounting and administration fee of £800 per Clean Energy Asset held by Holdco up to 100 Clean Energy Assets and £650 per Clean Energy Asset above 100.

No performance fee or asset level fees are payable to the IA under the IAA.

Unless otherwise agreed by the Company and the Investment Adviser, the IAA may be terminated by the Company or the Investment Adviser on not less than 12 months' notice to the other parties, not to be given prior to the fifth anniversary of initial admission.

The Company has not issued or the Company's Broker has not purchased any shares to settle investment advisory fees in respect of the Period under review.

The Company policy is not to elect to allocate a portion of the IA fee to capital.



## 7. Other Expenses

	For the year ended 30 September 2023			For the Period ended 30 September 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Secretary and Administrator fees	<b>209</b>	–	<b>209</b>	111	–	111
Directors' fees	<b>138</b>	–	<b>138</b>	126	–	126
Directors' other employment costs	<b>44</b>	–	<b>44</b>	25	–	25
Brokers' retainer	<b>101</b>	–	<b>101</b>	51	–	51
Auditor's fees						
– Fees payable to the Company's auditor for audit services	<b>185</b>	–	<b>185</b>	118	–	118
– Fees payable to the Company's auditor for non-audit related assurance services	<b>54</b>	–	<b>54</b>	18	–	18
Regulatory and Registrar's fees	<b>62</b>	–	<b>62</b>	38	–	38
Marketing fees	<b>146</b>	–	<b>146</b>	121	–	121
Tax compliance	<b>14</b>	–	<b>14</b>	36	–	36
Other expenses	<b>162</b>	–	<b>162</b>	40	–	40
	<b>1,115</b>	–	<b>1,115</b>	684	–	684
Expenses charged to capital						
Initial listing costs	–	–	–	–	401	401
<b>Total expenses</b>	<b>1,115</b>	–	<b>1,115</b>	<b>684</b>	<b>401</b>	<b>1,085</b>

The Auditor's fee for the statutory audit of the year is £185,340, including VAT of £30,890 (2022: £117,600, including VAT of £19,600). BDO also reviewed the Company's interim accounts as at 31 March 2023 for a fee of £54,000 including VAT of £9,000 (2022: £18,000, including VAT of £3,000).

## 8. Earnings Per Share

Earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of shares in issue during the year/period as follows:

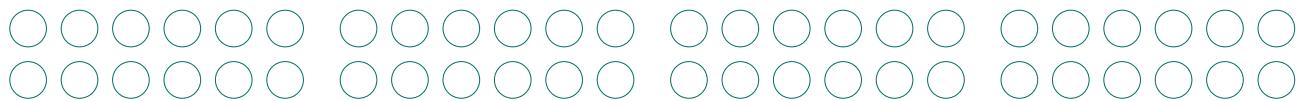
	For the year ended 30 September 2023			For the Period ended 30 September 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Profit attributable to the equity holders of the Company (£'000)	<b>2,726</b>	<b>3,705</b>	<b>6,431</b>	(1,188)	(2,251)	(3,439)
Weighted average number of shares in issue (000)	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	128,750	128,750	128,750
Earnings per share (pence) – basic and diluted	<b>1.82p</b>	<b>2.47p</b>	<b>4.29p</b>	(0.92p)	(1.75p)	(2.67p)

## 9. Taxation

### (a) Analysis of charge in the year

	For the year ended 30 September 2023			For the Period ended 30 September 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	–	–	–	–	–	–
Taxation	–	–	–	–	–	–

The total unrecognised tax losses at 30 September 2023 available to the Company are £41,000 (2022: £1,329,000)



## 9. Taxation continued

### (b) Factors affecting total tax charge for the year:

The effective UK corporation tax rate applicable to the Company for the year is 22.00%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

	Year ended 30 September 2023			Period ended 30 September 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) on ordinary activities before taxation	2,726	3,705	6,431	(1,188)	(2,251)	(3,439)
Corporation tax at 22% (2022: 19%)	600	815	1,415	(226)	(428)	(654)
<b>Effects of:</b>						
Profit/(loss) on investments held at fair value not allowable	–	(815)	(815)	–	352	352
Expenses not deductible for tax purposes	2	–	2	10	76	86
Utilised losses	(283)	–	(283)	–	–	–
Tax relief from interest distribution	(319)	–	(319)	–	–	–
Unutilised management expenses	–	–	–	216	–	216
<b>Total tax charge</b>	–	–	–	–	–	–

Investment companies which have been approved by the HMRC under section 1158 of the Corporation Tax Act 2010 are exempt from tax on UK capital gains and capital profits/losses on loan relationships. Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to retain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

The March 2021 Budget announced an increase to the main rate of UK corporation tax to 25% effective from 1 April 2023. This increase in the standard rate of corporation tax was enacted on 24 May 2021.

## 10. Fixed deposits

	As at 30 September 2023 £'000	As at 30 September 2022 £'000
Fixed deposits	–	20,000
<b>Total</b>	–	20,000

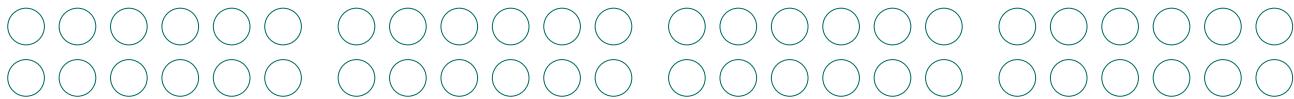
A fixed deposit for six months was placed on 27th June 2022 with HSBC, at a fixed interest rate of 1.61%, matured on 28th December 2022.

## 11. Cash and cash equivalents

	As at 30 September 2023 £'000	As at 30 September 2022 £'000
Cash at bank	37,867	49,361
Money market fixed deposits	–	20,000
<b>Total</b>	37,867	69,361

In the prior year, cash was placed on a money market fixed deposit for three months on 2nd August 2022 with HSBC, at a fixed interest rate of 1.48%, maturing on 1st November 2022.

The Company has placed surplus cash in an instant access deposit account earning interest at a floating rate.



**12. Other receivables and prepayments**

		As at 30 September 2023 £'000	As at 30 September 2022 £'000
Amounts receivable from related parties	20	1,493	3,049
Other receivables and prepayments		56	166
<b>Total</b>		<b>1,549</b>	<b>3,215</b>

**13. Trade and other payables**

		As at 30 September 2023 £'000	As at 30 September 2022 £'000
Accounts payable		102	59
Amounts payable to related parties	20	299	271
Accrued expenses and other taxes		247	225
<b>Total</b>		<b>648</b>	<b>555</b>

**14. Share Capital**

	Year ended 30 September 2023		Period ended 30 September 2022	
	No. of shares	Nominal value of shares (£)	No. of shares	Nominal value of shares (£)
Allotted, issued and fully paid:				
<b>Opening balance</b>	<b>150,000,000</b>	<b>1,500,000</b>	–	–
<b>Allotted upon incorporation</b>				
Shares of £0.01 each (ordinary shares)	–	–	1	0.01
Issue of redeemable preference shares	–	–	50,000	50,000
<b>Allotted/redeemed following admission to LSE</b>				
Shares issued	–	–	149,999,999	1,500,000
Initial redeemable preference shares redeemed	–	–	(50,000)	(50,000)
<b>Shares issued for the investment advisory fee</b>				
Share issued	–	–	–	–
<b>Closing balance</b>	<b>150,000,000</b>	<b>1,500,000</b>	<b>150,000,000</b>	<b>1,500,000</b>

On incorporation the Company issued 1 ordinary share of £0.01, which was fully paid up, and 50,000 redeemable preference shares of £1 each, which were paid up to one quarter of their nominal value. Both of these share classes were issued to Atrato Group Limited. On 23 November 2021 the Board of Directors resolved to redeem the 50,000 redeemable preference shares.

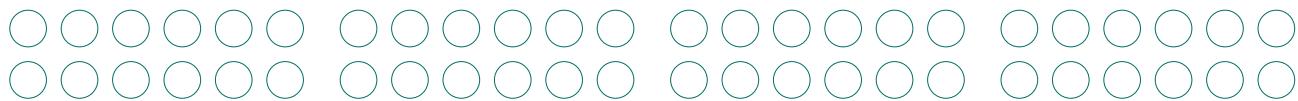
On 23 November 2021, the Board of Directors approved the proposed placing and offer for subscription (together the “**Placing**”) of up to 150 million ordinary shares of £0.01 each in the capital of the Company at a price of £1.00 per ordinary share. It was intended that the ordinary shares of the Company would be admitted to trade on the Main Market of the London Stock Exchange.

The consideration received in excess of nominal value of the ordinary shares issued, being £145,579,902, net of total capitalised issue costs, was credited to the share premium account.

The share issue costs incurred comprise brokerage costs, third-party adviser fees and other costs directly attributable to the issuance of shares.

The Company’s issued share capital immediately following initial admission comprised 150,000,000 ordinary shares, and this is the total number of ordinary shares with voting rights in the Company.

Following a successful application to the High Court and lodgement of the Company’s statement of capital with the Registrar of Companies, the Company was permitted to reduce the capital of the Company by an amount of £145,579,902. This was affected on 28 January 2022 by a transfer of that amount from the share premium account to the capital reduction reserve, which can be used to fund dividends or other distributions to the Company’s shareholders.



#### 14. Share Capital continued

Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the Company. All ordinary shares carry equal voting rights.

#### 15. Dividends

##### (a) Dividends paid in the year

The Company paid the following dividends during the year ended 30 September 2023:

	Pence per share	Capital reduction reserve £'000	Revenue reserve £'000	Total £'000
Quarter ended 30 September 2022	1.26p	1,890	–	1,890
Quarter ended 31 December 2022	1.26p	1,890	–	1,890
Quarter ended 31 March 2023	1.23p	1,845	–	1,845
Quarter ended 30 June 2023	1.25p	1,749	126	1,875
<b>Total</b>	<b>5.00p</b>	<b>7,374</b>	<b>126</b>	<b>7,500</b>

The Company paid the following dividends during the Period ended 30 September 2022:

	Pence per share	Capital Reduction reserve £'000	Revenue reserve £'000	Total £'000
Period ended 31 March 2022	1.76p	2,640	–	2,640
Quarter ended 30 June 2022	1.25p	1,875	–	1,875
<b>Total</b>	<b>3.01p</b>	<b>4,515</b>	<b>–</b>	<b>4,515</b>

##### (b) Dividends paid and payable

The dividends paid and payable in respect of the financial year are the basis on which the requirements of s1158-s1159 of the Corporation Tax Act 2010 are considered.

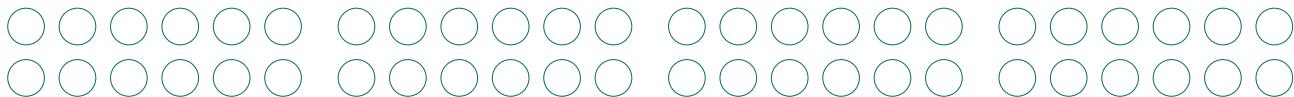
	For the year ended 30 September 2023			
	Pence per share	Capital reduction reserve £'000	Revenue Reserve £'000	Total £'000
Quarter ended 31 December 2022	1.26p	1,890	–	1,890
Quarter ended 31 March 2023	1.23p	1,845	–	1,845
Quarter ended 30 June 2023	1.25p	1,749	126	1,875
Quarter ended 30 September 2023	1.26p	567	1,323	1,890
<b>Total</b>	<b>5.00p</b>	<b>6,051</b>	<b>1,449</b>	<b>7,500</b>

After the year end, the Company declared an interim dividend of 1.26 pence per share for the period 1 July 2023 to 30 September 2023, to be paid on 16 December 2023 to Shareholders on the register at 25 November 2023.

#### 16. Capital Reduction Reserve

As indicated in the Prospectus, following admission of the Company's shares to trading on the LSE, the Directors applied to the Court and obtained a judgement on 28 January 2022 to cancel the amount standing to the credit of the share premium account of the Company.

During the year, £7.4 million (2022: £4.5 million) of dividends have been paid out of the reserve, reducing the reserve to £13.7 million (2022: £14.1 million).



## 17. Net Assets Per Share

	As at 30 September 2023	As at 30 September 2022
Total shareholders' equity (£'000)	138,057	139,126
Number of shares in issue ('000)	1,500	1,500
<b>Net asset value per share (pence)</b>	<b>92.0p</b>	<b>92.8p</b>

## 18. Financial instruments

### Financial instruments by category

The Company held the following financial instruments at 30 September 2023. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

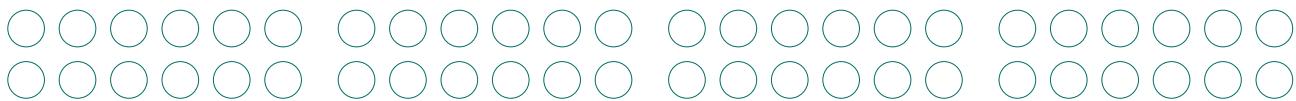
At 30 September 2023	Financial assets at fair value through profit & loss £'000	Financial asset at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
<b>Non-current assets</b>				
Investment at fair value through profit or loss (Level 3)	99,289	–	–	99,289
<b>Current assets</b>				
Other receivables and prepayments	–	1,549	–	1,549
Fixed deposits	–	–	–	–
Cash and cash equivalents	–	37,867	–	37,867
<b>Total financial assets</b>	<b>99,289</b>	<b>39,416</b>	–	<b>138,705</b>
<b>Current liabilities</b>				
Trade and other payables	–	–	(648)	(648)
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>(648)</b>	<b>(648)</b>
<b>Net financial instruments</b>	<b>99,289</b>	<b>39,416</b>	<b>(648)</b>	<b>138,057</b>

At 30 September 2022	Financial assets at fair value through profit & loss £'000	Financial asset at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
<b>Non-current assets</b>				
Investment at fair value through profit or loss (Level 3)	47,105	–	–	47,105
<b>Current assets</b>				
Other receivables and prepayments	–	3,215	–	3,215
Fixed deposits	–	20,000	–	20,000
Cash and cash equivalents	–	69,361	–	69,361
<b>Total financial assets</b>	<b>47,105</b>	<b>92,576</b>	–	<b>139,681</b>
<b>Current liabilities</b>				
Trade and other payables	–	–	(555)	(555)
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>(555)</b>	<b>(555)</b>
<b>Net financial instruments</b>	<b>47,105</b>	<b>92,576</b>	<b>(555)</b>	<b>139,126</b>

The Company's financial assets and liabilities as summarised above are expected to be realised within 12 months of the reporting date, excluding those held in FVTPL. The financial assets and financial liabilities measured at amortised cost's carrying amount is approximated to its fair value which is classified at level 3 at the fair value hierarchy.

The Level 3 fair value measurements derive from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

In the tables above, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.



## **18. Financial instruments** continued

### **Reconciliation of Level 3 fair value measurement of financial assets and liabilities**

An analysis of the movement between opening and closing balances of the investments at fair value through profit or loss is given in note 4.

The fair value of the investments at fair value through profit or loss includes the use of Level 3 inputs. Please refer to note 4 for details of the valuation methodology and sensitivities.

## **19. Financial Risk Management**

The Investment Adviser, AIFM and the Administrator report to the Board on a quarterly basis and provide information to the Board which allows it to monitor and manage financial risks relating to the Company's operations. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including price risk and interest rate risk). These risks are monitored by the AIFM. Each risk and its management are summarised below.

### **a) Credit risk**

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract.

The Company's credit risk exposure in relation to cash holdings is minimised by dealing with financial institutions with investment grade credit ratings. Exposure in relation to clients, at the project company level will be mitigated by a combination of due diligence procedures performed at inception of a PPA, ability to export to the national grid and diversity of counterparties in the portfolio. While credit risk in relation to contractors employed is mitigated through due diligence procedures performed at inception, the length of contract and available alternative parties to assume the contracts. Where the strength of an asset vendor is insufficient, warranty and indemnity insurance are purchased. Shareholder loans provided to Holdco and flowed down to project companies, is secured through the procedures performed in monitoring the credit risk of PPA counterparties. These procedures work to mitigate the credit risk that arises due to intercompany lending to the underlying investments.

As at 30 September 2023 (and 30 September 2022), the Company's exposure is the cash and cash equivalents and intercompany receivables stated on the Statement of Financial Position. Appropriate credit checks are required to be made on all counterparties to the Company. Cash and deposits are held in accounts with HSBC Bank Plc, which has a credit rating as per Moody's Investor Services of A1. During the year ended 30 September 2023 (and 30 September 2022), there are no balances past due or impaired. The receivables are mainly intercompany balances receivable from Holdco and subsidiaries of Holdco.

### **b) Liquidity risk**

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding.

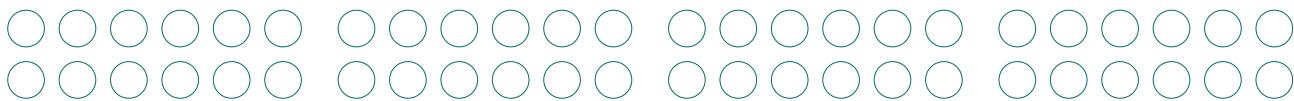
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's trade and other payables with third parties at the reporting date are considered operational in nature and are due and payable within 12 months of the reporting date. As at 30 September 2023 (and at 30 September 2022), the Company has financial assets of cash and cash equivalents without contractual maturity that can meet the current expected financial liabilities. A RCF of £30 million was secured during the year by Holdco. As at 30 September this facility remained undrawn. The facility is available to be drawn for three years to 30 September 2026 and can be at the request of the Borrower.

### **c) Market risk**

Market risk is the risk that changes in market prices, such as interest and foreign currency rates, will affect the Company's financial performance or the value of its holdings of financial instruments. The objective is to minimise market risk through managing and controlling these risks within acceptable parameters, whilst optimising returns.

The Company uses financial instruments in the ordinary course of business, and also incurs financial liabilities, to manage market risks. At the year end the Company did not have any financial instruments which are exposed to market risk.



## 19. Financial Risk Management continued

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk on interest bearing financial assets is limited to interest earned on fixed cash deposits. The Interest Rate Benchmark Reform – Phase 2 did not have a material impact on the Company's reported results as the exposure to interest rates is limited to interest earned on fixed deposits.

The Company's interest and non-interest bearing assets and liabilities as at 30 September 2023 are summarised below:

	Year ended 30 September 2023			Period ended 30 September 2022		
	Interest bearing £'000	Non-interest bearing £'000	Total £'000	Interest bearing £'000	Non-interest bearing £'000	Total £'000
<b>Assets</b>						
Cash and cash equivalents	<b>37,573</b>	<b>294</b>	<b>37,867</b>	40,002	29,359	69,361
Fixed deposits	–	–	–	20,000	–	20,000
Other receivables and prepayments	–	<b>1,549</b>	<b>1,549</b>	–	3,215	3,215
Investment at fair value through profit or loss – debt	<b>61,142</b>	–	<b>61,142</b>	47,105	–	47,105
<b>Total assets</b>	<b>98,715</b>	<b>1,843</b>	<b>100,558</b>	<b>107,107</b>	<b>32,574</b>	<b>139,681</b>
<b>Liabilities</b>						
Trade and other payables	–	(648)	(648)	–	(555)	(555)
<b>Total liabilities</b>	<b>–</b>	<b>(648)</b>	<b>(648)</b>	<b>–</b>	<b>(555)</b>	<b>(555)</b>

The short-term money market deposits and bank accounts included within cash and cash equivalents bear interest at low or zero interest rates and therefore movements in interest rates will not materially affect the Company's income and as such a sensitivity analysis is not necessary.

### Price risk

Price risk is defined as the risk that the fair value of a financial instrument held by the Company will fluctuate. As of 30 September 2023, the Company held one investment, being its shareholding in and loans provided to Holdco, which is measured at fair value. The repayment is dependent on the performance of the underlying renewable energy investments that Holdco holds. This value varies according to a number of factors, including discount rate, asset performance, solar irradiation, operating expenses and to a limited extent forecast power prices. The sensitivity of the investment valuation due to price risk is shown in note 4.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. All transactions during the current year were denominated in GBP, thus no foreign exchange differences arose.

### Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholders through the optimisation of the debt and equity balances. The Company is not subject to any externally imposed capital requirements.

Equity includes all capital and reserves of the Company that are managed as capital.

## 20. Related Party Transactions with the Investment Adviser and Directors

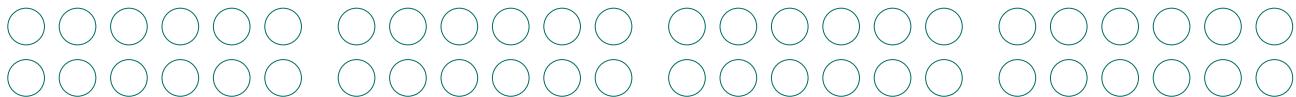
Following admission of the ordinary shares (refer to note 14), the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company does not have an ultimate controlling party.

Details of related parties are set out below.

### a) Accounting, secretarial and directors

Atrato Partners Limited has been appointed to act as an administrator for the Company under the terms of the IAA; more details are set out below under b).

Apex Secretaries LLP is currently the secretary of the Company.



## 20. Related Party Transactions with the Investment Adviser and Directors continued

Juliet Davenport, Chair of the Board of Directors of the Company, is paid director's remuneration of £50,000 per annum (2022: £50,000), Faye Goss is paid director's remuneration of £37,500 per annum (2022: £37,500) and Duncan Neale is paid director's remuneration of £37,500 per annum (2022: £nil) with an additional £5,000 per annum for responsibilities as Audit Committee Chair. Prior to stepping down from the board, Marlene Wood was paid director's remuneration of £37,500 (2022: £37,500) with an additional £5,000 per annum for responsibilities as Audit Committee Chair. Total directors' remuneration of £137,833 (2022: £125,667) was incurred in respect to the year. Any expenses incurred by Directors which are related to business are also reimbursed.

The interests (all of which are or will be beneficial unless otherwise stated) of the current Directors in the ordinary share capital of the Company as at 30 September 2023 were as follows:

Director	Shares held at 30 September 2023	Shares held at 30 September 2022
Juliet Davenport	33,000	20,000
Faye Goss	20,000	20,000
Duncan Neale	2,980	–
Marlene Wood (resigned 23 June 2023)	–	20,000

There have been no changes to the above holdings since the year end.

### b) Investment Adviser

Fees payable to the Investment Adviser by the Company under the IAA are shown in the Statement of Comprehensive Income and detailed in note 6.

During the year, investment advisory fees amounted to £1,351,156 (2022: £1,284,824) with the £253,312 (2022: £257,910) outstanding and payable as at 30 September 2023.

Details of the direct and indirect interests of the Directors of the Investment Adviser and their close families in the ordinary shares of one pence each in the Company at 30 September 2023 were as follows:

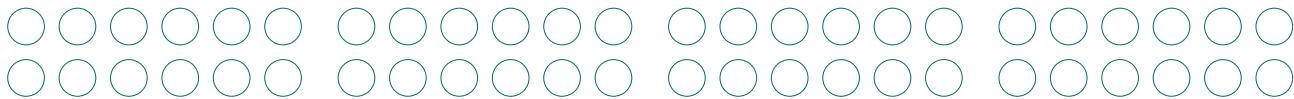
- Benedict Luke Green, a director of the Investment Adviser: 694,510 shares (0.46% of issued share capital).
- Steve Peter Windsor, a director of the Investment Adviser: 1,496,381 shares (1.00% of issued share capital).
- Gurpreet Gujral, Fund manager of the Investment Adviser: 92,862 shares (0.06% of issued share capital).
- Natalie Markham, a director of Holdco and SPVs: 18,250 shares (0.01% of issued share capital)
- Lara Townsend, a director of Holdco and SPVs: 8,664 shares (0.01% of issued share capital)

### c) Acquisitions from related parties

In the prior period, the Company acquired an 100% investment in Atrato Rooftop Solar 1 Limited directly from Atrato Group Limited for £1. At the time of acquisition, Atrato Rooftop Solar 1 Limited had entered into one investment, Vale of Mowbray, a development site. Development of the site commenced prior to the acquisition and commissioning occurred soon after completion of the acquisition. Post year-end the client, entered administration resulting in lower consumption from October by the client and higher export to the national grid.

### d) Amounts receivable from related parties

In the prior year, the Company entered into a loan agreement with Holdco for £125 million at 7% interest, of which £15.1 million (2022: £48.9 million) was drawn during the year and the outstanding balance as at year end was £64 million (2022: £48.9 million). Interest outstanding and included in amounts receivable from related parties at year end was £487,112 (2022: £483,232) and was received during November 2023. The loan is a repayable on 31 December 2028 and available for drawdown until 31 December 2023. The Company additionally provided funding to Holdco for working capital and VAT. The balance outstanding at year end was £1,492,715 (2022: £2,565,305), which was repaid in November 2023.



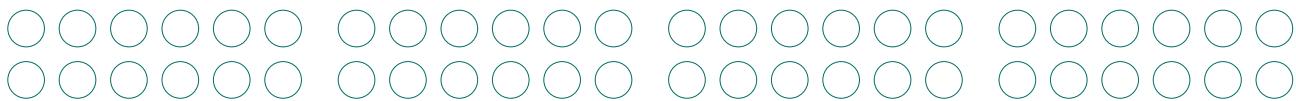
## 21. Unconsolidated Subsidiaries, Associates and Other Entity

The following table shows subsidiaries of the Company. As the Company is regarded as an Investment Entity as referred to in note 2, these subsidiaries have not been consolidated in the preparation of the financial statements. The Company is the ultimate parent undertaking of these entities.

Name	Ownership Interest	Investment Category	Country of incorporation	Registered address
Atrato Onsite Energy Holdco Ltd	100%	Holdco subsidiary entity	UK	6th Floor, 125 London Wall, London, EC2Y 5AS
Atrato Rooftop Solar 1 Ltd	100%	Operating subsidiary entity, owned by Holdco	UK	6th Floor, 125 London Wall, London, EC2Y 5AS
EMDC Solar Ltd	100%	Operating subsidiary entity, owned by Holdco	UK	6th Floor, 125 London Wall, London, EC2Y 5AS
Hylton Plantation Solar Farm Ltd	100%	Operating subsidiary entity, owned by Holdco	UK	6th Floor, 125 London Wall, London, EC2Y 5AS
London Road Energy Centre Ltd	100%	Operating subsidiary entity, owned by Holdco	UK	6th Floor, 125 London Wall, London, EC2Y 5AS
Rooftop Solar 2 Ltd	100%	Holding subsidiary entity, owned by Holdco	UK	6th Floor, 125 London Wall, London, EC2Y 5AS
Sonne Solar Ltd	100%	Operating subsidiary entity, owned by Holdco	UK	6th Floor, 125 London Wall, London, EC2Y 5AS
Skeeby Solar Ltd	100%	Operating subsidiary entity, owned by Holdco	UK	6th Floor, 125 London Wall, London, EC2Y 5AS

Guarantees provided by the Company in relation to liabilities that may arise in Hylton Plantation Solar Farm Ltd or Sonne Solar Ltd have been provided in the table below. The expected economic or cash outflow from the Company is expected to be nil.

Provider	Investment	Beneficiary	Nature	Purpose	Amount £'000
The Company	Hylton	Nissan	Guarantee	PPA	10,000
The Company	Sonne Solar	Tesco	Guarantee	Framework PPAs	10,000
The Company	Sonne Solar	Tesco	Guarantee	PPA	6,000 to 10,000
The Company	Sonne – LCY2	Amazon	Guarantee	PPA	30,000
The Company	Sonne – LTN4	Amazon	Guarantee	PPA	30,000
The Company	Sonne – EDI1	Amazon	Guarantee	PPA	30,000
The Company	Sonne – MAN2	Amazon	Guarantee	PPA	30,000
The Company	Sonne – BHX2	Amazon	Guarantee	PPA	30,000
The Company	Sonne – BHX3	Amazon	Guarantee	PPA	30,000
The Company	Sonne – BHX4	Amazon	Guarantee	PPA	30,000



## 22. Commitments and Contingencies

As at 30 September 2023 the Company had the following future investment obligations:

£0.4 million Hylton Plantation Solar Farm Limited, in relation to the Nissan project in Sunderland. These amounts are capital commitments within the portfolio to be funded by fund flows from the Company, at the time of the final milestone payments expected to be by Q2 2024.

£3.8 million London Road Energy Centre Limited, in relation to the London Road project in Northamptonshire. These amounts are capital commitments within the portfolio to be funded by fund flows from the Company, at the time of the final milestone payments expected to be by Q1 2024.

£22.1 million Skeeby Solar Limited, in relation to the Skeeby project in North Yorkshire. These amounts are capital commitments within the portfolio to be funded by fund flows from the Company, at the time of the final milestone payments expected to be by Q2 2024.

On the 24th October 2023, the Company completed on the acquisition of a portfolio of operation assets with a total value of £77.3 million, following the exchange of contract on 12 September 2023. The portfolio includes over 9,400 residential sites benefiting from the Feed-in-Tariff scheme, which has 11 years remaining. The IA report provides further detail on the transaction on page 18.

## 23. Post Balance Sheet Events

On 1<sup>st</sup> September 2023, Holdco secured an RCF of £30 million, which was undrawn at 30 September 2023. Since then £17 million has been drawn on the RCF to fund acquisitions.

No other significant events have occurred between 30 September 2023 and the date when the financial statements were authorised by Board of Directors, which would require adjustments to, or disclosure in, the Company's accounts.

## Alternative Performance Measures

In reporting financial information, the Company presents alternative performance measures ("APMs") which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The APMs presented in this report are shown below:

### Dividend cover

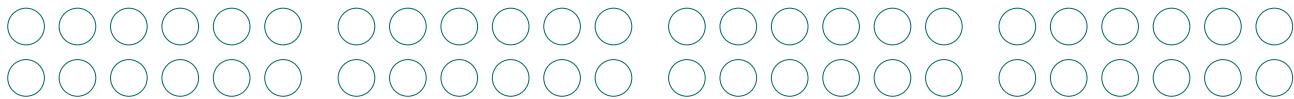
Cash flow generated by the Company includes net cash flow used in operating activities, interest on investments and repayments of shareholder loans; divided by dividend paid within the reporting period.

		As at 30 September 2023	As at 30 September 2022
Net cash flow used in operating activities	a	(2,356)	(4,863)
Interest income received	b	3,506	167
Dividend paid	c	7,500	4,515
<b>Dividend cover</b>		<b>((a+b)÷c)</b>	<b>0.15x</b>
			(1.04x)

### Premium/Discount

The amount, expressed as a percentage, by which the share price at 30 September 2023, is greater or less the NAV per share.

		As at 30 September 2023	As at 30 September 2022
NAV per share (pence)	a	92.0	92.8
Share price (pence)	b	71.4	99.5
<b>(Discount)/Premium</b>		<b>(b÷a)-1</b>	<b>(22.9%)</b>
			7.2%



**Alternative Performance Measures** continued

**Total return**

Total return is a measure of performance that includes both income and capital returns. It considers capital gains and the assumed reinvestment of dividends paid out by the Company into its shares on the ex-dividend date. The total return is shown below, calculated on both a share price and NAV basis.

	Year ended 30 September 2023		Period ended 30 September 2022	
	Share price (pence)	NAV (pence)	Share price (pence)	NAV (pence)
Opening balance	<b>a</b> 99.5	<b>92.8</b>	100.0	98.1
Closing at 30 September	<b>b</b> 71.4	<b>92.0</b>	99.5	92.8
Dividends paid during the year	<b>c</b> 5.0	<b>5.0</b>	3.0	3.0
Adjusted closing (d=b + c)	<b>d</b> 76.4	<b>97.0</b>	102.5	95.8
<b>Total return</b>	<b>(d÷a)-1</b>	<b>(23.2)%</b>	<b>5.17%</b>	<b>2.5%</b>
				<b>(2.3)%</b>

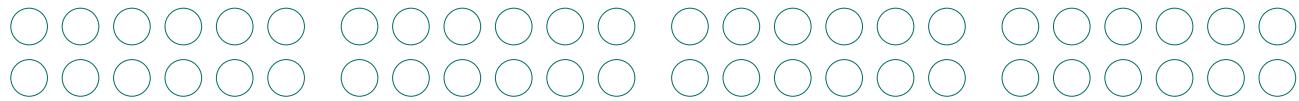
**Ongoing charges ratio**

A measure, expressed as a percentage of average NAV, of the regular, recurring annual costs of running an investment company.

	For the year ended 30 September 2023	For the period from IPO to 30 September 2022
Average NAV (£'000)	a 138,591	143,037
Ongoing fees* (£'000)	b 2,459	1,969
<b>Ongoing charges ratio</b>	<b>(b÷a)</b> 1.77%	<b>1.38%</b>

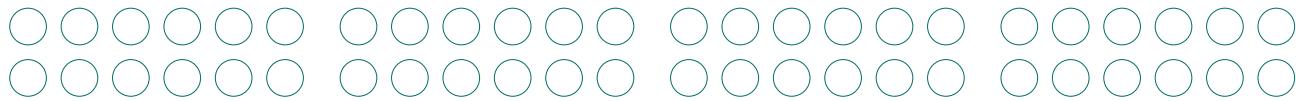
\*Ongoing fees from IPO on 23 November 2021 to 30 September 2022. Consisting of investment management fees and other recurring expenses.

## Glossary



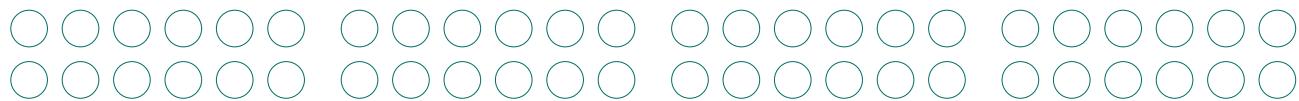
<b>Act</b>	The Companies Act 2006
<b>AGM or Annual General Meeting</b>	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the Company in which they are invested.
<b>AIC</b>	The Association of Investment Companies
<b>AIC Code</b>	The AIC Code of Corporate Governance
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFMD</b>	Alternative Investment Fund Managers Directive
<b>BTM</b>	Behind the Meter energy generation fed directly to the off-taker and not via the national grid
<b>COD</b>	Commercial Operation Date
<b>Construction phase, in construction or implementation phase</b>	In relation to projects, means those projects which are in, or about to commence the installation.
<b>Company</b>	Atrato Onsite Energy Plc
<b>DCF</b>	Discounted cash flow
<b>DTR</b>	Disclosure Guidance and Transparency Rules
<b>EPC</b>	Engineering, procurement and construction obligations in respect of the asset
<b>EPS</b>	Earnings per share, calculated as the profit for the period after tax attributable to members of the parent company divided by the weighted average number of shares in issue in the period
<b>ESG</b>	Environmental, Social and Governance
<b>ESG Risk Assessment</b>	Investment Advisers proprietary ESG due diligence risk assessment framework
<b>FCA</b>	Financial Conduct Authority
<b>FMV</b>	Fair market value
<b>FRC</b>	Financial Reporting Council
<b>GHG</b>	Greenhouse Gas
<b>GW</b>	Unit of power abbreviation for Gigawatt
<b>GWh</b>	Unit of energy usage abbreviation for Gigawatt-hour
<b>HMRC</b>	His Majesty's Revenue and Customs
<b>Holdco</b>	Atrato Onsite Energy Holdco Limited
<b>IAA</b>	Investment Advisory Agreement
<b>Investment Adviser</b>	The appointed Investment Adviser as per the Investment Advisory Agreement
<b>Portfolio</b>	The portfolio of assets in which the Company through Holdco and the underlying SPVs have invested in solar generation assets.
<b>IPO</b>	An initial public offering (IPO) refers to the process of offering shares of a corporation to the public in a new stock issuance
<b>IFRS</b>	International accounting standards in conformity with the requirements of the Companies Act 2006
<b>ITC</b>	Investment Trust Company is a company that obtained HMRC clearance as an Investment Trust.
<b>MW</b>	Unit of power abbreviation for Megawatt

## Glossary continued



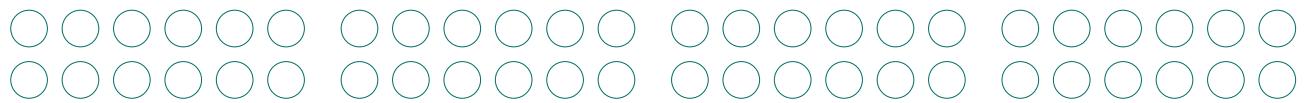
<b>MWh</b>	Unit of energy usage abbreviation for Megawatt-hour
<b>NAV</b>	Net Asset Value
<b>O&amp;M</b>	Operations and Maintenance
<b>OCR</b>	Ongoing charges ratio
<b>P10</b>	Annual power production level that is predicted to be exceeded 10% of the time
<b>P50</b>	Annual power production level that is predicted to be exceeded 50% of the time
<b>P75</b>	Annual power production level that is predicted to be exceeded 75% of the time
<b>P90</b>	Annual power production level that is predicted to be exceeded 90% of the time
<b>PPA</b>	Power purchase agreement
<b>Shares</b>	Ordinary shares of the Company
<b>Solar assets</b>	Solar energy assets
<b>Solar PV</b>	Solar photovoltaic
<b>SPV</b>	Special Purpose Vehicle
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>UK Code</b>	UK Corporation Governance Code
<b>Total Shareholder Return</b>	The movement in share price over a period plus dividends declared for the same period expressed as a percentage of the share price at the start of the Period

## Directors, Advisers and Company Details



<b>Directors</b>	<b>Juliet Davenport</b> (Chair) <b>Faye Goss</b> (Chair of Management Engagement Committee) <b>Duncan Neale</b> (Chair of Audit Committee)
<b>Company Secretary</b>	<b>Apex Secretaries LLP</b> 6th Floor, 125 London Wall, London, EC2Y 5AS
<b>Registrar</b>	<b>Link Market Services Limited</b> 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL
<b>AIFM</b>	<b>JTC Global AIFM Solutions Limited</b> Ground floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT
<b>Investment Adviser</b>	<b>Atrato Partners Limited</b> 36 Queen Street, London, EC4R 1BN
<b>Corporate Broker</b>	<b>Stifel Nicolaus Europe</b> 150 Cheapside, London, EC2V 6ET
<b>Auditors</b>	<b>BDO LLP</b> 55 Baker Street, London, W1U 7EU
<b>Financial PR Advisers</b>	<b>KL Communications</b> 40 Queen Street, London, EC4R 1DD
<b>Website</b>	<a href="http://www.atratorenewables.com">www.atratorenewables.com</a>
<b>Registered Office</b>	6th Floor, 125 London Wall, London, EC2Y 5AS
<b>Stock exchange ticker and ISIN</b>	<b>ROOF</b> GB00BN497V39

This report will be available on the Company's website.





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